

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

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

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**Mi TECHNOVATION BERHAD**  
(formerly known as *Mi Equipment Holdings Berhad*)  
(Company No. 201701021661 (1235827-D))  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO THE**

- (I) **PROPOSED BONUS ISSUE OF UP TO 250,000,000 NEW ORDINARY SHARES IN MI TECHNOVATION BERHAD (“Mi TECHNOVATION” OR “COMPANY”) (“Mi TECHNOVATION SHARE(S)” OR “SHARE(S)”) (“BONUS SHARE(S)”) ON THE BASIS OF ONE (1) BONUS SHARE FOR EVERY TWO (2) EXISTING MI TECHNOVATION SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER (“PROPOSED BONUS ISSUE”); AND**
- (II) **PROPOSED ESTABLISHMENT OF AN EMPLOYEES’ SHARE GRANT SCHEME OF UP TO TEN PERCENT (10%) 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 FOR THE ELIGIBLE EXECUTIVE DIRECTORS AND EMPLOYEES OF MI TECHNOVATION AND ITS SUBSIDIARY COMPANIES (“Mi TECHNOVATION GROUP” OR “GROUP”) (EXCLUDING SUBSIDIARY COMPANIES WHICH ARE DORMANT, IF ANY) (“PROPOSED SGS” OR “SCHEME”)**

**(COLLECTIVELY REFERRED TO AS “PROPOSALS”)**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

*Principal Adviser*



**AFFIN HWANG INVESTMENT BANK BERHAD (Company No. 197301000792 (14389-U))**  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting (“EGM”) of Mi Technovation will be held at Auditorium of Mi Technovation, No. 20, Medan Bayan Lepas Technoplex, MK 12, Taman Perindustrian Bayan Lepas, 11900 Bayan Lepas, Pulau Pinang on Wednesday, 20 November 2019 at 11.00 a.m. or any adjournment thereof. The Notice of EGM together with the Proxy Form are enclosed in this Circular.

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. If you wish to do so, you must complete the Proxy Form in accordance with the instructions therein and deposit the same at the Registered Office of the Company at Suite 12-A, Level 12, Menara Northam, No. 55, Jalan Sultan Ahmad Shah, 10050 Georgetown, Pulau Pinang not less than forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently decide to do so.

Last date and time for lodging the Proxy Form : Monday, 18 November 2019 at 11.00 a.m.  
Date and time of the EGM : Wednesday, 20 November 2019 at 11.00 a.m.

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## DEFINITIONS

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Except where the context otherwise requires, the following terms and abbreviations shall apply throughout this Circular:

Act	:	Companies Act 2016
Affin Hwang IB	:	Affin Hwang Investment Bank Berhad
Announcement	:	Announcement dated 8 October 2019 in relation to the Proposals
Board	:	The board of directors of Mi Technovation
Bonus Shares	:	Up to 250,000,000 new Mi Technovation Shares to be issued pursuant to the Proposed Bonus Issue
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd
Bursa Securities	:	Bursa Malaysia Securities Berhad
By-Laws	:	The rules, terms and conditions governing the Scheme, as may be amended, modified, and/or supplemented from time to time, the draft of which is set out in Appendix I of this Circular
Circular	:	This circular to the shareholders of Mi Technovation dated 29 October 2019
EGM	:	Extraordinary general meeting
Eligible Person(s)	:	Executive Directors and employees of Mi Technovation Group who meet the eligibility criteria for participation in the Proposed SGS in accordance with the By-Laws
Entitlement Date	:	A date to be determined and announced later by the Board, on which the names of the shareholders of Mi Technovation must appear in the Record of Depositors of the Company as at 5.00 p.m. in order to be entitled to participate in the Proposed Bonus Issue
Entitled Shareholders	:	Shareholders of Mi Technovation whose names appear in the Record of Depositors of the Company on the Entitlement Date
EPS	:	Earnings per Share
Executive Director	:	A natural person who is a director of Mi Technovation Group in a full time executive capacity and is involved in the day-to-day management of Mi Technovation Group, which for the avoidance of doubt excludes alternate directors

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## DEFINITIONS (CONT'D)

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FPE	:	Financial period ended
FYE	:	Financial year ended/ending, as the case may be
Grant(s)	:	The grant(s) of the SGS Shares made in writing by the SGS Committee to an Eligible Person in accordance with the By-Laws
Grant Date	:	The date on which the Grant is made by the SGS Committee
Grantee(s)	:	Eligible Person(s) selected by the SGS Committee to whom the Grant(s) are made pursuant to the By-Laws
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	30 September 2019, being the latest practicable date prior to the printing of this Circular
Maximum Scenario	:	Assuming all of the 2,000,000 treasury shares have been resold in the open market of Bursa Securities with no gain or loss prior to the implementation of the Proposals
Mi Technovation or the Company	:	Mi Technovation Berhad ( <i>formerly known as Mi Equipment Holdings Berhad</i> )
Mi Technovation Group or the Group	:	Mi Technovation and its subsidiaries, collectively, and in the context of the Proposed SGS, shall exclude subsidiaries which are dormant. For the avoidance of doubt, associated companies, joint-venture companies and subsidiaries which have been divested do not fall within this category
Mi Technovation Share(s) or Share(s)	:	Ordinary share(s) in Mi Technovation
Minimum Scenario	:	Assuming none of the treasury shares have been resold in the open market of Bursa Securities prior to the implementation of the Proposals
NA	:	Net assets
Proposals	:	Proposed Bonus Issue and Proposed SGS, collectively
Proposed Bonus Issue	:	Proposed bonus issue of up to 250,000,000 Bonus Shares on the basis of one (1) Bonus Share for every two (2) existing Mi Technovation Shares held on the Entitlement Date

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## DEFINITIONS (CONT'D)

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Proposed Scheme	SGS	or	:	Proposed establishment of an employees' share grant scheme of up to ten percent (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time during the SGS Period for Eligible Persons of Mi Technovation Group
Record of Depositors			:	A record of securities holders established by Bursa Depository under the rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act, 1991
RM and sen			:	Ringgit Malaysia and sen respectively
SGS Committee			:	The committee to be established to implement and administer the Proposed SGS in accordance with the By-Laws
SGS Share(s)			:	Mi Technovation Share(s) granted to the Grantee(s) pursuant to the Grant(s) under the Scheme which will be vested to the Grantee(s) in accordance with the By-Laws
SGS Period			:	The duration of the Scheme in accordance with the By-Laws
TEBP			:	Theoretical ex-bonus price
VWAP			:	Volume weighted average price

References to "we", "us", "our" and "ourselves" are to the Company, and where the context otherwise requires, the subsidiaries of the Company. All references to "you" are to the shareholders of the Company.

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

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

Any reference to a time or date in this Circular shall be a reference to Malaysian time, unless otherwise stated.

Any discrepancy in the tables included in this Circular between the amounts listed, actual figures and the totals thereof are due to rounding.

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**Mi TECHNOVATION BERHAD**  
*(formerly known as Mi Equipment Holdings Berhad)*  
(Company No. 201701021661 (1235827-D))  
(Incorporated in Malaysia)

**Registered Office**

Suite 12-A, Level 12  
Menara Northam  
No. 55 Jalan Sultan Ahmad Shah  
10050 Georgetown  
Pulau Pinang

29 October 2019

**Board of directors:**

Foo Hee Chaik	<i>(Independent Non-Executive Chairman)</i>
Oh Kuang Eng	<i>(Executive Director/Group Chief Executive Officer)</i>
Koay Huck Khim	<i>(Executive Director)</i>
Yong Shiao Voon	<i>(Executive Director/Chief Financial Officer)</i>
Lee Boon Leng	<i>(Independent Non-Executive Director)</i>
Tan Boon Hoe	<i>(Independent Non-Executive Director)</i>

**To: The shareholders of the Company**

Dear Sir/Madam,

**(I) PROPOSED BONUS ISSUE; AND**

**(II) PROPOSED SGS**

**(COLLECTIVELY REFERRED TO AS “PROPOSALS”)**

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**1. INTRODUCTION**

On 8 October 2019, Affin Hwang IB had, on behalf of the Board, announced that the Company proposes to undertake the Proposals.

On 16 October 2019, Affin Hwang IB had, on behalf of the Board, announced that the listing application in relation to the Proposals had been submitted to Bursa Securities.

On 23 October 2019, Affin Hwang IB had, on behalf of the Board, announced that Bursa Securities, had vide its letter dated 23 October 2019, approved the following:

- (i) listing of and quotation for up to 250,000,000 Bonus Shares to be issued pursuant to the Proposed Bonus Issue; and
- (ii) listing of and quotation for such number of new Mi Technovation Shares, representing up to ten percent (10%) of the total number of issued shares of Mi Technovation (excluding treasury shares) to be issued pursuant to the Proposed SGS;

subject to the conditions as set out in **Section 6** of this Circular.

THE PURPOSE OF THIS CIRCULAR TOGETHER WITH THE APPENDICES IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSALS TOGETHER WITH THE RECOMMENDATION OF THE BOARD AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS AND THE PROPOSED GRANTING OF SGS SHARES TO THE EXECUTIVE DIRECTORS TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY. THE NOTICE OF EGM TOGETHER WITH THE PROXY FORM ARE SET OUT IN THIS CIRCULAR.

SHAREHOLDERS ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS TOGETHER WITH THE APPENDICES OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS AND THE PROPOSED GRANTING OF SGS SHARES TO THE EXECUTIVE DIRECTORS TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY.

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

### **2.1 Proposed Bonus Issue**

#### **2.1.1 Basis and number of Bonus Shares to be issued**

The Proposed Bonus Issue will entail the issuance of up to 250,000,000 Bonus Shares on the basis of one (1) Bonus Share for every two (2) existing Mi Technovation Shares held by the Entitled Shareholders. The basis of one (1) Bonus Share for every two (2) existing Mi Technovation Shares was determined after taking into consideration, amongst others, the following:

- (i) the potential adjustments to the share price of Mi Technovation Shares arising from the Proposed Bonus Issue; and
- (ii) the enlarged number of Mi Technovation Shares after the Proposed Bonus Issue.

The Entitlement Date will be determined and announced at a later date after all the relevant approvals for the Proposed Bonus Issue have been obtained.

As at the LPD, the issued share capital of the Company is RM252,615,378 comprising 500,000,000 Mi Technovation Shares (inclusive of 2,000,000 treasury shares). Upon completion of the Proposed Bonus Issue, the issued share capital of the Company will remain at RM252,615,378 while the number of issued Shares will increase to up to 750,000,000.

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

The Proposed Bonus Issue will not be implemented on a staggered basis.

There will be an adjustment to the market price of Mi Technovation Shares listed and quoted on the Main Market of Bursa Securities pursuant to the Proposed Bonus Issue. For illustrative purposes, based on the five (5)-day VWAP of Mi Technovation Shares up to and including the LPD of RM2.10, the TEBP of Mi Technovation Shares is RM1.40.

Further, the Board confirms that the share price adjusted for the Proposed Bonus Issue is not less than RM0.50 based on the daily VWAP of Mi Technovation Shares during the past three (3)-month up to and including 15 October 2019 (being the date immediately preceding the submission of the application to Bursa Securities on 16 October 2019) pursuant to Paragraph 6.30(1A) of the Listing Requirements.

For illustrative purposes, based on the daily VWAP of Mi Technovation Shares during the past three (3) months up to and including 15 October 2019 (being the date immediately preceding the submission of the application to Bursa Securities on 16 October 2019) which ranged between RM1.57 and RM2.45, the TEBP of Mi Technovation Shares ranged between RM1.05 and RM1.63.

### **2.1.2 No capitalisation of reserves**

The Bonus Shares in respect of the Proposed Bonus Issue will be issued as fully paid, at nil consideration and without capitalisation of the Company's reserves.

For the avoidance of doubt, the Proposed Bonus Issue will increase the number of Mi Technovation Shares but will not increase the value of the share capital of Mi Technovation.

### **2.1.3 Ranking of the Bonus Shares**

The Bonus Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the existing Mi Technovation Shares.

As Mi Technovation Shares are prescribed securities under Section 14(5) of the Security Industry (Central Depositories) Act, 1991, the Bonus Shares will be credited directly into the respective central depository system accounts of the Entitled Shareholders and no physical share certificates will be issued.

### **2.1.4 Listing of and quotation for the Bonus Shares**

Bursa Securities had vide its letter dated 23 October 2019, approved the listing of and quotation for up to 250,000,000 Bonus Shares to be issued pursuant to the Proposed Bonus Issue, subject to the conditions as set out in Section 6 of this Circular.

Upon obtaining all the necessary approvals, the Bonus Shares will be listed and quoted on the Main Market of Bursa Securities on the next market day after the Entitlement Date. The notices of allotment for the Bonus Shares will be issued and despatched to the Entitled Shareholders no later than four (4) market days after the date of listing of and quotation for the Bonus Shares, or such other period as may be prescribed by Bursa Securities.

## **2.2 Proposed SGS**

The Proposed SGS entails the establishment of an employees' share grant scheme which involves the granting of SGS Shares to the Eligible Persons who meet the eligibility criteria for participation in the Proposed SGS in accordance with the By-Laws.

The Proposed SGS will be administered in accordance with the By-Laws by the SGS Committee.

The actual number of SGS Shares to be allocated to the Eligible Persons shall be determined by the SGS Committee at its sole discretion after taking into consideration factors which may include the Eligible Persons' position, job performance, seniority, duration of service, potential for future development and contribution to the success and development of Mi Technovation Group.



In addition, the SGS Committee may from time to time and at its discretion decide on the performance targets to be achieved by the Grantee before the SGS Shares granted can be vested.

Under the Proposed SGS, no monetary consideration is required to be paid by the Grantees for the acceptance of the Grants and the subsequent vesting of the SGS Shares comprised in the Grants. Once the Grants are accepted by the Grantees, the SGS Shares comprised in the Grants may be vested in tranches to the Grantees, subject to the fulfilment of the vesting conditions stipulated in the Grants. The reference price of the SGS Shares to be granted will be determined based on the fair value of the SGS Shares, which will take into account, amongst others, the market price of the Shares as at or prior to the Grant Date.

For avoidance of doubt, the Proposed SGS will not be extended to non-executive directors of the Group.

The salient features of the Proposed SGS, details of which will be governed by the By-Laws, are set out in the ensuing sections.

### **2.2.1 Salient terms of the Proposed SGS**

**(i) Maximum number of Mi Technovation Shares available under the Proposed SGS**

The maximum number of Mi Technovation Shares which may be made available under the Proposed SGS shall not in aggregate exceed ten percent (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time during the SGS Period (“**Maximum SGS Shares**”).

Notwithstanding the above, in the event the aggregate number of Mi Technovation Shares granted under the Proposed SGS exceeds the Maximum SGS Shares at any point of time as a result of Mi Technovation purchasing or cancelling Mi Technovation Shares in accordance with the provisions of the Act and/or undertaking any corporate proposal resulting in the reduction of Mi Technovation’s issued share capital, then such Grants granted prior to the adjustment of the issued share capital of Mi Technovation (excluding treasury shares, if any) shall remain valid and exercisable in accordance with the By-Laws. However, in such situation, the SGS Committee shall not make any further Grants until such aggregate number of Mi Technovation Shares granted falls below the Maximum SGS Shares.

**(ii) Basis of allocation and maximum allowable allocation**

The aggregate maximum number of SGS Shares that may be allocated to any one (1) category/designation of the Eligible Persons shall be determined by the SGS Committee provided that the allocation to any individual Eligible Person who, either singly or collectively through persons connected with the Eligible Person (as defined in the Listing Requirements), holds twenty percent (20%) or more of the total number of issued shares of Mi Technovation (excluding treasury shares, if any), shall not exceed ten percent (10%) of the Maximum SGS Shares.

The aggregate maximum number of SGS Shares that may be allocated to the Executive Directors and senior management of Mi Technovation Group who are Eligible Persons shall not be more than 50% of the Maximum SGS Shares.

Subject to the above and any adjustment which may be made pursuant to any alteration in the share capital of the Company as provided under the By-Laws, the actual number of SGS Shares to be allocated to the Eligible Persons shall be determined by the SGS Committee at its sole discretion after taking into consideration factors which may include the Eligible Persons' position, job performance, seniority, duration of service, potential for future development and contribution to the success and development of Mi Technovation Group.

