

13. BY-LAWS OF THE ESOS**1. DEFINITIONS AND INTERPRETATIONS**

1.1 In these By-laws, unless otherwise specified, the following definitions shall, where the context so admits be deemed to have the following meanings:

Articles	:	Articles of Association of the Company
Board	:	The Board of Directors of CCHB
By-law(s)	:	The term(s) and condition(s) of the Scheme
CCHB or Company	:	Connectcounty Holdings Berhad (618933-D)
CCHB Group	:	CCHB and its subsidiaries as defined in Section 5 of the Companies Act, 1965 save for those subsidiaries that are dormant.
CCHB Share(s)	:	Ordinary shares of RM0.10 each in CCHB
CDS	:	Central Depository System
CDS Account	:	An account established by the Bursa Malaysia Depository Sdn Bhd (165570-W) for the recording of dealing in securities by a depositor
Committee	:	A duly authorised committee as appointed by the Board to administer the Scheme
Date of Offer	:	The date on which an Offer is made by the Company to any Eligible Employee to participate in the Scheme
Eligible Employee	:	An employee or Executive Director who satisfies the requirements specified in By-law 3.1 hereof
ESOS	:	Employee share option scheme
Executive Director	:	A director of CCHB and/or its subsidiaries who is on the payroll and who is involved in the day-to-day management of a company within the CCHB Group
Grantee	:	An Eligible Employee who has accepted the Offer in accordance with the terms of the Scheme
Initial Grant	:	The grant of up to 18,000,000 Options to the executive directors and eligible employees of the Group on the date of the listing of the Company on the MESDAQ market of Bursa Securities.
Bursa Securities	:	Bursa Malaysia Securities Berhad (30632-P)
Market Day	:	Any day from Monday to Friday (both day inclusive) which is a trading day on Bursa Securities

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Maximum Allotment	Allowable	:	The maximum number of new CCHB Shares that can be offered to an Eligible Employee falling within a particular category of Eligible Employee as stipulated in By-law 4 hereof
Offer		:	An offer made in writing by the Company to an Eligible Employee in the manner indicated in By-law 5
Option(s)		:	The right of a Grantee to subscribe for new CCHB Shares pursuant to the contract constituted by the acceptance of an Offer in the manner indicated in By-law 6 hereof
Option Period		:	The period commencing on the Date of Offer and expiring on a date which the Committee may in its discretion decide provided that no Option Period shall extend beyond the duration or tenure of the Scheme as refer to in By-law 19 hereof
Subscription Price		:	The price at which the Grantee shall be entitled to subscribe for the new CCHB Shares by exercising his Option as determined in accordance with By-law 8
RM and sen		:	Ringgit Malaysia and sen respectively
SC		:	Securities Commission
Scheme		:	The ESOS for the grant of Options to Eligible Employees to subscribe for new CCHB Shares in accordance with the terms as set out herein and such scheme to be known as the "CCHB Group Employee Share Option Scheme"

1.2 In these By-laws:

- (i) any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision and any listing requirements, policies and/or guidelines of Bursa Securities and/or SC respectively (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 to by Bursa Securities and/or SC);
- (ii) any reference to a statutory provision shall include that provision as from time to time modified or re-enacted whether before or after the date of these By-laws so far as such modification or re-enactment applies or is capable of applying to any Options offered and accepted prior to the expiry of the Scheme;
- (iii) words denoting the singular shall include the plural and references to gender shall include both genders and the neuter;
- (iv) any liberty or power which may be exercised or any determination which may be made hereunder by the Committee may be exercised at the Committee's discretion;

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- (v) the heading in these By-laws are for convenience only and shall not be taken into account in the interpretation of these By-laws; and
- (vi) if an event occurs on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day.

2. MAXIMUM NUMBER OF NEW CCHB SHARES AVAILABLE UNDER THE SCHEME

2.1 Subject to By-law 2.2, the total number of new CCHB Shares comprised in the Options to be offered under the Scheme shall not exceed twelve per cent (12%) of the total issued and paid-up capital (*or such other higher quantum as may be recommended by the Board and permitted by the relevant regulatory authorities, from time to time*) comprising ordinary shares of the Company at any one time during the existence of the Scheme, and further, the following shall be complied with:-

- (i) the aggregate allocation to directors and senior management must not exceed 50% of the total number of shares to be issued under the Scheme; and
- (ii) the allocation to a director or employee who, either singly or collectively through persons connected with the director or employee, holds 20% or more of the issued and paid-up capital of the Company, must not exceed 10% of the total number of shares to be issued under the Scheme.