No Eligible Person shall participate in any deliberation or discussion on their respective Grant and/or any Grant to persons connected with the Eligible Person, if any, under the Proposed SGS.

The SGS Committee may make one (1) or more Grants to any Grantee as the SGS Committee may in its discretion select during the SGS Period.

**(iii) Eligibility**

Executive Directors and employees of Mi Technovation Group who fulfil the following criteria as at the Grant Date shall be eligible for consideration by the SGS Committee to participate in the Proposed SGS:

- (a) has attained the age of 18 years and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
- (b)
  - (i) has been employed by Mi Technovation Group on a full-time basis or serving in a specific designation under an employment contract with Mi Technovation Group for a fixed duration (or any other contract as may be determined by the SGS Committee) and is on the payroll of any corporation within Mi Technovation Group for a continuous period of at least two (2) years in the Group and has not served a notice of resignation or received a notice of termination prior to and up to the Grant Date; or
  - (ii) is employed by a corporation which is acquired by the Group during the SGS Period and becomes a subsidiary of the Group upon such acquisition, he must have completed a continuous employment service for a period of at least two (2) years in the Group following the date that such company becomes or is deemed to be a subsidiary of the Group and has not served a notice to resign or received a notice of termination prior to and up to the Grant Date;
- (c) has been confirmed in writing and is not under any probation;
- (d) if he/she is an Executive Director of Mi Technovation Group, the Grant awarded by the Company to him/her in his/her capacity as an Executive Director of the Company under the Proposed SGS has been approved by the shareholders of Mi Technovation at a general meeting; and
- (e) fulfils any other criteria and/or falls within such category as may be set by the SGS Committee from time to time.

The selection of any Eligible Person for participation in the Proposed SGS shall be determined at the sole discretion of the SGS Committee whose decision shall be final and binding.

For the avoidance of doubt, the SGS Committee may determine any other eligibility criteria and/or waive any of the eligibility criteria as set out above, for purposes of selecting an Eligible Person at any time and from time to time, in the SGS Committee's discretion.

Eligibility for consideration under the Scheme does not confer an Eligible Person a claim or right to participate in or any right whatsoever under the Scheme and an Eligible Person does not acquire or has any rights over or in connection with the Grants or the SGS Shares comprised in the Grants unless the Grants have been made in writing by the SGS Committee to the Eligible Person and the Eligible Person has accepted the Grants in accordance with the terms of the Grants and the By-Laws.

**(iv) Vesting conditions and vesting of SGS Shares**

The SGS Shares comprised in a Grant shall be vested to the Grantee on the dates after fulfilling the vesting conditions stipulated in the Grant in accordance with the By-Laws. For the avoidance of doubt, the vesting of each Grant may be staggered in several tranches at such times and on such terms as determined by the SGS Committee.

**(v) Alteration in share capital and adjustment**

In the event of any alteration in the capital structure of the Company during the SGS Period, whether by way of a rights issue, bonus issue or other capitalisation issue, subdivision or consolidation of Shares or reduction of capital or any other variations of capital or otherwise howsoever taking place, the SGS Committee shall have the discretion and accordingly assess the practicality of complying with the requirement to cause such corresponding alterations (if any) to be made to:

- (a) the number of unvested SGS Shares comprised in a Grant; and/or
- (b) the method and/or manner in the vesting of the SGS Shares comprised in a Grant.

**(vi) Ranking of Mi Technovation Shares pursuant to the Proposed SGS**

The Mi Technovation Shares to be issued and/or transferred to the Grantees pursuant to the Proposed SGS will, rank *pari passu*, in all respects with the existing Mi Technovation Shares, save and except that the Shares will not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid, where the entitlement date precedes the date of issuance and/or transfer of the abovementioned Mi Technovation Shares.

**(vii) Modification, variation and/or amendment of the By-Laws**

Subject to the By-Laws and compliance with the Listing Requirements and the approvals of any other authorities (if required), the SGS Committee may at any time and from time to time recommend to the Board any modification, variation and/or amendment of the By-Laws as it shall at its discretion think fit and the Board shall have the power at any time and from time to time by resolution to make any modification, variation and/or amendment of the By-Laws upon such recommendation and subject to the Company submitting the amended By-Laws and a letter of compliance to Bursa Securities (within 5 market days after the effective date of the modification, variation and/or amendment of the By-Laws or such other period as may be prescribed by Bursa Securities or any other relevant authorities) each time any modification, variation and/or amendment is made, stating that the said modification, variation and/or amendment is in compliance with the provisions of the Listing Requirements pertaining to share issuance schemes and the Rules of Bursa Depository.

The approval of the shareholders of the Company in general meeting shall not be required in respect of the modification, variation and/or amendment of the By-Laws provided that no modification, variation and/or amendment made to the By-Laws which would:

- (a) prejudice any rights which would have accrued to any Grantee without the prior consent or sanction of that Grantee; or
- (b) increase the number of Shares available under the Scheme beyond the maximum amount set out in Section 2.2.1(i) of this Circular; or
- (c) prejudice any rights of the shareholders of the Company; or
- (d) alter to the advantage of an Eligible Person and/or Grantee(s) in respect of any matters which are required to be contained in the By-Laws unless allowed by the provisions of the Listing Requirements.

**(viii) Duration of the Proposed SGS**

The Proposed SGS shall take effect on the date on which the last of the approvals and/or conditions as set out in the By-Laws have been obtained and/or complied with ("**Effective Date**") and shall continue to be in force for a period of five (5) years from the Effective Date and may be extended for such further period after the date of expiration of the original five (5) years period, at the absolute discretion of the Board upon the recommendation by the SGS Committee, provided always that the initial duration of the Scheme stipulated above and such extension of the Scheme made pursuant to the 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 ("**Date of Expiry**").

Any extended Scheme shall be implemented in accordance with the terms of the By-Laws, subject however to any revisions and/or changes to the relevant statutes, 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. In the event the Scheme is extended, the Company shall serve appropriate notices on each Grantee within thirty (30) days prior to the Date of Expiry.

Subject to compliance with the requirements of Bursa Securities and any other relevant authorities, the Scheme may be terminated by the Company at any time before the Date of Expiry without obtaining the approvals or consents from the Grantees or the Company's shareholders provided that the Company makes an announcement immediately to Bursa Securities on the following:

- (i) the effective date of termination of the Scheme;
- (ii) the number of Grants or Shares vested; and
- (iii) the reasons and justification for termination of the Scheme.

Notwithstanding anything to the contrary, all unvested SGS Shares comprised in any Grant (whether fully or partially unvested) shall cease to be capable of vesting on the Date of Expiry or the date of the resolution of the termination of the Scheme.

**(ix) Retention period**

The SGS Shares to be issued and/or transferred pursuant to the vesting of SGS Shares comprised in any Grant to the Grantees under the Proposed SGS may be subject to such retention period or restriction on transfer (if any) which the SGS Committee shall, from time to time and at its own discretion, be entitled to prescribe or impose as it sees fit.

**(x) Implementation of the Proposed SGS**

In implementing the Proposed SGS, the SGS Committee may in its absolute discretion decide that the vesting of the SGS Shares comprised in the Grants be satisfied by any of the following methods:

- (i) issuance of new Mi Technovation Shares by the Company;
- (ii) acquisition of existing Mi Technovation Shares from the Main Market of Bursa Securities;
- (iii) transfer of the Company's treasury shares or any other method as may be permitted by the Act; or
- (iv) a combination of any of the above.

In considering the settlement mode of the Grants as referred to in (i) to (iv) above, the SGS Committee will take into consideration, amongst others, factors such as the potential cost arising from the granting of the SGS Shares, the dilutive effects of such issuance on the Company's capital base as well as applicable laws and/or regulatory requirements.

For the purpose of facilitating the implementation of the Scheme, the Company and/or the SGS Committee may (but shall not be obliged to) establish a trust to be administered by the trustee to be appointed by the Company from time to time ("**Trustee**") ("**Trust**") in accordance with the trust deed to be executed between the Trustee and the Company ("**Trust Deed**").

The Trustee shall, at such times as the SGS Committee shall direct, subscribe for and/or purchase the necessary number of Shares to accommodate any transfer of SGS Shares to the central depository system accounts of the Grantees established by Bursa Depository. For this purpose, the Trustee will be entitled from time to time to the extent permitted by law and as set out under the By-Laws to accept funding and/or assistance, financial or otherwise from the Company and/or any companies within the Group. The SGS Committee shall have the discretion to instruct the Trustee to subscribe for new Shares and/or acquire existing Shares at any time and from time to time and also to revoke or suspend any such instruction that has earlier been given to the Trustee.

For the purpose of administering the Trust, if and when the Trust is established, the Trustee shall do all such acts and things and enter into any transaction, agreement, deed, document or arrangement and make rules, regulations or impose terms and conditions or delegate part of its power relating to the administration of the Trust, as the SGS Committee may direct for the implementation and administration of the Trust which are expedient for the purpose of giving effect to and carrying out the powers and duties conferred on the Trustee by the Trust Deed.

## **2.2.2 Listing of and quotation for the new Mi Technovation Shares**

Bursa Securities had vide its letter dated 23 October 2019, approved the listing of and quotation for such number of new Mi Technovation Shares, representing up to ten percent (10%) of the total number of issued shares of Mi Technovation (excluding treasury shares) to be issued pursuant to the Proposed SGS, subject to the conditions as set out in Section 6 of this Circular.

## **2.2.3 Utilisation of proceeds**

The Company will not raise any proceeds from the Proposed SGS given that the SGS Shares to be issued and/or transferred to the Grantees will not require any payment from the Grantees.

# **3. RATIONALE FOR THE PROPOSALS**

## **3.1 Proposed Bonus Issue**

The Proposed Bonus Issue serves to reward the existing shareholders of the Company for their loyalty and continued support to Mi Technovation Group.

After due consideration of the various options available, the Board is of the view that the Proposed Bonus Issue is an appropriate avenue for the Company to reward its shareholders as the Proposed Bonus Issue:

- (i) will enable the existing shareholders to have greater participation in the equity of the Company in terms of the number of Mi Technovation Shares held, whilst maintaining their percentage of equity interest; and
- (ii) is expected to enhance the marketability and trading liquidity of Mi Technovation Shares on the Main Market of Bursa Securities, thereby providing opportunity for greater participation from a broader range of investors.

## **3.2 Proposed SGS**

The Proposed SGS primarily serves as a long-term incentive plan to reward the Eligible Persons and to align their interest with the corporate goals and objectives of Mi Technovation Group.

The Proposed SGS is established to achieve the following objectives:

- (i) to continue recognising the contribution of Eligible Persons whose services are valued and considered vital to the operations and continued growth of the Group;
- (ii) to motivate Eligible Persons to work towards better performance through greater productivity and loyalty;
- (iii) to stimulate a greater sense of belonging and dedication since Eligible Persons are given the opportunity to participate directly in the equity of the Company;
- (iv) to encourage Eligible Persons to remain with the Group thus ensuring that any loss of key personnel is kept to a minimum;
- (v) to reward Eligible Persons by allowing them to participate in the Company's growth and profitability and realise capital gains arising from the value of the Company's Shares; and
- (vi) to make the Group's remuneration scheme more attractive to attract more skilled and experienced individuals to join the Group and contribute to its continued growth.

#### 4. EFFECTS OF THE PROPOSALS

##### 4.1 Issued share capital

For illustrative purposes, the pro forma effects of the Proposals on the issued share capital of the Company as at the LPD, are as follows:

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
Issued share capital as at the LPD	(i)500,000,000	252,615,378	(i)500,000,000	252,615,378
Shares to be issued pursuant to the Proposed Bonus Issue	250,000,000	-	250,000,000	-
<b>After the Proposed Bonus Issue</b>	<b>(ii)750,000,000</b>	<b>252,615,378</b>	<b>(ii)750,000,000</b>	<b>252,615,378</b>
Less: Treasury shares	(iii)3,000,000	-	-	-
	747,000,000	252,615,378	750,000,000	252,615,378
Shares to be issued pursuant to the Proposed SGS	(iv)74,700,000	(v)104,580,000	(iv)75,000,000	(v)105,000,000
<b>Enlarged issued share capital</b>	<b>821,700,000</b>	<b>357,195,378</b>	<b>825,000,000</b>	<b>357,615,378</b>

Notes:

- (i) Including 2,000,000 treasury shares held by the Company as at the LPD.
- (ii) Including 3,000,000 treasury shares held by the Company after the Proposed Bonus Issue.
- (iii) The 2,000,000 treasury shares held by the Company as at the LPD would be entitled to the Bonus Shares pursuant to the Proposed Bonus Issue as permitted under Section 127(11) of the Act. As such, 1,000,000 Bonus Shares to be issued pursuant to the Proposed Bonus Issue will be treated as treasury shares held by the Company upon completion of the Proposed Bonus Issue.
- (iv) Calculated based on ten percent (10%) of the total number of issued shares of the Company pursuant to the Proposed SGS, assuming that the Grants are satisfied entirely via new issuance of Shares only.
- (v) For illustrative purposes only, calculated based on the assumed grant price of RM1.40, being the TEBP of Mi Technovation Shares (computed based on the five (5)-day VWAP of Mi Technovation Shares up to and including the LPD of RM2.10) following the completion of the Proposed Bonus Issue. For avoidance of doubt, the Proposed Bonus Issue will be completed before the SGS Shares are granted.

The Proposed SGS will not have an immediate effect on the existing issued share capital of Mi Technovation until such time when the SGS Shares granted are vested. The issued share capital of the Company will increase progressively depending on the number of new Mi Technovation Shares which may be issued pursuant to the Proposed SGS during the SGS Period. However, should the SGS Shares comprised in the Grants be satisfied via acquisition of existing Mi Technovation Shares from the Main Market of Bursa Securities and/or transfer of the Company's treasury shares, then there will be no effect on the issued share capital of the Company.

## 4.2 NA, NA per Share and gearing

For illustrative purposes, the proforma effects of the Proposed Bonus Issue on the NA, NA per Share and gearing of Mi Technovation Group based on the latest audited consolidated statement of financial position of Mi Technovation as at 31 December 2018 are as follows:

<b>Group Level</b>	<b>Audited as at 31 December 2018 RM</b>	<b>(I) Adjusted for subsequent events RM</b>	<b>(II) After (I) and the Proposed Bonus Issue RM</b>
Share capital	252,615,378	252,615,378	252,615,378
Treasury shares	-	<sup>(i)</sup> (3,487,714)	(3,487,714)
Legal reserve	41,896	41,896	41,896
Exchange translation reserve	224,166	224,166	224,166
Reorganisation debit reserve	(63,557,909)	(63,557,909)	(63,557,909)
Retained earnings	141,525,629	<sup>(ii)</sup> 136,545,629	<sup>(iv)</sup> 136,270,629
<b>Shareholders' funds / NA</b>	<b>330,849,160</b>	<b>322,381,446</b>	<b>322,106,446</b>
No. of Shares in issue (excluding treasury shares)	500,000,000	<sup>(iii)</sup> 498,000,000	<sup>(v)</sup> 747,000,000
<b>NA per Share (RM)</b>	<b>0.66</b>	<b>0.65</b>	<b>0.43</b>
Total interest-bearing borrowings (RM)	6,752,681	6,752,681	6,752,681
<b>Gearing ratio (times)</b>	<b>0.02</b>	<b>0.02</b>	<b>0.02</b>

Notes:

- (i) After adjusting for a total of 2,000,000 Mi Technovation Shares which were repurchased by the Company for a total cash consideration of approximately RM3,487,714 from 1 January 2019 up to the LPD.
- (ii) The first single tier interim dividend of 1.0 sen per Mi Technovation Share which was declared on 23 May 2019 for the FYE 31 December 2019 and paid on 12 July 2019, amounting to RM4.98 million based on 498,000,000 Mi Technovation Shares (excluding treasury shares).
- (iii) Excluding 2,000,000 treasury shares held by the Company as at the LPD.
- (iv) After deducting the estimated expenses in relation to the Proposals of approximately RM275,000.
- (v) After issuance of 250,000,000 Mi Technovation Shares pursuant to the Proposed Bonus Issue and excluding 1,000,000 Bonus Shares attributable to the treasury shares stated in Note (iii) above.