2.2 Notwithstanding the provision of By-law 2.1 above or any other provisions contained herein, in the event the maximum number of new CCHB Shares comprised in the Options granted under the Scheme exceeds the aggregate of Twelve per cent (12%) of the issued and paid-up capital of CCHB as a result of CCHB:

- (i) undertakes any corporate proposal or purchasing its own shares ("Share Buy-back"), whereby the shares so purchased in treasury will not be taken into account in calculating the number of its issued and paid-up capital; or
- (ii) cancelling any CCHB Shares purchased by CCHB or reducing its share capital and thereby diminishing its issued and paid-up capital;

then such Options granted prior to the adjustment of the issued and paid-up capital of CCHB shall remain valid and exercisable in accordance with the provisions of this Scheme. However there shall be no granting of additional Options at any point in time after the Share Buy-back, unless the number of Options that have been granted under the Scheme falls below Twelve (12%) of the issued and paid-up capital of the Company.

2.3 CCHB will, for the duration of the Scheme, keep available sufficient unissued new CCHB Shares to satisfy all outstanding Options in accordance with the provisions of this Scheme.

3. ELIGIBILITY

3.1 Any employee (including Executive Directors) of the CCHB Group shall be eligible to participate in the Scheme if as at the Offer Date, the employee:

- (i) has attained the age of eighteen (18) years;
- (ii) is a confirmed employee of a company that is within the CCHB Group;
- (iii) is employed full time by and on the payroll of a company within the CCHB Group (other than a company which is dormant);
- (iv) is under such categories and of such criteria that the Committee may from time to time decide.

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In the case of Executive Directors of CCHB, their specific entitlement under the Scheme shall be approved by the shareholders of the Company in general meeting.

- 3.2 Any Eligible Employee who holds a position as director on more than one (1) board of directors within the CCHB Group and/or holds one (1) or more position within the CCHB Group and is by reason thereof eligible for allocation of new CCHB Shares in respect of more than one (1) capacity, shall only be entitled to the Maximum Allowable Allotment of an Eligible Employee of only one (1) category. The Committee shall be entitled at its discretion to determine the applicable category.
- 3.3 Executive Directors who represent the Government or Government institutions/agencies and Government employees who are serving in the public service scheme as defined under Article 132 of the Federal Constitution are not eligible to be granted Options under the Scheme.
- 3.4 Eligibility, however, does not confer on an Eligible Employee a claim or right to participate in the Scheme unless an offer has been made in writing by the Company to the Eligible Employee under By-law 5.

4. BASIS OF ALLOTMENT AND MAXIMUM ALLOWABLE ALLOTMENT

- 4.1 Subject to any adjustments which may be made under By-law 15, the aggregate maximum number of CCHB Shares that may be offered and allotted to any Eligible Employee who is entitled to participate in the Scheme shall be determined at the discretion of the Committee after taking into consideration, amongst other factors, the position, performance, seniority and the length of service of the Eligible Employee in the CCHB Group or such other matters which the Committee may in its sole and absolute discretion deem fit.
- 4.2 In the event that an Eligible Employee is promoted, such promoted Eligible Employee may be eligible for consideration for additional new CCHB Shares to be decided by the Committee at its discretion subject to the following:
 - (i) that the additional offer shall be from the balance of new CCHB Shares available under the Scheme; and
 - (ii) the Committee has the discretion not to make further additional offer in the event that the balance of the new CCHB Shares available is inadequate to make a meaningful additional allotment.
- 4.3 An Eligible Employee who is demoted to a lower grade for whatsoever reason shall only be entitled to the allocation of that lower grade unless an Offer has been made and accepted by him before such demotion and where he has accepted an Offer which exceeds his Maximum Allowable Allotment under that lower grade, he shall not be entitled to any further allocation for that lower grade.
- 4.4 A set of criteria for eligibility and allocation shall be clearly specified and all Eligible Employees shall be made aware of it through notification in writing. The Company shall engage a firm of chartered accountants to verify the allocation of CCHB Shares to Eligible Employees as part of its annual audit exercise and this shall be disclosed in the annual report of CCHB.