Pursuant to the Proposed SGS, save for the potential impact of Malaysian Financial Reporting Standards 2, on "Share-Based Payment" ("MFRS 2") issued by the Malaysian Accounting Standards Board, as elaborated in Section 4.3 of this Circular, the Proposed SGS is not expected to have any immediate effect on the NA, NA per Share and gearing of the Group until such time when the Shares are issued and/or transferred pursuant to the vesting of the SGS Shares granted.

Any potential effect on the NA, NA per Share and gearing of Mi Technovation Group in the future would depend on factors such as the mode of settlement of the Grants, actual number of Shares to be issued and/or transferred pursuant to the vesting of the SGS Shares granted as well as the grant price at the relevant point in time. The NA per Share of the Group will decrease when the SGS Shares are vested in satisfaction of the Grants.



### **4.3 Earnings and EPS**

The Proposed Bonus Issue is not expected to have any effect on the earnings of Mi Technovation Group for the FYE 31 December 2019. However, there will be a corresponding dilution in the EPS of Mi Technovation Group for the FYE 31 December 2019 as a result of the increase in the number of Mi Technovation Shares in issue arising from the Proposed Bonus Issue.

The Proposed SGS is not expected to have a material effect on the earnings of Mi Technovation Group for the FYE 31 December 2019. However, the EPS of the Group for the FYE 31 December 2019 may be diluted, depending on the number of Shares issued and/or transferred and the grant price pursuant to the vesting of the SGS Shares granted. The Proposed SGS is expected to be implemented in the 4<sup>th</sup> quarter of 2019.

In accordance with MFRS 2, the potential cost arising from the granting of the SGS Shares, which is measured by the fair value of the SGS Shares after taking into consideration, *inter alia*, the actual number of SGS Shares granted and vested and the grant price of the SGS Shares, will need to be measured at the Grant Date and be recognised as an expense in the consolidated statements of comprehensive income of the Company over the vesting period of the SGS Shares comprised in such Grants, and may therefore reduce the future earnings of Mi Technovation Group, the quantum of which can only be determined at the Grant Date.

The potential effects of the Proposed SGS on the earnings and EPS of Mi Technovation Group in the future, as a consequence of the recognition of the expense at each Grant Date, cannot be determined at this juncture as it would depend on the fair value of the SGS Shares granted under the Proposed SGS at the Grant Date. It should be noted that such potential cost of granting the SGS Shares does not represent a cash outflow but only an accounting treatment.

The Company has taken note of the potential impact of MFRS 2 on Mi Technovation Group's earnings and will take into consideration such impact in the granting and vesting of the SGS Shares under the Proposed SGS.

### **4.4 Substantial shareholder's shareholdings**

The Proposed Bonus Issue will not have any effect on the percentage of shareholdings of the substantial shareholder of Mi Technovation as the Bonus Shares will be allotted on a pro-rata basis to the shareholder of the Company. However, the number of Mi Technovation Shares held by the substantial shareholder will increase proportionately as a result of the Proposed Bonus Issue.

The Proposed SGS is not expected to have any immediate effect on the shareholdings of the substantial shareholder of the Company until such time when the SGS Shares are vested and issued and/or transferred pursuant to the Proposed SGS. Any potential effect on the substantial shareholder's shareholdings of Mi Technovation will depend on the actual number of SGS Shares to be issued and/or transferred pursuant to the Proposed SGS.

### **4.5 Convertible securities**

As at the LPD, the Company does not have any convertible securities.

## 5. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of the Mi Technovation Shares as traded on Bursa Securities for the past twelve (12) months preceding the date of this Circular are as follows:

	Low RM	High RM
<b>2018</b>		
October	2.07	3.22
November	2.22	2.65
December	2.00	2.49
<b>2019</b>		
January	2.11	2.47
February	2.33	2.80
March	2.02	2.36
April	2.12	2.34
May	1.45	2.22
June	1.59	1.79
July	1.65	1.86
August	1.53	2.04
September	1.85	2.25

Last transacted price of Mi Technovation Shares as at 7 October 2019  
(being the day prior to the date of the Announcement) 2.27

Last transacted market price on 24 October 2019  
(being the latest practicable date prior to the printing of this Circular) 2.39

*(Source: Bloomberg)*

## 6. APPROVALS REQUIRED

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

- (i) Bursa Securities, for the following:
  - (a) listing of and quotation for up to 250,000,000 Bonus Shares to be issued pursuant to the Proposed Bonus Issue; and
  - (b) listing of and quotation for such number of new Mi Technovation Shares, representing up to ten percent (10%) of the total number of issued shares of Mi Technovation (excluding treasury shares) to be issued pursuant to the Proposed SGS,

The approval from Bursa Securities for the Proposals was obtained vide its letter dated 23 October 2019, and is subject to the following conditions:

No.	Conditions	Status of compliance
<b><u>Proposed Bonus Issue</u></b>		
(1)	Mi Technovation and Affin Hwang IB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Bonus Issue;	To be complied.
(2)	Mi Technovation and Affin Hwang IB to inform Bursa Securities upon the completion of the Proposed Bonus Issue;	To be complied.
(3)	Mi Technovation to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Bonus Issue is completed; and	To be complied.
(4)	Mi Technovation and Affin Hwang IB are required to make the relevant announcements pursuant to Paragraph 6.35(2)(a) & (b) and 6.35(4) of the Listing Requirements.	To be complied.
<b><u>Proposed SGS</u></b>		
(1)	Affin Hwang IB is required to submit a confirmation to Bursa Securities of full compliance of the Proposed SGS pursuant to Paragraph 6.43(1) of 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; and	To be complied.
(2)	Mi Technovation is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the Proposed SGS, as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied.

- (ii) the shareholders of Mi Technovation at an EGM of the Company to be convened; and
- (iii) any other relevant authorities/parties, if required.

## 7. INTER-CONDITIONALITY

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

## 8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDER AND/OR PERSONS CONNECTED WITH THEM

### 8.1 Proposed Bonus Issue

None of the directors, major shareholder of the Company and/or persons connected with them have any interest, whether direct or indirect, in the Proposed Bonus Issue, apart from their respective entitlements to the Bonus Shares as shareholders of Mi Technovation, to which all other shareholders of Mi Technovation are similarly entitled to on a pro-rata basis.

## 8.2 Proposed SGS

All the Executive Directors are entitled to participate in the Proposed SGS and are therefore deemed interested in the Proposed SGS to the extent of their respective allocations, if any, as well as allocations to persons connected with them, if any, under the Proposed SGS (“**Interested Directors**”).

Accordingly, the Interested Directors and persons connected with them have abstained and will continue to abstain from deliberating and voting, in respect of their direct and/or indirect shareholdings in Mi Technovation, if any, on the resolutions pertaining to the Interested Directors’ respective allocations, if any, as well as the allocations to persons connected with them, if any, under the Proposed SGS at the relevant Board meetings and at the forthcoming EGM of the Company.

Oh Kuang Eng who is the major shareholder of Mi Technovation (“**Interested Major Shareholder**”), is also the Executive Director/Group Chief Executive Officer of Mi Technovation, and is entitled to participate in the Proposed SGS. Accordingly, the Interested Major Shareholder will abstain from voting, in respect of his direct and/or indirect shareholdings in Mi Technovation, if any, on the resolution pertaining to his allocation, if any, as well as the allocations to the persons connected with him, if any, under the Proposed SGS to be tabled at the forthcoming EGM of the Company.

Yong Shiao Voon who is the spouse of Oh Kuang Eng, is the Executive Director/Chief Financial Officer of Mi Technovation, and is entitled to participate in the Proposed SGS. Accordingly, she will abstain from voting, in respect of her direct and/or indirect shareholdings in Mi Technovation, if any, on the resolution pertaining to her allocation, if any, as well as the allocation to Oh Kuang Eng, if any, under the Proposed SGS at the forthcoming EGM of the Company. Oh Kuang Eng will also abstain from voting, in respect of his direct and/or indirect shareholdings in Mi Technovation, if any, on the resolution pertaining to the allocation to Yong Shiao Voon, if any, under the Proposed SGS to be tabled at the forthcoming EGM of the Company.

The Interested Directors and Interested Major Shareholder will ensure that persons connected with them shall abstain from voting, in respect of their direct and/or indirect shareholdings in Mi Technovation, if any, on the resolutions pertaining to the Interested Directors’ and Interested Major Shareholder’s respective allocations, if any, as well as the allocations to the persons connected with them, if any, under the Proposed SGS to be tabled at the forthcoming EGM of the Company.

The shareholdings of the Interested Directors and Interested Major Shareholder as at the LPD are as follows:

	As at the LPD			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
<b><u>Interested Directors</u></b>				
Yong Shiao Voon	-	-	-	-
Koay Huck Khim	580,000	0.12	-	-
<b><u>Interested Director and Major Shareholder</u></b>				
Oh Kuang Eng	342,100,000	68.69	-	-

## 9. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, after having considered all aspects of the Proposals, including but not limited to the rationale and effects of the Proposals, is of the opinion that the Proposals are in the best interest of the Company and its shareholders.

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

However, in view that the Executive Directors are deemed interested in the Proposed SGS to the extent of their respective allocations, if any, as well as the allocations to persons connected with them, if any, under the Proposed SGS, they have abstained and will continue to abstain from expressing an opinion and making any recommendation on the resolutions to be tabled at the forthcoming EGM of the Company on their respective allocations, if any, as well as the allocations to persons connected with them, if any, under the Proposed SGS.

## 10. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposed Bonus Issue and Proposed SGS are expected to be completed and implemented, respectively, in the fourth quarter of 2019.

The tentative timetable for the implementation of the Proposals is as follows:

Tentative timeline	Key milestones
20 November 2019	EGM to obtain the approval of shareholders of Mi Technovation for the Proposals
End November 2019	Announcement of the Entitlement Date for the Proposed Bonus Issue
Early December 2019	<ul style="list-style-type: none"><li>Implementation of the Proposed SGS</li></ul>
Mid December 2019	<ul style="list-style-type: none"><li>Entitlement Date</li><li>Listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities</li><li>Completion of the Proposed Bonus Issue</li></ul>

## 11. CORPORATE EXERCISE ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals, the Board confirms that there is no other outstanding corporate exercise which has been announced but pending completion as at the LPD.

## 12. EGM

The EGM, the notice of which is enclosed in this Circular, will be held at Auditorium of Mi Technovation, No. 20, Medan Bayan Lepas Technoplex, MK 12, Taman Perindustrian Bayan Lepas, 11900 Bayan Lepas, Pulau Pinang on Wednesday, 20 November 2019 at 11.00 a.m. or any adjournment thereof, for the purpose of considering and, if thought fit, passing the resolutions to give effect to the Proposals.

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. If you wish to do so, you must complete the Proxy Form in accordance with the instructions therein and deposit the same at the Registered Office of the Company at Suite 12-A, Level 12, Menara Northam, No. 55, Jalan Sultan Ahmad Shah, 10050 Georgetown, Pulau Pinang not less than forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof.

The lodging of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently decide to do so.

### **13. FURTHER INFORMATION**

Shareholders are requested to refer to the attached appendices for further information.

Yours faithfully,  
For and on behalf of the Board of  
**Mi TECHNOVATION BERHAD**  
*(formerly known as Mi Equipment Holdings Berhad)*

**OH KUANG ENG**  
Executive Director/Group Chief Executive Officer

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**DRAFT BY-LAWS IN RELATION TO THE PROPOSED SGS**


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**BY-LAWS OF THE SHARE GRANT SCHEME OF  
Mi TECHNOVATION BERHAD  
(FORMERLY KNOWN AS Mi EQUIPMENT HOLDINGS BERHAD)**

**1. DEFINITIONS AND INTERPRETATION**

1.1 In these By-Laws, the following words and expressions shall bear the following meanings, unless the context otherwise requires:

“Act”	means the Companies Act 2016
“Adviser”	means a corporate finance adviser that may act as a principal adviser under the Securities Commission’s Principal Adviser Guidelines
“Affected Employee”	shall have the meaning ascribed to it in By-Law 23.1
“Audit Committee”	shall have the same meaning ascribed to it in By-Law 6.3
“Auditors”	means the auditors of the Company, as appointed from time to time
“Board”	means the board of directors of the Company
“Bursa Depository”	means Bursa Malaysia Depository Sdn Bhd
“Bursa Securities”	means Bursa Malaysia Securities Berhad
“By-Laws”	means, collectively, the rules, terms and conditions governing the Scheme as set forth in these By-Laws as amended, modified and/or supplemented from time to time
“CDS”	means the Central Depository System established, administered and operated by Bursa Depository for the central handling of securities deposited with Bursa Depository
“CDS Account”	means the account established by Bursa Depository for a depositor for the recording of deposit and withdrawal of securities and for dealings in such securities by that depositor of securities
“Company” or “Mi Technovation”	means Mi Technovation Berhad ( <i>formerly known as Mi Equipment Holdings Berhad</i> ) (Company No. 201701021661(1235827-D)), a public company limited by shares and incorporated in Malaysia and shall, where the context admits, include its successors in title
“Constitution”	means the constitution of the Company as amended from time to time
“Director	means a natural person who holds a directorship in any company within the Group and shall have the meaning of Section 2(1) of the Capital Markets & Services Act 2007”

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**DRAFT BY-LAWS IN RELATION TO THE PROPOSED SGS (CONT'D)**

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“Disciplinary Proceedings”	means proceedings instituted by a Group Company against a Grantee employed by that Group Company for any alleged negligence, misbehavior, misconduct, fraud, financial misstatement, reputational damage and/or any other act of the Grantee deemed to be unacceptable by that Group Company in the course of that Grantee’s employment, whether or not such proceedings may give rise to a dismissal or termination of the contract of service of such Grantee
“Effective Date”	means the date the Scheme takes effect as provided in By-Law 16
“Eligible Person”	means an Executive Director and Employee who meets the eligibility criteria for participation in the Scheme as set forth in By-Law 3 and “Eligible Persons” means any two or more of them
“Employee”	means any person who is employed by any company within the Group
“Entitlement Date”	means the date as at the close of business on which the name of shareholders must appear in the record of depositors of the Company maintained at Bursa Depository in order to be entitled to any dividends, rights, allotments or other distributions
“Executive Director”	means a natural person who is a director of Mi Technovation Group in a full time executive capacity and is involved in the day-to-day management of Mi Technovation Group, which for the avoidance of doubt excludes alternate directors
“Ex-Group Company”	shall have the meaning ascribed to it in By-Law 3.4
“Grant Commencement Date”	means in relation to each Grant, the date fixed by the SGS Committee as the date on which the Vesting Period commences
“Grant Date”	means in relation to a Grant, the date on which the Grant is made by the SGS Committee
“Grant Termination Date”	means in relation to a Grant, the date on which the Grant terminates, expires, lapses and/or otherwise ceases to be of any force and effect or the date immediately following the day on which the SGS Shares comprised in the Grant are intended to vest in full in accordance with these By-Laws
“Grantee”	means an Eligible Person selected by the SGS Committee to whom a Grant is made pursuant to By-Law 6, and “Grantees” means any two or more of them
“Grant(s)”	means a grant of SGS Shares made in writing by the SGS Committee to an Eligible Person in accordance with By-Law 6



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**DRAFT BY-LAWS IN RELATION TO THE PROPOSED SGS (CONT'D)**


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“Group” or “Mi Technovation Group”	means, collectively, Mi Technovation and its Subsidiaries and in the context of the Proposed SGS, shall exclude subsidiaries which are dormant. For the avoidance of doubt, associated companies, joint-venture companies and subsidiaries which have been divested do not fall within this category
“Group Company”	means any one of the Company and the Subsidiaries, and “Group Companies” means any two or more of them
“Listing Requirements”	means the Main Market Listing Requirements of Bursa Securities
“Market Day”	means a day on which Bursa Securities is open for trading in securities
“Maximum Allowable Allocation”	shall have the meaning ascribed to it in By-Law 5.1
“Maximum SGS Shares”	shall have the meaning ascribed to it in By-Law 4.1
“Normal Correspondence”	shall have the meaning ascribed to it in By-Law 28.3
“Notice” or “Process”	shall have the meaning ascribed to it in By-Law 28.1
“Notice of Vesting”	shall have the meaning ascribed to it in By-Law 8.2
“Performance Period”	in relation to the Grant, the duration of which is to be determined by the SGS Committee on the Grant Date, during which the Performance Targets and/or Service Objectives are to be met
“Performance Target(s) and/or Service Objective(s)”	means the performance targets and/or service objectives determined by the SGS Committee at its sole discretion, which are to be achieved by the Grantee and/or Group (and/or such business units within the Group as determined by the SGS Committee)
“Persons Connected”	shall have the meaning ascribed to it in Paragraph 1.01 of the Listing Requirements
“Previous Company”	shall have the meaning ascribed to it in By-Law 3.4
“Right and Distribution”	shall have the meaning ascribed to it in By-Law 12.1
“Rules of Bursa Depository”	means the rules of Bursa Depository, as issued pursuant to SICDA
“Said Selected Grantees”	shall have the meaning ascribed to it in By-Law 16.4
“SC”	means the Securities Commission Malaysia established pursuant to the Securities Commission Act 1993
“Scheme” or “SGS”	means the share grant scheme established by the Company which shall be known as the “Mi Technovation Share Grant Scheme” to be administered in accordance with these By-Laws

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**DRAFT BY-LAWS IN RELATION TO THE PROPOSED SGS (CONT'D)**


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“Scheme Termination Date”	shall have the meaning ascribed to it in By-Law 16.4
“Senior Management”	means such employees of Mi Technovation Group as the SGS Committee may in its absolute discretion determine to be senior management
“SGS Committee”	means a committee established pursuant to By-Law 13.1 to implement and administer the Scheme in accordance with these By-Laws
“SGS Period”	means the duration of the Scheme as set out in By-Law 16.1
“SGS Shares”	means the Shares granted to the Grantees pursuant to Grants under the Scheme which will be vested to the Grantee in accordance with By-Law 8
“Shares”	means ordinary shares in the Company
“SICDA”	means the Securities Industry (Central Depositories) Act, 1991
“Subsidiary”	means a subsidiary (has the meaning ascribed to it in Section 4 of the Act) of the Company which is not dormant, and include such subsidiaries which are existing as at the Effective Date and those subsequently acquired or incorporated at any time during the SGS Period and “Subsidiaries” shall be construed accordingly
“Trust”	means the trust that may be established to facilitate the implementation and administration of the Scheme
“Trust Deed”	means the trust deed constituting the Trust to be executed between the Trustee and the Company
“Trustee”	means the trustee to be appointed by the Company from time to time to administer the trust for the Scheme in accordance with the Trust Deed
“Unvested SGS Shares”	means SGS Shares which have been granted pursuant to the Grant but which have not been vested in the Grantee at the relevant time stipulated in the Grant
“Vesting Conditions”	means the conditions determined by the SGS Committee and stipulated in the Grant which must be fulfilled for the SGS Shares to be vested in a Grantee
“Vesting Date(s)”	means in relation to a Grant, the date or dates stipulated by the SGS Committee on which all or some of the SGS Shares to which that Grant relates in accordance with By-Law 8.1 are vested pursuant to the Grant
“Vesting Period”	means in relation to a Grant, the period commencing from the Grant Commencement Date in relation to the Grant and expiring on the Market Day immediately preceding the Grant Termination Date to which the Grant relates (both dates inclusive)

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**DRAFT BY-LAWS IN RELATION TO THE PROPOSED SGS (CONT'D)**

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- 1.2 In these By-Laws, unless the context otherwise requires:
- (a) any reference to a statutory provision or an applicable law shall include a reference to:
    - (i) any statute of Malaysia and shall include all subsidiary legislation made from time to time under that provision or law;
    - (ii) any and all Listing Requirements, policies, guidelines, guidance, communication notes, practice notes and/or directions of Bursa Securities and/or the SC (in each case, whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed by Bursa Securities and/or the SC);
    - (iii) 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 Grant made and/or granted within the SGS Period; and
    - (iv) any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly replaced;
  - (b) any reference to a By-Law is a reference to a By-Law of these By-Laws;
  - (c) the headings to the provisions are for convenience only, and shall not be taken into account in the interpretation of these By-Laws;
  - (d) any word importing:
    - (i) the singular meaning includes the plural meaning and vice versa; and
    - (ii) the masculine gender includes the feminine gender and vice versa;
  - (e) any liberty or power or discretion which may be exercised, and/or any decision or determination which may be made, under these By-Laws:
    - (i) by the Board may be exercised in the Board's discretion and the Board shall not be under any obligation to give any reasons thereof; and
    - (ii) by the SGS Committee may be exercised in the SGS Committee's discretion and the SGS Committee shall not be under any obligation to give any reasons thereof, but subject always to the Board's power to overrule any decision of the SGS Committee;
  - (f) if any event is to occur on a stipulated day which is not a Market Day, then the stipulated day shall be taken to be the first Market Day after that day; and if an event is to occur on a stipulated day which falls after the expiry of the SGS Period then the stipulated day shall be taken to be the last Market Day of the SGS Period; and
  - (g) in the event of any change in the name of the Company from its present name, all references to "Mi Technovation Berhad" in these By-Laws and all other documents pertaining to the Scheme shall be deemed to be references to the Company's new name.

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**DRAFT BY-LAWS IN RELATION TO THE PROPOSED SGS (CONT'D)**

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

- 2.1 The Scheme shall be known as “Mi Technovation Share Grant Scheme”, the objective of which is primarily to serve as a long-term incentive plan to reward the Eligible Persons and to align their interest with the corporate goals and objectives of Mi Technovation Group to create sustainable value enhancement for its shareholders. In addition, the Scheme is intended to:
- (a) to continue recognising the contribution of Eligible Persons whose services are valued and considered vital to the operations and continued growth of the Group;
  - (b) to motivate Eligible Persons to work towards better performance through greater productivity and loyalty;
  - (c) to stimulate a greater sense of belonging and dedication since Eligible Persons are given the opportunity to participate directly in the equity of the Company;
  - (d) to encourage Eligible Persons to remain with the Group thus ensuring that any loss of key personnel is kept to a minimum;
  - (e) to reward Eligible Persons by allowing them to participate in the Company’s growth and profitability and eventually realise potential capital gains arising from any appreciation in the value of the Company’s Shares; and
  - (f) to make the Group’s remuneration scheme more attractive to attract more skilled and experienced individuals to join the Group and contribute to its continued growth.

**3. ELIGIBILITY**

- 3.1 Subject to By-Law 3.2, Executive Directors and Employees may be considered as eligible from time to time and at any time for the purposes of the Scheme by the SGS Committee.
- 3.2 Eligible Persons of Mi Technovation Group who fulfill the following criteria as at the Grant Date shall be eligible for consideration by the SGS Committee to participate in the Scheme:
- (a) has attained the age of eighteen (18) years and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
  - (b)
    - (i) has been employed by Mi Technovation Group on a full-time basis or serving in a specific designation under an employment contract with Mi Technovation Group for a fixed duration (or any other contract as may be determined by the SGS Committee) and is on the payroll of any corporation within Mi Technovation Group for a continuous period of at least two (2) years in the Group and has not served a notice of resignation or received a notice of termination prior to and up to the Grant Date; or
    - (ii) is employed by a corporation which is acquired by the Group during the duration of the Scheme and becomes a subsidiary of the Group upon such acquisition, he must have completed a continuous employment service for a period of at least two (2) years in the Group following the date that such company becomes or is deemed to be a subsidiary of the Group and has not served a notice to resign or received a notice of termination prior to and up to the Grant Date;
  - (c) has been confirmed in writing and is not under any probation;

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**DRAFT BY-LAWS IN RELATION TO THE PROPOSED SGS (CONT'D)**

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- (d) if he/she is an Executive Director of the Group, the Grant awarded by the Company to him/her in his/her capacity as an Executive Director of the Company under the Scheme has been approved by the shareholders of Mi Technovation at a general meeting; and
- (e) fulfills any other criteria and/or falls within such category as may be set by the SGS Committee from time to time.

The selection of any Eligible Person for participation in the Scheme shall be determined at the sole discretion of the SGS Committee whose decision shall be final and binding.

For the avoidance of doubt, the SGS Committee may determine any other eligibility criteria and/or waive any of the eligibility criteria as set out in this By-Law 3.2, for purposes of selecting an Eligible Person at any time and from time to time, in the SGS Committee's discretion.

- 3.3 Notwithstanding anything set out in these By-Laws and subject to the Listing Requirements, no Grant may be granted to any person who is a director, a major shareholder, chief executive of the Company, or a Person Connected with a director, major shareholder or chief executive of the Company, unless the specific Grant, and/or the related transfer of SGS Shares pursuant to that Grant, to that person shall have previously been approved by the shareholders of the Company in a general meeting.
- 3.4 The SGS Committee shall have the discretion to extend (or not) the benefit of the Scheme to any employee in any of the following circumstances:
  - (a) an employee who is in the employment of a corporation which is not a Group Company but which subsequently becomes a Group Company as a result of a restructuring, an acquisition, a merger, a divestment from that corporation which is not a Group Company or other exercise involving the Company and/or any Group Company ("**Previous Company**");
  - (b) an employee who was employed in a Previous Company and is subsequently transferred from that Previous Company to a Group Company; or
  - (c) where:
    - (i) a corporation that was a Group Company ceases to be a Group Company ("**Ex-Group Company**"); and
    - (ii) an employee of that Ex-Group Company is re-employed by another Group Company.
- 3.5 Eligibility for consideration under the Scheme does not confer an Eligible Person a claim or right to participate in or any right whatsoever under the Scheme and an Eligible Person does not acquire or has any rights over or in connection with the Grants or the SGS Shares comprised in the Grants unless the Grants have been made in writing by the SGS Committee to the Eligible Person and the Eligible Person has accepted the Grants in accordance with the terms of the Grants and the By-Laws.
- 3.6 Without prejudice to the generality of the foregoing and subject to the SGS Committee's discretion otherwise, any Grant made by the SGS Committee shall become void, of no effect and cease to be capable of vesting upon any of the following events occurring:
  - (a) the Grantee's death subject to By-Law 9.4 below;
  - (b) the Grantee having received a letter of termination or ceasing to be an Employee, for any reason whatsoever;

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**DRAFT BY-LAWS IN RELATION TO THE PROPOSED SGS (CONT'D)**

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- (c) the Grantee giving notice of his resignation from service or employment;
  - (d) the corporation which employs the Grantee ceasing to be a Group Company subject to By-Law 3.4 above;
  - (e) the Grantee is subject to Disciplinary Proceedings; or
  - (f) the Grantee is adjudicated a bankrupt.
- 3.7 The SGS Committee may in its discretion revoke or suspend the nomination of any Grantee of any Group Company at any time and from time to time, whereupon such Grantee of such corporation shall henceforth cease to be eligible for any Grant under the Scheme.

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

- 4.1 The maximum number of Shares which may be made available under the Scheme shall not in aggregate exceed ten percent (10%) of the total number of issued shares of Mi Technovation (excluding treasury shares, if any) at any point of time during the SGS Period ("**Maximum SGS Shares**").
- 4.2 Notwithstanding By-Law 4.1, in the event the aggregate number of Shares granted under the Scheme exceeds the Maximum SGS Shares at any point of time as a result of Mi Technovation purchasing or cancelling Shares in accordance with the provisions of the Act and/or undertaking any corporate proposal resulting in the reduction of Mi Technovation's issued share capital, then such Grants granted prior to the adjustment of the issued share capital of Mi Technovation (excluding treasury shares, if any) shall remain valid and exercisable in accordance with these By-Laws. However, in such situation, the SGS Committee shall not make any further Grants until such aggregate number of Shares granted falls below the Maximum SGS Shares.

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

- 5.1 The aggregate maximum number of SGS Shares that may be allocated to any one (1) category/designation of the Eligible Persons shall be determined by the SGS Committee provided that the allocation to any individual Eligible Person who, either singly or collectively through Persons Connected with the Eligible Person (as defined in the Listing Requirements), holds twenty percent (20%) or more of the total number of issued shares of the Company (excluding treasury shares, if any), shall not exceed ten percent (10%) of the Maximum SGS Shares ("**Maximum Allowable Allocation**").
- 5.2 The aggregate maximum number of SGS Shares that may be allocated to the Executive Directors and Senior Management who are Eligible Persons shall not be more than 50% of the Maximum SGS Shares.
- 5.3 Subject to By-Law 5.1 and any adjustment which may be made under By-Law 10, the actual number of SGS Shares to be allocated to the Eligible Persons shall be determined by the SGS Committee at its sole discretion after taking into consideration factors which may include the Eligible Persons' position, job performance, seniority, duration of service, potential for future development and contribution to the success and development of Mi Technovation Group.
- 5.4 No Eligible Person shall participate in any deliberation or discussion on their respective Grant and/or any Grant to Persons Connected with the Eligible Person, if any, under the Scheme.

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**DRAFT BY-LAWS IN RELATION TO THE PROPOSED SGS (CONT'D)**

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**6. GRANTS**

- 6.1 The SGS Committee may, after taking into consideration such criteria as the SGS Committee deems fit, including but not limited to the Grantee's position, job performance, seniority, duration of service, potential for future development and contribution to the success and development of Mi Technovation Group and such other criteria as the SGS Committee may deem relevant from time to time, make one or more Grants to any Grantee as the SGS Committee may in its discretion select during the SGS Period. Each Grant made to any Grantee by the SGS Committee shall be separate and independent from any previous or later Grant made by the SGS Committee to that Grantee.
- 6.2 The SGS Committee may award to the Grantees one (1) or more Grants to incentivise the Employees and Executive Directors of Mi Technovation Group and to motivate, reward and retain the Employees and Executive Directors who are instrumental to the continued success of the Group.
- 6.3 Subject always to these By-Laws:
- (a) nothing shall prevent the SGS Committee from making more than one Grant to any Grantee provided always that the aggregate number of SGS Shares in respect of the Grants granted to any Grantee shall not exceed the Maximum Allowable Allocation; and
  - (b) the number of SGS Shares which a Grantee may be entitled pursuant to a Grant shall be at the discretion of the SGS Committee and, subject to any adjustment that may be made under these By-Laws, shall not be less than 100 Shares and shall always be in multiples of 100 Shares.

The number of SGS Shares so granted for vesting pursuant to the Grant shall be disclosed in the Company's annual report for as long as the Scheme is in operation as required by the Listing Requirements. The audit committee of the Company ("**Audit Committee**") shall verify the allocation of SGS Shares pursuant to the Scheme is in compliance with the criteria for allocation disclosed by the Company to the Grantee at the end of each financial year.

- 6.4 A Grant shall be made in writing and may be made upon such terms and conditions as the SGS Committee may decide from time to time. Nothing herein shall require any Grant made to be the same as or similar to other Grants previously or subsequently made whether to the same or a different Grantee.
- 6.5 The SGS Committee may in a letter of Grant ("**Grant Letter**") to a Grantee state, amongst others:
- (a) the number of SGS Shares which the Grantee shall be entitled to upon satisfying the conditions of the Grant;
  - (b) the Grant Date;
  - (c) the Vesting Conditions including the Vesting Period;
  - (d) the Performance Targets and/or Service Objectives, the Performance Period, and/or the extent to which the Shares which are subject of the Grant shall be released upon the Performance Targets and/or Service Objectives being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the Performance Period;
  - (e) the Vesting Date(s); and
  - (f) any other condition which the SGS Committee may determine from time to time in relation to the Grant.

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**DRAFT BY-LAWS IN RELATION TO THE PROPOSED SGS (CONT'D)**

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- 6.6 The Grant shall be accepted by the Grantee in such form and manner and by providing such information as may be prescribed by the SGS Committee from time to time. For the avoidance of doubt, no monetary consideration is required to be paid by the Grantees for the acceptance of the Grants and the subsequent vesting of the SGS Shares. The reference price of the SGS Shares to be granted will be determined based on the fair value of the SGS Shares, which will take into account, among others, the market price of the Shares as at or prior to the Grant Date.
- 6.7 Any Eligible Person who holds more than one (1) position within Mi Technovation Group shall only be entitled to the Maximum Allowable Allocation of any one (1) category/designation. Each Executive Director shall only be entitled to the Maximum Allowable Allocation irrespective of his/her sitting on more than one (1) board of directors within Mi Technovation Group. The SGS Committee shall be entitled at its discretion to determine the applicable category/designation. Subject to By-Law 13, in the event the Grant Letter contains an error on the part of the Company in stating any of the particulars referred to in By-Law 6.5 above, the Company shall issue a revised Grant Letter, stating the correct particulars of the Grant within thirty (30) days of discovering such error and the revised particulars of the Grant shall take effect on the date of the revised Grant Letter except for SGS Shares which have already been vested as at the date of the revised Grant Letter.

**7. NON-TRANSFERABILITY OF THE GRANT**

- 7.1 Subject to By-Laws 8.5, 9.4 and 24.1, a Grant is personal to the Grantee thereof, and cannot be assigned, encumbered, transferred or otherwise disposed of in any manner whatsoever.

**8. VESTING CONDITIONS AND VESTING OF SGS SHARES**

- 8.1 The SGS Shares comprised in a Grant shall be vested to the Grantee on the Vesting Date(s) after fulfilling the Vesting Conditions in accordance with these By-Laws. For the avoidance of doubt, the vesting of each Grant may be staggered in several tranches at such times and on such terms as determined by the SGS Committee. The SGS Shares comprised in a Grant shall vest in multiples of and no less than 100 Shares.
- 8.2 Where the SGS Committee has determined that the Vesting Conditions have been fully and duly satisfied, the SGS Committee shall notify the Grantees of the number of SGS Shares vested or which will be vested in him on the Vesting Date(s) ("**Notice of Vesting**"). Within eight (8) Market Days or such other period as may be prescribed or allowed by Bursa Securities from the Vesting Date(s) stipulated in the Notice of Vesting, the Company shall subject to the provisions of the Constitution, Listing Requirements, SICDA and Rules of Bursa Depository:
- (a) issue or procure the transfer of the relevant number of Shares;
  - (b) procure the despatch of notices of allotment of such Shares to the Grantee accordingly; and
  - (c) make an application for the listing of and quotation for such relevant number of new Shares (if required).
- 8.3 All Shares issued or transferred pursuant to the vesting of any Grant under the Scheme shall be credited directly into the CDS Account of the Grantee, and no physical share certificates will be issued and delivered to the Grantee. The Grantee shall provide the SGS Committee with his CDS Account number within the time period as determined by the SGS Committee to facilitate the issuance or transfer of the Shares to the Grantee. It is the obligation and responsibility of the Grantee to notify the Company of any change in his CDS Account number and any other relevant details.



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**DRAFT BY-LAWS IN RELATION TO THE PROPOSED SGS (CONT'D)**

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- 8.4 To the extent the SGS Shares under a Grant has not vested upon expiry of the SGS Period for that Grant or vest at all under the Scheme for any reason whatsoever (including, without limitation, by reason of the SGS Committee determining that a Grant shall not vest at all pursuant to By-Law 8.6), the Grant shall lapse and become null and void unless extended at any time and from time to time by the SGS Committee in its discretion.
- 8.5 Notwithstanding anything to the contrary, in the event of any take-over offer being made for the issued share capital of the Company or any other corporate proposal (including but not limited to a selective capital reduction exercise), being undertaken whereby all the issued share capital of the Company is to be acquired (or all of the issued share capital of the Company ends up in the hands of one or more sponsor of such proposal), whether by way of a general offer or otherwise, the SGS Committee may in its discretion, to the extent permitted by law, decide:
- (a) to alter any Vesting Period applicable in respect of any Grant, whether by shortening or lengthening the same;
  - (b) to alter any Grant Commencement Date and/or Grant Termination Date in respect of any Grant;
  - (c) to fix any Grant Commencement Date and/or Grant Termination Date in respect of any Grant; and/or
  - (d) to alter the terms of any Grant;

but in the absence of any such decision by the SGS Committee, upon any such take-over offer or corporate proposal becoming or being declared unconditional, the SGS Committee may by notice in writing to the Grantees (including the Grantee's legal and personal representatives) allow, within one (1) month from the date on which such take-over offer or corporate proposal becomes or is declared unconditional (or such shorter period expiring on the day immediately prior to the date on which the Grant or proposal is to expire or to complete, if such period is shorter than the said one-month period), for such number of SGS Shares comprised in any Grants to vest fully (including those SGS Shares comprised in Grants that have not yet vested in accordance with By-Law 8.6), provided that if during such period a party becomes entitled or bound to exercise the rights of compulsory acquisition under the provisions of any applicable law, and gives notice to the Company and/or any member of the Company that it intends to exercise such rights on a specified date. The SGS Shares under the Grant shall vest to the Grantee until the day immediately prior to that specified date, but no later.

- 8.6 The SGS Committee shall, as and when it deems practicable and necessary, review the Vesting Conditions specified in respect of a Grant and determine at its discretion:
- (a) whether a Vesting Condition has been satisfied and if so, the extent to which it has been satisfied;
  - (b) whether any other condition applicable to such Grant has been satisfied; and
  - (c) the number of SGS Shares (if any) comprised in such Grant to be vested to the relevant Grantee.

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**DRAFT BY-LAWS IN RELATION TO THE PROPOSED SGS (CONT'D)**

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Notwithstanding anything to the contrary, all SGS Shares comprised in a Grant under the Scheme shall vest when the SGS Committee determines in its full discretion that such Grantee has achieved the stipulated conditions as stated in the Grant made to him and if all other conditions stipulated in the Grant have also been met (whether fully or partially). In making any such determination, the SGS Committee shall have the right to make reference to (amongst others) the audited results of the Company or the Group (as the case may be) to take into account such factors as the SGS Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend any Vesting Conditions if the SGS Committee decides that a changed Performance Target and/or Service Objective would be a fairer measure of performance. If the SGS Committee determines, in its sole discretion, that the conduct and the performance of such Grantee during the Vesting Period for that Grant does not meet the criteria for such vesting imposed by the SGS Committee as it thinks fit and/or if any other conditions stipulated in the Grant has not been met and/or (subject to By-Law 9) the relevant Grantee is no longer an Employee as at the Grant Date, the SGS Committee has the discretion to either:

- (a) vary the number of SGS Shares to be vested or to extend the relevant SGS Period and to impose additional conditions, including but not limited to, any Vesting Conditions or Performance Targets and/or Service Objectives or such other conditions precedent as the SGS Committee thinks fit in respect of the vesting of the SGS Shares to such Grantee; or
- (b) determine that the Grant or any part thereof not vested will lapse and be of no value.

8.7 No Grantee shall have any right to or interest in the SGS Shares granted to him unless and until the SGS Shares are vested in him on and with effect from the date such Shares are credited into his CDS Accounts.

**9. TERMINATION OF GRANTS AND UNVESTED SGS SHARES**

9.1 Subject to By-Law 9.2, in the event of the cessation of employment of a Grantee with a Group Company for whatever reason, including but not limited to the receipt of a letter of termination, serving of a notice of resignation by the Grantee or bankruptcy of the Grantee, prior to the vesting of SGS Shares comprised in a Grant, such Grant or any part thereof that remain unvested, as the case may be, shall forthwith cease or be deemed to cease to be valid without any claim against the Group Company.

9.2 In the event of the cessation of employment of a Grantee with a Group Company in any of the following circumstances:

- (a) retirement on attaining the normal retirement age under the Group Company's retirement policy; or
- (b) retirement before the normal retirement age with the consent of his employer being a company within the Group; or
- (c) expiration of the employment contract of the Grantee; or
- (d) resignation or termination of the employment of the Grantee by reason of ill-health, injury, physical or mental disability; or
- (e) redundancy or retrenchment, pursuant to the acceptance by that Grantee of a voluntary separation scheme offered by the relevant Group Company; or
- (f) non-renewal of fixed term contract, not due to a breach of contract on the part of the Grantee; or

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**DRAFT BY-LAWS IN RELATION TO THE PROPOSED SGS (CONT'D)**

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- (g) any other circumstance which is acceptable to the SGS Committee in its discretion,
- the SGS Committee may at its discretion determine that all or any part of the Unvested SGS Shares comprised in a Grant, can vest in accordance with the provisions of these By-Laws, and the times or periods at or within which such SGS Shares may vest provided that no SGS Shares shall vest after the expiry of the Vesting Period for that Grant. Unless the SGS Committee in its discretion permits such vesting in accordance with this By-Law 9.2, any Unvested SGS Shares shall cease or be deemed to cease to be capable of vesting to the Grantee without any liability or right to claim against the Company and/or the SGS Committee and/or the Board.
- 9.3 Subject to By-Law 9.2, upon the resignation of the Grantee from his employment with the relevant Group Company, as the case may be, such Grant shall lapse and cease or be deemed to cease to be valid forthwith on the date the Grantee tenders his resignation.
- 9.4 Where a Grantee dies before the expiry of the Vesting Period for a Grant(s), the SGS Committee may at its discretion determine that all or any part of the Unvested SGS Shares under the Grant(s) to be held by the Grantee, be vested to the executor or administrator of that deceased Grantee, and the times or periods at or within which such SGS Shares comprised in the Grant(s) may vest, provided always that no SGS Shares comprised in the Grant(s) may vest after the expiry of the Vesting Period for a Grant(s). In this regard, the SGS Committee may require the executor or administrator of that deceased Grantee to provide evidence satisfactory to the SGS Committee of his status as such executor or administrator, as the case may be.
- 9.5 In the event a bankruptcy proceeding has commenced against a Grantee, the Grant, to the extent of the Unvested SGS Shares, shall be suspended pending the outcome of the bankruptcy proceedings. If the bankruptcy proceeding is withdrawn, the suspension shall be lifted and the Unvested SGS Shares in respect of any Grant shall be capable to be vested to the said Grantee. However, if the said Grantee is adjudicated by the court to be a bankrupt, all the Unvested SGS Shares shall immediately become null and void.
- 9.6 Any Unvested SGS Shares shall forthwith lapse and/or be deemed to be cancelled and/or cease to be capable of vesting, as the case may be, without any claim against the Company and/or any corporation of the Group and/or any member of the SGS Committee upon the occurrence of one or more of the following events:
- (a) winding-up or liquidation of the Company pursuant to By-Law 15.1; or
- (b) termination of the Scheme pursuant to By-Law 16.4.

**10. ALTERATION IN SHARE CAPITAL AND ADJUSTMENT**

- 10.1 If the SGS Committee so decides (but not otherwise), in the event of any alteration in the capital structure of the Company during the SGS Period, whether by way of a rights issue, bonus issue or other capitalisation issue, subdivision or consolidation of Shares or reduction of capital or any other variations of capital or otherwise howsoever taking place, the SGS Committee shall have the discretion and accordingly assess the practicality of complying with the requirement to cause such corresponding alterations (if any) to be made to the Scheme. Unless the SGS Committee decides otherwise in consultation with the external auditor or Advisor of the Company, any alterations made shall be calculated in accordance with the formula set out in Schedule 1.

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**DRAFT BY-LAWS IN RELATION TO THE PROPOSED SGS (CONT'D)**

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- 10.2 The alterations as set out in By-Law 10.1, may be made to:
- (a) the number of Unvested SGS Shares comprised in a Grant; and/or
  - (b) the method and/or manner in the vesting of the SGS Shares comprised in a Grant.
- 10.3 The alterations as set out in By-Law 10.1 shall be in such a manner as to give the Grantee a fair and reasonable Grant entitlement as certified in writing (other than for adjustments made pursuant to a bonus issue, subdivision or consolidation of shares) by the external auditor or Adviser of the Company (acting as an expert and not as an arbitrator) as being in its opinion fair and reasonable and such certification shall be final and binding in all respects, provided that:
- (a) upon any adjustment being made pursuant to By-Law 10.1 the SGS Committee shall notify the Grantee (or his executor or administrator, where applicable) in writing of the adjusted number of SGS Shares comprised in the Grant, and/or the revised maximum number of SGS Shares and/or percentage of the total SGS Shares comprised in the Grant, that may vest at any time or in any period which supersedes the earlier Grant(s); and
  - (b) in the event that a fraction of a Share arising from the adjustments referred to in By-Law 10.1 would otherwise be required to be transferred to the Grantee upon the vesting of SGS Shares comprised in a Grant, the Grantee's entitlement shall be rounded down to the nearest whole number.

An adjustment pursuant to By-Law 10.1 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 subdivision or consolidation of Shares or reduction of capital, on the next Market Day immediately following the date on which the subdivision or consolidation or reduction becomes effective or such other period as may be prescribed by Bursa Securities.
- 10.4 The provisions of this By-Law 10 shall not apply where the alteration in the capital structure of the Company arises from:
- (a) the issue of securities as consideration or part consideration for an acquisition;
  - (b) a special issue of new Shares or securities to Bumiputera investors nominated by the Malaysian Government and/or any other relevant authority of the Malaysian Government to comply with the Malaysian Government's policy on Bumiputera capital participation;
  - (c) a special issue, private placement or restricted issued of new Shares by the Company;
  - (d) a share buy-back arrangement by the Company and the cancellation of all or a portion of the Shares pursuant to Section 127 of the Act;
  - (e) an issue of new Shares arising from the exercise of any conversion rights attached to securities convertible to new Shares or upon exercise of any other rights including warrants (if any) issued by the Company;
  - (f) an issue of new Shares upon the vesting of Grant pursuant to the Scheme;

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**DRAFT BY-LAWS IN RELATION TO THE PROPOSED SGS (CONT'D)**

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- (g) an issue by the Company of Shares or of securities convertible into Shares or securities with rights to acquire or subscribe for Shares to its officers, including directors, or employees of the Company or any of its subsidiaries pursuant to purchase or grant schemes approved by the shareholders in general meeting; and
  - (h) any issue of Shares by the Company (other than bonus and rights issue) for any purpose whatsoever where the aggregate issues of which in any twelve (12) months do not exceed ten percent (10%) of the outstanding number of issued shares of the Company pursuant to the provision of Section 76 of the Act.
- 10.5 Notwithstanding the provisions of this By-Law 10, the SGS Committee may exercise its discretion to determine whether any adjustments to the number of SGS Shares be calculated on a different basis or date or should take effect on a different date or that such adjustments be made to the number of SGS Shares notwithstanding that no such adjustment formula has been explicitly set out in this By-Law.

**11. DISCIPLINARY PROCEEDINGS**

- 11.1 In the event that a Grantee is subjected to Disciplinary Proceedings (whether or not such Disciplinary Proceedings will give rise to a dismissal or termination of the contract of service), the SGS Committee may in its discretion suspend any one or more of the Grantee's rights in respect of any Grant then held by him, pending the outcome of such Disciplinary Proceedings, provided always that:
- (a) in the event that such Grantee shall subsequently be found to be not guilty of all the charges which gave rise to such Disciplinary Proceedings, the Grantee's rights in respect of any Grant then held by him shall remain unaffected (and where that Grant had been suspended, the suspension shall be lifted);
  - (b) in the event the Disciplinary Proceedings result in a dismissal or termination of the contract of service of such Grantee, the Grant held by that Grantee shall immediately lapse and be null and void and of no further force and effect upon the date of the notice of the dismissal or termination of the contract of service of such Grantee, notwithstanding that such dismissal or termination of the contract of service may be subsequently challenged by the Grantee in any other forum; and
  - (c) in the event that the Disciplinary Proceedings result in a demotion of the Grantee to a lower category of employment, the numbers of SGS Shares comprised in the Grant held by that Grantee which are unvested (as the case may be) at that time may be reduced or revoked by the SGS Committee in its discretion;

but in any case and notwithstanding anything to the contrary, in the event such Grantee is found guilty of some or all of the charges but no dismissal or termination of the contract of service is recommended, the SGS Committee shall have the right to determine, at its discretion, whether or not the SGS Shares comprised in the Grant may continue to vest and, if so, to impose such limits, terms and conditions or make such downward adjustment to the number of SGS Shares as it deems appropriate, in respect of such vesting (regardless of anything previously determined in respect of his Grant). Nothing herein shall prevent the SGS Committee (but the SGS Committee shall not be obliged to do so) from making a fresh Grant and/or reinstating the right of the Grantee to have vested any Unvested SGS Share in the event that such disciplinary actions are not decided against him or if such disciplinary actions are withdrawn.

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**DRAFT BY-LAWS IN RELATION TO THE PROPOSED SGS (CONT'D)**

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11.2 In the event a Grantee is subjected to Disciplinary Proceedings (whether or not such disciplinary proceedings will give rise to a dismissal or termination of the contract of service), after a Grant is made but before the acceptance thereof by the Grantee, the Grant is deemed revoked and/or withdrawn and no longer capable of acceptance, unless otherwise decided by the SGS Committee who may in so doing, impose such terms and conditions as it deems appropriate having regard to the nature of the disciplinary actions made or brought against the Grantee. Nothing herein shall prevent the SGS Committee (but the SGS Committee shall not be obliged to do so) from making a fresh Grant to such Grantee in the event that such disciplinary actions are not found against him or if such disciplinary actions are withdrawn. In the event the Grantee is dismissed or the Grantee's service is terminated after the Grant is made but before the acceptance thereof by the Grantee, the Grant is deemed revoked and/or withdrawn and no longer capable of acceptance.

**12. RANKING OF THE SHARES PURSUANT TO THE SCHEME**

12.1 The Shares to be issued and/or transferred to the Grantees pursuant to the Scheme will, rank *pari passu*, in all respects with the existing Shares, except that the Shares will not be entitled to any dividends, rights, allotments and/or other distributions ("**Right and Distribution**") which may be declared, made or paid, where the Entitlement Date precedes the date of issuance and/or transfer of the abovementioned Shares.

12.2 Notwithstanding By-Law 12.1, in respect of any Shares transferred to the Grantees pursuant to the Scheme (whether issued and/or transferred, or acquired), the Grantees shall not be entitled to any Right and Distribution attached to the Shares until such Shares have been credited into the CDS Accounts of the respective Grantees, upon vesting of such SGS Shares in the Grantee under the Scheme.

12.3 For the avoidance of doubt, any Right and Distribution which are attributable to Shares held by the Trustee (whether issued or acquired) but which are not transferred, vested or given to any Grantee shall accrue to the Trustee and be dealt with in accordance with the Trust Deed.

12.4 The Grants shall not carry any rights to vote at any general meeting of the Company.

**13. ADMINISTRATION**

13.1 The Scheme shall, subject to these By-Laws, be implemented and administered by the SGS Committee in such manner as it shall, in its absolute discretion, think fit, in the best interest of the Company, provided that no member of the SGS Committee and no Eligible Person shall participate in any deliberation or decision in respect of Grants granted or to be granted to himself or any Person Connected to such Eligible Person. The SGS Committee shall comprise any such persons appointed by the Board from time to time and shall be vested with such powers and duties as are conferred upon it by the Board and the Board may determine all matters pertaining to the SGS Committee, including its duties, powers and limitations.

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**DRAFT BY-LAWS IN RELATION TO THE PROPOSED SGS (CONT'D)**

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- 13.2 Without limiting the generality of By-Law 13.1, the SGS Committee may for the purpose of administering the Scheme, do all such acts and things and enter into and/or cause the Company to enter into any transaction, agreement, deed and document, arrangement or undertaking, construe and interpret the Scheme and Grants granted under it, and make such guidelines, rules and/or regulations, or impose or waive any terms and conditions for the implementation and administration of the Scheme, or delegate any of its powers relating to the administration of the Scheme and to give effect to the provisions of the Scheme and/or to enhance the benefit of the Grants to the Grantees as the SGS Committee in its discretion deems fit, necessary and/or expedient for the implementation and administration of the Scheme. The SGS Committee in the exercise of this power may correct any defect, supply any omission, or reconcile any inconsistency in the Scheme or in any agreement providing for a Grant in a manner and to the extent it shall deem necessary to expedite and make the Scheme fully effective and to 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.
- 13.3 The Board shall have power at any time and from time to time to:
- (a) approve, rescind and/or revoke the appointment of any member of the SGS Committee and appoint replacement members to the SGS Committee;
  - (b) assume and/or exercise or execute any of the powers and authorities conferred upon the SGS Committee pursuant to these By-Laws; and
  - (c) amend, modify or vary the terms of reference of the SGS Committee.
- 13.4 Neither the Scheme nor Grants granted under the Scheme shall impose on the Company, the Board, or the SGS Committee or any of its members any liability whatsoever in connection with:
- (a) the lapse of any Grants pursuant to any provision of the Scheme;
  - (b) the failure or refusal by the SGS Committee to exercise, or the exercise by the SGS Committee of, any discretion under the Scheme; and/or
  - (c) any decision or determination of the SGS Committee made pursuant to any provision of the Scheme.
- 13.5 Any decision or determination of the SGS Committee made pursuant to any provision of the Scheme (other than a matter to be certified by the Auditors) shall be final, binding and conclusive (including for the avoidance of doubt, any decisions pertaining to dispute as to the interpretation of the Scheme or any rule, regulation or procedure hereunder or as to any rights under the Scheme). The SGS Committee shall not be required to furnish any reasons for any decision or determination made by it except as may be required by the relevant authorities.

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**DRAFT BY-LAWS IN RELATION TO THE PROPOSED SGS (CONT'D)**

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**14. MODIFICATION, VARIATION AND/OR AMENDMENT OF THESE BY-LAWS**

- 14.1 Subject to the By-Laws and compliance with the Listing Requirements and the approvals of any other authorities (if required), the SGS Committee may at any time and from time to time recommend to the Board any modification, variation and/or amendment of the By-Laws as it shall at its discretion think fit and the Board shall have the power at any time and from time to time by resolution to make any modification, variation and/or amendment of the By-Laws upon such recommendation and subject to the Company submitting the amended By-Laws and a letter of compliance to Bursa Securities (within 5 market days after the effective date of the modification, variation and/or amendment of the By-Laws or such other period as may be prescribed by Bursa Securities or any other relevant authorities) each time any modification, variation and/or amendment is made, stating that the said modification, variation and/or amendment is in compliance with the provisions of the Listing Requirements pertaining to share issuance schemes and the Rules of Bursa Malaysia Depository Sdn Bhd.
- 14.2 The approval of the shareholders of the Company in general meeting shall not be required in respect of the modification, variation and/or amendment of the By-Laws provided that no modification, variation and/or amendment made to the By-Laws which would:
- (a) prejudice any rights which would have accrued to any Grantee without the prior consent or sanction of that Grantee; or
  - (b) increase the number of Shares available under the Scheme beyond the maximum amount set out in By-Laws 4; or
  - (c) prejudice any rights of the shareholders of the Company; or
  - (d) alter to the advantage of an Eligible Person and/or Grantee(s) in respect of any matters which are required to be contained in the By-Laws unless allowed by the provisions of the Listing Requirements.
- 14.3 No modification, amendment, alteration and/or deletion of the Scheme shall be made in relation to By-Laws 3.1, 3.2, 4.1, 5.1, 6.6, 7.1, 10, 12, 15, 16.1, 17 and Schedule 1 of this By-Laws to the advantage of the Grantees without prior approval of the Company's shareholders in a general meeting and subject to any applicable laws.

**15. LIQUIDATION OF COMPANY**

- 15.1 Upon the passing of a resolution or receipt of a court order of the winding-up of the Company, all Grants shall be deemed revoked and be null and void and all Unvested SGS Shares comprised in a Grant shall lapse and be null and void and of no further force and effect, and the Scheme shall terminate.
- 15.2 In the event where a petition is presented in court for the winding-up of the Company, all rights to exercise and/or vest the Grants 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 suspension of the right to vest the Grants shall accordingly be lifted.



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**DRAFT BY-LAWS IN RELATION TO THE PROPOSED SGS (CONT'D)**

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**16. DURATION OF THE SCHEME**

16.1 The Scheme shall take effect on the date on which the last of the following approvals and/or conditions shall have been obtained and/or complied with and shall continue to be in force for a period of five (5) years from the Effective Date and may be extended for such further period after the date of expiration of the original five (5) years period, at the absolute discretion of the Board upon the recommendation by the SGS Committee, provided always that the initial duration of the Scheme stipulated above and such extension of the Scheme made pursuant to the 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 ("**Date of Expiry**"):

- (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 approval-in-principle from Bursa Securities for the listing of and quotation for the new Shares to be issued under the Scheme;
- (c) procurement of shareholders' approval for the Scheme in a general meeting;
- (d) receipt of approval of any other relevant regulatory authorities whose approvals are necessary in respect of the Scheme; and
- (e) fulfilment or waiver (as the case may be) of all conditions attached to any of the abovementioned approvals (if any).

Any extended Scheme shall be implemented in accordance with the terms of the By-Laws, subject however to any revisions and/or changes to the relevant statutes, 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. In the event the Scheme is extended, the Company shall serve appropriate notices on each Grantee within 30 days prior to the Date of Expiry.

16.2 All Unvested SGS Shares comprised in any Grant (whether fully or partially unvested) shall cease to be capable of vesting upon expiration of the SGS Period.

16.3 Within five (5) Market Days after the Effective Date, the Adviser of the Company shall, where required under the Listing Requirements, submit a confirmation to Bursa Securities of full compliance with approvals and/or conditions set out in By-Law 16.1, stating the Effective Date, together with a certified true copy of the relevant resolution passed by the shareholders of the Company in the general meeting approving the Scheme.

16.4 Subject to compliance with the requirements of Bursa Securities and any other relevant authorities, the Scheme may be terminated by the Company at any time before the Date of Expiry without obtaining the approvals or consents from the Grantees or the Company's shareholders provided that the Company makes an announcement immediately to Bursa Securities on the following:

- (a) the effective date of termination of the Scheme;
- (b) the number of Grants or Shares vested; and
- (c) the reasons and justification for termination of the Scheme.

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**DRAFT BY-LAWS IN RELATION TO THE PROPOSED SGS (CONT'D)**

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Notwithstanding anything to the contrary, all unvested SGS Shares comprised in any Grant (whether fully or partially unvested) shall cease to be capable of vesting on the Date of Expiry or the date of the resolution of the termination of the Scheme.

**17. RETENTION PERIOD AND TRANSFER RESTRICTIONS**

- 17.1 The Shares to be issued and/or transferred pursuant to the vesting of SGS Shares comprised in any Grant to the Grantees under the Scheme may be subject to such retention period or restriction on transfer (if any) which the SGS Committee, shall, from time to time and at its own discretion, be entitled to prescribe or impose as it sees fit.
- 17.2 The expression “retention period” referred to in By-Law 17.1 shall mean the period in which the Shares are issued or transferred to the CDS Account of the Grantees pursuant to the Scheme must not be sold, transferred, assigned or otherwise disposed of by the Grantees.

**18. COSTS AND EXPENSES OF THE SCHEME**

- 18.1 All administrative costs and expenses incurred by the Company in relation to the Scheme, including but not limited to the costs and expenses relating to the issuance or transfer of the Shares and/or acquisition of existing Shares for the vesting of SGS Shares comprised in any Grant, shall be borne by the Company.
- 18.2 For the avoidance of doubt, all other costs, fees, levies, charges, and/or taxes (including without limitation, income taxes) that are incurred by a Grantee, pursuant or relating to the grant of the Grants and vesting of SGS Shares comprised in a Grant, and any holding or dealing of such Shares (such as (but not limited to) brokerage commissions and stamp duty) shall be borne by that Grantee for his own account, and the Company shall not be liable for any one or more of such costs, fees, levies, charges and/or taxes.

**19. NO COMPENSATION**

- 19.1 All Employees (including but not limited to Eligible Person or Grantee) who cease to hold office or employment or their executors or administrators, shall not be entitled to any compensation for the loss of any right or benefit, or prospective right or benefit, under the Scheme which they might otherwise have enjoyed, whether such compensation is claimed by way of damages for wrongful dismissal, other breach of contract or by way of compensation for loss of office.
- 19.2 All Employees (including but not limited to Eligible Person or Grantee) or their executors or administrators, shall not be entitled to bring any claim, action or proceeding against the Company, the Board, the SGS Committee or any other party for any compensation, loss or damages whatsoever and howsoever arising including but not limited to the suspension of the vesting of SGS Shares comprised in a Grant, their SGS Shares comprised in a Grant not vesting for any reason whatsoever, and/or their Grant ceasing to be valid pursuant to the provisions of these By-Laws.

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**DRAFT BY-LAWS IN RELATION TO THE PROPOSED SGS (CONT'D)**

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**20. DISPUTES**

- 20.1 In the event of a dispute between the Board and/or the SGS Committee, and an Employee of any Group Company as to any matter or thing of any nature arising hereunder, the Board or the SGS Committee shall determine such dispute or difference by a written decision (other than a matter to be certified by the Auditors or the Advisers) given to the Employee of any Group Company. The said decision of the Board or the SGS Committee (as the case may be) shall be final and binding on the parties. The Board and the SGS Committee shall not be required to furnish any reasons for any decision or determination made by it except as may be required by the relevant authorities. Under no circumstances shall a dispute or difference be brought to a court of law. 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 SGS Committee shall be borne by such party.

**21. INSPECTION OF AUDITED FINANCIAL STATEMENTS**

- 21.1 To the extent permitted by the Listing Requirements and prevailing laws and guidelines issued by the relevant authorities, all Grantees shall be entitled to inspect a copy of the latest audited financial statements of the Company, which shall be made available at Bursa Securities' website and the Company website at <https://www.mi-eq.com/>.

**22. DIVESTMENT OF SUBSIDIARIES**

- 22.1 Subject to By-Law 3.4, if a Grantee is in the employment of a company which ceases to be a Group Company due to a subsequent disposal or divestment (in whole or in part) from the Group, such Grantee shall not be eligible for any future Grants under the Scheme. Unless otherwise determined by the SGS Committee, any Unvested SGS Shares in respect of the Grantee shall cease to be capable of vesting.

**23. ACQUISITIONS OF SUBSIDIARIES**

- 23.1 Notwithstanding anything to the contrary, but subject to By-Law 3.4, in the case of an employee of a Previous Company, such an employee ("**Affected Employee**") may (subject to the approval of the SGS Committee) be eligible to participate in the Scheme only for the remaining SGS Period provided that, notwithstanding anything to the contrary, the number of SGS Shares that may be offered to such an Affected Employee under this By-Law 23.1 will always be subject to the discretion of the SGS Committee.

**24. SCHEMES OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC.**

- 24.1 Notwithstanding By-Law 8, in the event of any application being made to the court for sanction of a compromise or arrangement between the Company and its members proposed for the purposes of, or in connection with, a scheme of arrangement and/or arrangement and reconstruction of the Company under section 366 of the Act, or its amalgamation with any other company or companies under section 370 of the Act, the SGS Committee may, by notice in writing to the Grantee, at its discretion determine that a Grantee (including its legal and personal representatives) may be entitled to receive all or any part of the SGS Shares comprised in a Grant that remain unvested commencing from the date upon which the application is so made to the court and ending on the date immediately prior to the date on which the scheme of arrangement and/or arrangement and reconstruction of the Company or amalgamation is approved (or on any other date specified by the SGS Committee in its discretion notwithstanding that:

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**DRAFT BY-LAWS IN RELATION TO THE PROPOSED SGS (CONT'D)**

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- (a) the Vesting Date(s) is not due or has not occurred; and/or
- (b) other terms and conditions set out in the Grant have not been fulfilled or satisfied;

after which all Grants shall be null and void and (whether or not comprising SGS Shares vested thereunder), shall cease to be capable of vesting.

**25. THE CONSTITUTION OF THE COMPANY**

- 25.1 Notwithstanding the terms and conditions contained in these By-Laws, if a situation of conflict should arise between these By-Laws and the Constitution, the provisions of the Constitution shall prevail at all times save and except where such provisions of the By-Laws are included pursuant to the Listing Requirements.

**26. SCHEME NOT A TERM OF EMPLOYMENT**

- 26.1 The Scheme shall not form part of, constitute or in any way be construed as any term or condition of employment of any Employee. The Scheme shall not confer or be construed to confer on any Employee any special right or privilege over and above the Employee's terms and conditions of employment under which the Employee is employed nor any rights in addition to compensation or damages that the Employee may be normally entitled to arising from the cessation of such employment for any reason whatsoever.

**27. DISCLAIMER OF LIABILITY**

- 27.1 Notwithstanding anything to the contrary and subject to the Act, the Board, the SGS Committee and/or the Company including any Group Company and its directors, officers, employees, agents, affiliates and representatives, shall not, under any circumstance, be held liable for any damages, cost, loss and expense whatsoever and howsoever arising or incurred or suffered in any event in respect of the Scheme, including but not limited to the Company's delay in issuing and allotting the Shares or in applying for or procuring the listing of the Shares on Bursa Securities and/or acquiring of the existing Shares and/or transferring the Shares in accordance with these By-Laws for any reason whatsoever.

**28. NOTICE**

- 28.1 Any legal notice or process (other than Grants) under the Scheme ("**Notice**" or "**Process**") required to be given to or served upon an Eligible Person or Grantee shall be deemed to be sufficiently given, served or made if it is given, served or made by hand, by facsimile transmission and/or by letter sent via ordinary post addressed to the Eligible Person or Grantee at his place of employment, at his last facsimile transmission number known to the Company, or to his last known address. Any Notice or Process served by hand, by facsimile, by post as aforesaid shall be deemed to have been received at the time when such notice (if by hand) is received and duly acknowledged, (if by facsimile transmission) is transmitted with a confirmed log print-out for the transmission indicating the date, time and transmission of all pages, and (if by post) on the day the letter containing the same is posted and in proving such service by post, it shall be sufficient to prove that the letter containing the notice or documents was properly addressed, stamped and posted.

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**DRAFT BY-LAWS IN RELATION TO THE PROPOSED SGS (CONT'D)**

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- 28.2 Any Notice or Process required to be given to or served upon the Board or the SGS Committee by an Eligible Person or Grantee shall be given, served or made in writing and delivered by hand or by registered post to the registered office of the Company (or such other office or place which the SGS Committee may have stipulated for this purpose). Any Notice or Process served by hand, or post as aforesaid shall be deemed to have been received at the time when such notice (if by hand) is received and duly acknowledged and (if by post) five (5) Market Days after postage.
- 28.3 Any Grant to be made and normal correspondence (other than Notice or Process) under the Scheme ("**Normal Correspondence**") to be given to or served upon the Board or the SGS Committee, Eligible Person or Grantee, as the case may be, shall be given, served or made in writing and delivered by electronic mail to the address of the registered office of the Company and such electronic mail address specified by the Company (if to be given to or served upon the Board or the SGS Committee) or to such last known mailing address provided by the Employee to the Company and electronic mail address of the Employee provided by the Company (if to be given to or served upon the Eligible Person or Grantee) or such communication by other digital means as may be prescribed by the Board and/or the SGS Committee, and shall be deemed to have been received by the recipient (in the case of electronic mail) on the Market Day immediate following the day on which the electronic mail is dispatched or (in the case of post), the day on the third (3<sup>rd</sup>) Market Day after the date of posting or (in the case of communication by other digital means) on the Market Day immediate following the day on which such communication is effected.
- 28.4 Notwithstanding By-Law 28.3, where any Normal Correspondence is required to be given by the Company or the SGS Committee under these By-Laws in relation to matters which may affect any or all of the Eligible Persons or Grantees, as the case may be, the Company or the SGS Committee may give the Normal Correspondence through an announcement to all Employees to be made in such manner deemed appropriate by the SGS Committee. Upon the making of such an announcement, the Normal Correspondence to be made under By-Law 28.3 shall be deemed to be sufficiently given, served or made to all affected Eligible Persons or Grantees, as the case may be.

**29. MULTIPLE JURISDICTIONS**

- 29.1 In order to facilitate the making of any Grant (and/or the benefit thereof) under the Scheme, the SGS Committee may provide for such special terms to apply to Grants to Grantees who are employed by a Group Company in a particular jurisdiction, or who are nationals of any particular jurisdiction, that is outside Malaysia, as the SGS Committee may consider necessary or appropriate to accommodate differences in applicable law, tax policy or custom. The SGS Committee may approve such supplements to or amendments, restatements or alternative versions of, the Scheme as it may consider necessary or appropriate for such purposes, without thereby affecting the terms of the Scheme as they are in effect for any other purpose, and the secretary of the Company or any other appropriate officer of the Company may certify any such document as having been approved and adopted in the same manner as the Scheme. No such special terms, supplements, amendments or restatement, however, shall include any provision that is inconsistent with the terms of the Scheme and these By-Laws as then in effect unless the Scheme and these By-Laws have been amended to eliminate such inconsistency. Notwithstanding the above, any Grant offered to such Grantee pursuant to the Scheme shall be valid strictly in Malaysia only unless specifically mentioned otherwise by the SGS Committee in the Grant.

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**DRAFT BY-LAWS IN RELATION TO THE PROPOSED SGS (CONT'D)**

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- 29.2 No action has been or will be taken by the Company to make the Grant valid in any country or jurisdiction other than Malaysia or to ensure compliance of the Grant with all applicable laws and regulations in any other country or jurisdiction other than Malaysia. No action has or will be taken also by the Company to ensure compliance by the Grantee to whom the Grant is offered, with all applicable laws and regulations in such other country or jurisdiction in which the Grantee will be vested the SGS Shares under the Grant.
- 29.3 It is the responsibility of any Grantee to whom the Grant is offered to ensure that they comply with all applicable laws and regulations in each country or jurisdiction in or from which the SGS Shares are vested in them under the Grant. Grantees who are employed by a Group Company in a particular jurisdiction, or who are nationals of any particular jurisdiction, that is outside Malaysia, should consult their legal advisers as to whether the Grant would result in the contravention of any laws of such countries or jurisdictions, and in the event that the Grant would result in the contravention of any laws of such countries or jurisdictions, the Grantees will have no rights or claims whatsoever against the Company in respect of their Grant. By participating in the Scheme, each Grantee has represented, warranted and agreed that they have and will continue to observe all applicable laws and regulations in the jurisdiction in which the SGS Shares will be vested in them under Grant.
- 29.4 The Company shall not accept any responsibility and liability in the event that any Grant to the Grantee is or becomes illegal, unenforceable, voidable or void or shall contravene the laws in any jurisdictions outside Malaysia.

**30. SEVERABILITY**

- 30.1 Any term, condition, stipulation, and/or provision in these By-Laws which is illegal, void, prohibited or unenforceable shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability, but the same shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation and/or provision contained in these By-Laws.

**31. ERRORS AND OMISSIONS**

- 31.1 If as a result of an error or omission, the SGS Committee discovers or determines that:
- (a) an Eligible Person who was selected as a Grantee has not been given the opportunity to participate in the Scheme on any occasion;
  - (b) an Eligible Person was erroneously selected as a Grantee; or
  - (c) the number of Shares issued or transferred to any Grantee 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 SGS Committee may do all such acts and things to rectify such error or omission including, but not limited to, all acts and things to ensure that the Eligible Person is given the opportunity to participate in the Scheme and/or to withdraw the Grant given to the Employee who was erroneously selected as a Grantee and/or to ensure that the Grantee is credited with the correct number of Shares to which he is entitled to.

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**DRAFT BY-LAWS IN RELATION TO THE PROPOSED SGS (CONT'D)**

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**32. GOVERNING LAW**

- 32.1 The Scheme, these By-Laws, and all Grants made and granted and actions taken under the Scheme shall be governed by and construed in accordance with Malaysian law and the Grantee, by participating in the Scheme in accordance with these By-Laws and terms of the Scheme and the Constitution of the Company, irrevocably submits to the exclusive jurisdiction of the courts in Malaysia.

**33. DECISION OF THE BOARD AND/OR THE SGS COMMITTEE**

- 33.1 Any decision and/or determination made by the Board and/or the SGS Committee under these By-Laws shall be final and binding on all parties.

**34. DELAY IN PERFORMANCE**

- 34.1 The performance of any obligations provided herein may be delayed, prohibited or become impossible by reason of events beyond reasonable control of the Company or the SGS Committee.

**35. IMPLEMENTATION OF THE SCHEME**

- 35.1 In implementing the Scheme, the SGS Committee may in its sole and absolute discretion decide that the vesting of any SGS Share comprised in a Grant be satisfied by any of the following methods:
- (a) issuance of new Shares by the Company;
  - (b) acquisition of existing Shares from the Main Market of Bursa Securities;
  - (c) transfer of the Company's treasury shares or any other method as may be permitted by the Act; or
  - (d) a combination of any methods as stated in By-Laws 35.1(a), (b) and (c) above.

In considering the settlement mode of the Grants as detailed in By-Laws 35.1(a) to (d) above, the SGS Committee will take into consideration, amongst others, factors such as the potential cost arising from the granting of the SGS Shares, the dilutive effects of such issuance on the Company's capital base as well as applicable laws and/or regulatory requirements. The method of settlement to be made by Mi Technovation to the Grantee shall be at the discretion of the SGS Committee.

- 35.2 For the purpose of facilitating the implementation of the Scheme, the Company and/or the SGS Committee may (but shall not be obliged to) establish a Trust to be administered by the Trustee to be appointed by the Company from time to time in accordance with the Trust Deed. The Trustee shall, at such times as the SGS Committee shall direct, subscribe for and/or purchase the necessary number of Shares to accommodate any transfer of SGS Shares to the CDS Accounts of the Grantees. For this purpose, the Trustee will be entitled from time to time to the extent permitted by law and as set out under these By-Laws to accept funding and/or assistance, financial or otherwise from the Company and/or any Group Companies. The SGS Committee shall have the discretion to instruct the Trustee to subscribe for new Shares and/or acquire existing Shares at any time and from time to time and also to revoke or suspend any such instruction that has earlier been given to the Trustee.

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**DRAFT BY-LAWS IN RELATION TO THE PROPOSED SGS (CONT'D)**

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- 35.3 For the purpose of administering the Trust, if and when the Trust is established, the Trustee shall do all such acts and things and enter into any transaction, agreement, deed, document or arrangement and make rules, regulations or impose terms and conditions or delegate part of its power relating to the administration of the Trust, as the SGS Committee may direct for the implementation and administration of the Trust which are expedient for the purpose of giving effect to and carrying out the powers and duties conferred on the Trustee by the Trust Deed.
- 35.4 The SGS Committee shall have power from time to time, at any time, to appoint, rescind or terminate the appointment of any Trustee as it deems fit in accordance with the provisions of the Trust Deed. The SGS Committee shall not be under any obligation to give any reasons for such appointment, rescission or termination. The SGS Committee shall have the power from time to time, at any time, to negotiate with the Trustee to amend the provisions of the Trust Deed.

**36. MULTIPLE SCHEMES**

The Company may implement more than one (1) share issuance scheme, provided that the aggregate number of Shares available under all the share issuance schemes do not exceed the maximum number of Shares stipulated in the LR or by any other relevant authorities.

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**DRAFT BY-LAWS IN RELATION TO THE PROPOSED SGS (CONT'D)**


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**SCHEDULE 1**  
**Adjustment**
**(a) Consolidation / subdivision / conversion**

If and whenever a Share is consolidated or subdivided or converted, the additional number of new Shares relating to the Grant to be issued shall be calculated in accordance with the following formula:

$$\text{Additional number of Shares} = T \times \left[ \frac{B}{A} \right] - T$$

where:

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

B = the aggregate number of issued Shares immediately after such consolidation or subdivision or conversion

T = existing number of Shares to be vested

Each such adjustment will be effective from the close of business on the Market Day immediately following the date on which the consolidation or subdivision or conversion becomes effective or such other date as may be prescribed by Bursa Securities.

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

If and whenever the Company shall make any issue of new Shares to ordinary shareholders, by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature), the additional number of new Shares relating to the Grant to be issued shall be calculated as follows:

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

where:

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

B = the aggregate number of new Shares to be issued pursuant to any allotment to ordinary shareholders by way of capitalisation of profits or reserves (whether of a capital or income nature); and

T = as T above.

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

**(c) If and whenever the Company shall make:**
**(i) Capital Distribution**

a Capital Distribution (as defined below) to ordinary shareholders whether on a reduction of capital or otherwise (save and except any capital reduction involving the cancellation of capital which is lost or unrepresented by available assets); or

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**DRAFT BY-LAWS IN RELATION TO THE PROPOSED SGS (CONT'D)**


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- (ii) **Rights Issue of Shares**  
any offer or invitation to its ordinary shareholders by way of rights pursuant to which they may acquire or subscribe for Shares; or
- (iii) **Rights issue of convertible shares**  
any offer or invitation to ordinary shareholders by way of rights pursuant to which they may acquire or subscribe for securities convertible into Shares or securities with rights to acquire or subscribe for Shares,

and in respect of the case referred to in Section (c)(ii) of this Schedule 1, the number of additional new Shares comprised in the Grant to be issued shall be calculated as follows:

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

where:

C = the current market price of each Share on the Market Day immediately preceding the date on which the Capital Distribution (as defined below) or, as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing such announcement) immediately preceding the date of the announcement of the Entitlement Date of the Capital Distribution (as defined below) or, as the case may be, of the offer or invitation or (where appropriate), any relevant date as may be determined by the Company in consultation with the Adviser and the Auditors;

D\* = the value of rights attributable to one (1) Share (as defined below); and

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

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

where:

C = as 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 Shares which it is necessary for a shareholder of the Company to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share.

T = as T above.

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

For the purpose of this Section (c) of this Schedule 1, "**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 (other than an issue falling under Section (b) of this Schedule 1) or other securities by way of capitalisation of profits or reserves (whether of a capital or income nature).

**DRAFT BY-LAWS IN RELATION TO THE PROPOSED SGS (CONT'D)**

Any distribution out of profits or reserves (including any capital redemption reserve fund) made (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders as shown in the audited consolidated statements of comprehensive income of the Company.

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

If and whenever the Company makes an allotment to its ordinary shareholders as provided in Section (b) of this Schedule 1 and also makes an offer or invitation to its ordinary shareholders as provided in Section (c)(ii) or (c)(iii) in this Schedule 1 and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the number of additional new Shares relating to the Grant to be issued shall be calculated as follows:

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

where:

- B = as B above;
- C = as C above;
- G = the aggregate number of issued Shares on the Entitlement Date;
- H\* = the aggregate number of new Shares to be issued pursuant to 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; and
- T = as T 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) Rights issue of Shares and rights issue of convertible securities**

If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Shares as provided under Section (c)(ii) of this Schedule 1 together with an offer or invitation to acquire or subscribe for securities convertible into or rights to acquire or subscribe for Shares as provided in Section (c)(iii) of this Schedule 1, the number of additional Shares comprised in the Grant to be issued shall be calculated as follows:

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

where:

- C = as C above;
- G = as G above;
- H\* = as H\* above;

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**DRAFT BY-LAWS IN RELATION TO THE PROPOSED SGS (CONT'D)**


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I\* = as I\* above; and

T = as T 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.

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

If and whenever the Company makes an allotment to its ordinary shareholders as provided under Section (b) of this Schedule 1 and also makes an offer or invitation to its ordinary shareholders to acquire or subscribe for Shares as provided under Section (c)(ii) of this Schedule 1, together with rights to acquire or subscribe for securities convertible into Shares or with rights to acquire or subscribe for Shares as provided under Section (c)(iii) of this Schedule 1, and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of offer or invitation, the number of additional Shares relating to the Grant to be issued shall be calculated as follows:

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

where:

B = as B above;

C = as C above;

G = as G above;

H\* = as H\* above;

I\* = as I\* above; and

T = as T 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.

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**FURTHER INFORMATION**


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**1. DIRECTORS' RESPONSIBILITY STATEMENT**

The Board has seen and approved the contents of this Circular, and they collectively and individually accept full responsibility for the accuracy of the information given in this Circular. The Board confirms that after making all reasonable enquires and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Circular false or misleading.

**2. CONSENT AND DECLARATION OF CONFLICT OF INTEREST**

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

Affin Hwang IB, being the Principal Adviser for the Proposals, hereby declares that there is no situation of conflict of interest that exists or likely to exist in relation to its role as the Principal Adviser for the Proposals.

**3. MATERIAL LITIGATION**

As at the LPD, the Mi Technovation Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board is not aware of any proceedings pending or threatened against the Mi Technovation Group, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the business or financial position of the Mi Technovation Group.

**4. MATERIAL COMMITMENTS**

Save as disclosed below, as at the LPD, the Board is not aware of any other material commitments incurred or known to be incurred by the Mi Technovation Group, which upon becoming enforceable may have a material effect on the business or financial position of the Mi Technovation Group:

	<b>RM'000</b>
Capital expenditure in respect of the construction of Batu Kawan factory:	
- Approved but not contracted for	10,961
- Contracted but not provided for	16,435
	<u><b>27,396</b></u>

**5. CONTINGENT LIABILITIES**

As at the LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred by the Mi Technovation Group, which upon becoming enforceable may have a material effect on the business or financial position of the Mi Technovation Group.

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**FURTHER INFORMATION (CONT'D)**

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**6. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal office hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the EGM of the Company, at the Registered Office of the Company at Suite 12-A, Level 12, Menara Northam, No. 55, Jalan Sultan Ahmad Shah, 10050 Georgetown, Pulau Pinang:

- (i) the Constitution of the Company;
- (ii) the audited consolidated financial statements of Mi Technovation for the past two (2) FYE 31 December 2017 and 31 December 2018 as well as the latest unaudited consolidated financial statements of Mi Technovation for the FPE 30 June 2019;
- (iii) the draft By-Laws in relation to the Proposed SGS as referred to in Appendix I of this Circular; and
- (iv) the letter of consent referred to in Section 2 above.

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**Mi TECHNOVATION BERHAD**  
(formerly known as *Mi Equipment Holdings Berhad*)  
(Company No. 201701021661 (1235827-D))  
(Incorporated in Malaysia)

## **NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the Extraordinary General Meeting (“**EGM**”) of Mi Technovation Berhad (“**Mi Technovation**” or “**Company**”) will be held at Auditorium of Mi Technovation, No. 20, Medan Bayan Lepas Technoplex, MK 12, Taman Perindustrian Bayan Lepas, 11900 Bayan Lepas, Pulau Pinang on Wednesday, 20 November 2019, at 11.00 a.m. or any adjournment thereof, for the purpose of considering and if thought fit, passing with or without any modifications the following resolutions:

### **ORDINARY RESOLUTION 1**

**PROPOSED BONUS ISSUE OF UP TO 250,000,000 NEW ORDINARY SHARES IN Mi TECHNOVATION (“Mi TECHNOVATION SHARE(S)” OR “SHARE(S)” (“BONUS SHARE(S)” ON THE BASIS OF ONE (1) BONUS SHARE FOR EVERY TWO (2) EXISTING Mi TECHNOVATION SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER (“PROPOSED BONUS ISSUE”)**

“**THAT** subject to the approvals of all relevant authorities and/or parties (where applicable) being obtained, and to the extent permitted by law and the Constitution of the Company, approval be and is hereby given to the board of directors of Mi Technovation (“**Board**”) to issue up to 250,000,000 Bonus Shares on the basis of one (1) Bonus Share for every two (2) existing Mi Technovation Shares held by the entitled shareholders whose names appear in the record of depositors of the Company at the close of business on an entitlement date to be determined and announced later;

**THAT** fractional entitlements arising from the Proposed Bonus Issue, if any, will be disregarded, and dealt with by the Board in such manner as it may in its absolute discretion deem fit or expedient and in the best interest of the Company;

**THAT** the Bonus Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the existing Mi Technovation Shares;

**AND THAT** the Board be and is hereby authorised to take all the necessary steps to give effect to the Proposed Bonus Issue with full power to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as the Board may deem necessary or expedient to implement, finalise and give full effect to the Proposed Bonus Issue.”

## ORDINARY RESOLUTION 2

**PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE GRANT SCHEME OF UP TO TEN PERCENT (10%) 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 FOR THE ELIGIBLE EXECUTIVE DIRECTORS AND EMPLOYEES OF MI TECHNOVATION AND ITS SUBSIDIARY COMPANIES ("MI TECHNOVATION GROUP" OR "GROUP") (EXCLUDING SUBSIDIARY COMPANIES WHICH ARE DORMANT, IF ANY) ("PROPOSED SGS" OR "SCHEME")**

**"THAT** subject to the approvals of all relevant authorities and/or parties (where applicable) being obtained, and to the extent permitted by law and the Constitution of the Company, approval be and is hereby given to the Board to:

- (i) establish, implement and administer the Proposed SGS of up to ten percent (10%) 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 Proposed SGS for the eligible executive directors and employees of Mi Technovation Group (excluding subsidiary companies which are dormant, if any) ("**Eligible Person(s)**") ("**Grantee(s)**") in accordance with the provisions of the by-laws governing the Proposed SGS ("**By-Laws**"), a draft of which is set out in Appendix I of the circular to shareholders of the Company dated 29 October 2019 ("**Circular**"), and to give full effect to the Proposed SGS with full power to assent to any conditions, variations, modifications and/or amendments as may be required by the relevant authorities;
- (ii) allocate and grant Mi Technovation Shares ("**SGS Share(s)**") ("**Grant(s)**") under the Proposed SGS and issue and/or transfer such number of Mi Technovation Shares to the Eligible Persons pursuant to the vesting of the SGS Shares granted, provided that the maximum number of Mi Technovation Shares which may be made available under the Proposed SGS shall not in aggregate exceed ten percent (10%) of the total number of issued shares of Mi Technovation (excluding treasury shares, if any) at any point of time during the duration of the Scheme;
- (iii) the Mi Technovation Shares to be issued and/or transferred to the Grantees pursuant to the Proposed SGS will, rank *pari passu*, in all respects with the existing Mi Technovation Shares, save and except that the Mi Technovation Shares will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid, where the entitlement date precedes the date of issuance and/or transfer of the abovementioned Mi Technovation Shares;
- (iv) establish a trust to be administered by the trustee to be appointed by the Company from time to time ("**Trustee**") ("**Trust**") in accordance with the trust deed to be executed between the Trustee and the Company ("**Trust Deed**"), and to authorise the Trustee to accommodate any transfer of SGS Shares to the central depository system accounts of the Grantees established by Bursa Malaysia Depository Sdn Bhd at a time when the Company shall direct, subscribe for and/or purchase the necessary number of Mi Technovation Shares, and be entitled from time to time to the extent permitted by law and as set out under the By-Laws to accept funding and/or assistance, financial or otherwise from the Company and/or any companies within the Group;
- (v) add to, amend, modify and/or delete any part of the terms and conditions as set out in the By-Laws governing the Proposed SGS from time to time provided that such additions, amendments, modifications and/or deletions are effected in accordance with the provisions of the By-Laws, and to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Proposed SGS;
- (vi) extend the duration of the Scheme for another period of up to a maximum of five (5) years in aggregate, commencing from the day after the date of expiration of the original five (5) years period provided that such extension of the Scheme made in accordance with the provisions of the By-Laws shall not in aggregate exceed a duration of ten (10) years from the date the Scheme takes effect; and



- (vii) do all things necessary and make the necessary applications to Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing of and quotation for the new Shares that may, hereafter from time to time, be issued arising from the Proposed SGS;

**AND THAT** the Board be and is hereby authorised to give effect to the Proposed SGS with full power to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts, deeds and things as they may consider necessary and/or expedient to implement, finalise and give full effect to the Proposed SGS.

**AND THAT** the draft By-Laws, as set out in Appendix I of the Circular which is in compliance with the Main Market Listing Requirements of Bursa Securities ("**Listing Requirements**"), be and is hereby approved and adopted."

### **ORDINARY RESOLUTION 3**

#### **PROPOSED GRANTING OF SGS SHARES TO OH KUANG ENG**

**"THAT**, subject to the passing of Ordinary Resolution 2 above and the approvals of the relevant authorities and/or parties (where required) being obtained for the Proposed SGS, the Board be and is hereby authorised at any time and from time to time during the duration of the Proposed SGS, to grant such number of SGS Shares to Oh Kuang Eng, the Executive Director/Group Chief Executive Director of Mi Technovation, subject to the provisions of the By-Laws of the Proposed SGS, provided always that:

- (i) he must not participate in the deliberation or discussion of his own allocation, as well as that of the persons connected with him, under the Proposed SGS; and
- (ii) not more than ten percent (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 Shares to be issued under the Proposed SGS shall be allocated to him, if he either singly or collectively through persons connected (as defined in the Listing Requirements) with him, holds twenty percent (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),

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 SGS and any prevailing guidelines issued by Bursa Securities, the Listing Requirements or any other relevant authorities as amended from time to time.

**AND THAT**, the Board be further authorised to issue and/or transfer such number of Shares arising from the Proposed SGS, from time to time, to the abovementioned person."

### **ORDINARY RESOLUTION 4**

#### **PROPOSED GRANTING OF SGS SHARES TO KOAY HUCK KHIM**

**"THAT**, subject to the passing of Ordinary Resolution 2 above and the approvals of the relevant authorities and/or parties (where required) being obtained for the Proposed SGS, the Board be and is hereby authorised at any time and from time to time during the duration of the Proposed SGS, to grant such number of SGS Shares to Koay Huck Khim, the Executive Director of Mi Technovation, subject to the provisions of the By-Laws of the Proposed SGS, provided always that:

- (i) he must not participate in the deliberation or discussion of his own allocation, as well as that of the persons connected with him, under the Proposed SGS; and

- (ii) not more than ten percent (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 Shares to be issued under the Proposed SGS shall be allocated to him, if he either singly or collectively through persons connected (as defined in the Listing Requirements) with him, holds twenty percent (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),

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 SGS and any prevailing guidelines issued by Bursa Securities, the Listing Requirements or any other relevant authorities as amended from time to time.

**AND THAT**, the Board be further authorised to issue and/or transfer such number of Shares arising from the Proposed SGS, from time to time, to the abovementioned person.”

## **ORDINARY RESOLUTION 5**

### **PROPOSED GRANTING OF SGS SHARES TO YONG SHIAO VOON**

“**THAT**, subject to the passing of Ordinary Resolution 2 above and the approvals of the relevant authorities and/or parties (where required) being obtained for the Proposed SGS, the Board be and is hereby authorised at any time and from time to time during the duration of the Proposed SGS to offer and grant such number of SGS Shares to Yong Shiao Voon, the Executive Director/Chief Financial Officer of Mi Technovation, subject to the provisions of the By-Laws of the Proposed SGS, provided always that:

- (i) she must not participate in the deliberation or discussion of her own allocation, as well as that of the persons connected with her, under the Proposed SGS; and
- (ii) not more than ten percent (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 Shares to be issued under the Proposed SGS shall be allocated to her, if she either singly or collectively through persons connected (as defined in the Listing Requirements) with her, holds twenty percent (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),

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 SGS and any prevailing guidelines issued by Bursa Securities, the Listing Requirements or any other relevant authorities as amended from time to time.

**AND THAT**, the Board be further authorised to issue and/or transfer such number of Shares arising from the Proposed SGS, from time to time, to the abovementioned person.”

**By order of the Board**

**CH'NG LAY HOON (MAICSA 0818580)**

Company Secretary  
Pulau Pinang

29 October 2019

Notes:

1. *For the purpose of determining a member of the Company who shall be entitled to attend and vote at this EGM, the Company shall be requesting the record of depositors as at 13 November 2019. Only a depositor whose name appears on the record of depositors as at 13 November 2019 shall be entitled to attend, speak and vote at the said meeting or appoint proxy(ies) to attend, speak and vote on his/her behalf.*
2. *Proxy:-*
  - (a) *A member of the Company (except an exempt authorised nominee) shall be entitled to appoint up to two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) or more proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
  - (b) *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.*
  - (c) *The instrument appointing a proxy shall be in writing, executed by or on behalf of the appointer. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.*
  - (d) *The instrument appointing a proxy must be deposited at the Registered Office of the Company at Suite 12-A, Level 12, Menara Northam, No. 55, Jalan Sultan Ahmad Shah, 10050 Georgetown, Pulau Pinang not less than forty-eight (48) hours before the time set for holding the extraordinary general meeting or any adjournments thereof.*

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**Mi TECHNOVATION BERHAD**  
 (formerly known as Mi Equipment Holdings Berhad)  
 (Company No. 201701021661 (1235827-D))  
 (Incorporated in Malaysia)

# PROXY FORM

CDS ACCOUNT NO.	NO. OF SHARES HELD

I/We, \_\_\_\_\_  
 Full name in capital letters as per Identity Card ("MYKAD")/Passport/Certificate of Incorporation

MYKAD/Passport No./Company No. \_\_\_\_\_ of \_\_\_\_\_

(Full address)

telephone no. \_\_\_\_\_, being a member of **Mi TECHNOVATION BERHAD** (formerly known as Mi Equipment

Holdings Berhad) ("the Company") hereby appoint \_\_\_\_\_

(Full name in capital letters)

MYKAD/Passport No. \_\_\_\_\_ of \_\_\_\_\_

(Full address)

And/or failing him \_\_\_\_\_

(Full name in capital letters)

MYKAD/Passport No. \_\_\_\_\_ of \_\_\_\_\_

(Full address)

or failing the abovenamed proxies, the Chairman of the Extraordinary General Meeting, as \*my/our proxy to vote for \*me/us on \*my/our behalf at the Extraordinary General Meeting of the Company, to be held at Auditorium of the Company, No. 20, Medan Bayan Lepas Technoplex, MK 12, Taman Perindustrian Bayan Lepas, 11900 Bayan Lepas, Pulau Pinang on Wednesday, 20 November 2019 at 11.00 a.m. and at any adjournment thereof. My/our proxy/proxies is to be vote as indicated below:

No.	ORDINARY RESOLUTION	FOR	AGAINST
1.	ORDINARY RESOLUTION 1 - PROPOSED BONUS ISSUE		
2.	ORDINARY RESOLUTION 2 - PROPOSED SGS		
3.	ORDINARY RESOLUTION 3 - PROPOSED GRANTING OF SGS SHARES TO OH KUANG ENG		
4.	ORDINARY RESOLUTION 4 - PROPOSED GRANTING OF SGS SHARES TO KOAY HUCK KHIM		
5.	ORDINARY RESOLUTION 5 - PROPOSED GRANTING OF SGS SHARES TO YONG SHIAO VOON		

\*Strike out whichever is inapplicable

(Please indicate with "X" in the spaces on how you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain from voting at his discretion.)

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2019

The proportions of my/our holding to be represented by my/our proxies are as follows: -		
	No. of Shares	Percentage
First Proxy		
Second Proxy		
<b>Total</b>		100%

Signature(s)/Common Seal of Member(s) \_\_\_\_\_

Notes:

- For the purpose of determining a member of the Company who shall be entitled to attend and vote at this Extraordinary General Meeting, the Company shall be requesting the record of depositors as at 13 November 2019. Only a depositor whose name appears on the record of depositors as at 13 November 2019 shall be entitled to attend, speak and vote at the said meeting or appoint proxy(ies) to attend, speak and vote on his/her behalf.
- Proxy:-
  - A member of the Company (except an exempt authorised nominee) shall be entitled to appoint up to two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) or more proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
  - Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
  - The instrument appointing a proxy shall be in writing, executed by or on behalf of the appointer. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.
  - The instrument appointing a proxy must be deposited at the Registered Office of the Company at Suite 12-A, Level 12, Menara Northam, No. 55, Jalan Sultan Ahmad Shah, 10050 Georgetown, Pulau Pinang not less than forty-eight (48) hours before the time set for holding the extraordinary general meeting or any adjournments thereof.

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**AFFIX  
STAMP**

The Company Secretary  
**Mi TECHNOVATION BERHAD**  
(Company No. 201701021661(1235827-D))

SUITE 12-A, LEVEL 12, MENARA NORTHAM  
NO. 55 JALAN SULTAN AHMAD SHAH  
10050 GEORGETOWN  
PULAU PINANG

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