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5. OFFER

- 5.1 Upon implementation of the Scheme, the Committee shall, within the duration of the Scheme as specified in By-law 19 hereof, make Offers to any Eligible Employee (based on the criteria of allocation as set out in By-law 4 herein) whom the Committee may in its sole and absolute discretion select to subscribe for new CCHB Shares.
- 5.2 The actual number of new CCHB Shares which may be offered to an Eligible Employee shall be at the discretion of the Committee and shall not be less than one hundred (100) CCHB Shares nor exceed the Maximum Allowable Allotment and shall always be in multiples of one hundred (100) CCHB Shares or such multiples as the Committee may decide.
- 5.3 No Options will be granted to any Executive Director of the Company unless specific grant of Options to that Executive Director shall have previously been approved by the shareholders of the Company in a general meeting.
- 5.4 Nothing herein shall prevent the Company from making more than one (1) Offer to each Eligible Employee provided that the total number of new CCHB Shares to be offered to each Eligible Employee (inclusive of new CCHB Shares offered under previous offers, if any) shall not in aggregate exceed the Maximum Allowable Allotment as set out in By-law 4 hereof.
- 5.5 Each Offer shall be made in writing and shall state inter-alia, the number of new CCHB Shares granted, the Subscription Price and the Option Period, the closing date for acceptance of the Offer and the manner of exercise of the Options.

6. ACCEPTANCE OF OFFER

- 6.1 The Offer to participate in the Scheme shall be valid for a period of fourteen (14) days from the Date of Offer or such longer period as may be determined by the Committee. Subject to By-law 6.2 below, the acceptance of an Offer shall be made by way of a written notice from the Eligible Employee to the Company in the form prescribed by the Committee. The date of receipt by the Committee of such written notice shall constitute the date of acceptance.
- 6.2 In the event that the Eligible Employee fails to accept the Offer and pay the acceptance consideration as set out in By-law 6.3 hereof within the prescribed period and in the manner in By-law 6.1 hereof, the Offer shall be deemed rejected by the Eligible Employee and deemed to have lapsed.
- 6.3 Upon acceptance, the Eligible Employee shall pay to the Company a sum of RM One (RM1.00) as non-refundable consideration for the Option.
- 6.4 Within thirty (30) days after the due acceptance of the Offer in accordance with the provisions of this By-law or such longer period as may be determined by the Committee, the Company shall issue to the Grantee an Option certificate in such form as may be determined by the Committee.
- 6.5 The Offer is personal to the Eligible Employee and is non-assignable and shall automatically lapse and be null and void in the event of the Eligible Employee dying or ceasing to be employed, for any reason whatsoever, with the CCHB Group prior to the acceptance of the Offer by the Eligible Employee.

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7. NON-ASSIGNABLE

The Option is personal to the Grantee and cannot be assigned, transferred or otherwise disposed of in any manner whatsoever, save as provided for in By-law 10 hereof.

8. SUBSCRIPTION PRICE

The Subscription Price of each CCHB Share comprised in any Option shall, subject always to the provisions of By-law 15 hereof, be as follows:-

- (a) In respect of the Initial Grant, the initial public offer price; and
- (b) In respect of any remaining Initial Grant and Offer which is made subsequent to the Company's listing on the MESDAQ market of Bursa Securities, the weighted average market price of the CCHB Shares for the five (5) Market Days immediately preceding the Date of Offer with a discount of not more than ten per centum (10%) or the par value of the CCHB Shares, whichever is the higher amount.

9. EXERCISE OF OPTION BY GRANTEE

- 9.1 Except where By-law 10 hereof applies, the Option granted to a Grantee under the Scheme is exercisable only by that Grantee during his lifetime in accordance with the terms of the Offer and the By-laws, and whilst he is in the employment of the CCHB Group and within the Option Period.
- 9.2 An Option granted under the Scheme shall be capable of being exercised by notice in writing in such form as prescribed by the Committee ("Notice of Exercise") to the Company on any working day during the Option period.
- 9.3 The Option may be exercised in full or in part as the Grantee may decide, provided that the number shall be in multiples of and not less than one hundred (100) CCHB Shares or such multiples as the Committee may decide. Such partial exercise of an Option shall not preclude the Grantee from exercising the Option as to the balance of the new CCHB Shares of his entitlement under the Scheme, if any. When an Option is exercised only in part, the Option certificate (as disclosed under By-law 6.4 hereof) stating the balance of the Option not exercised shall be re-issued accordingly by the Committee within thirty (30) days after the partial exercise.
- 9.4 Every such notice to exercise the Option shall be accompanied by a remittance in the form of bank draft or cashier's order or such other form acceptable by the Committee (calculated in accordance with the provisions of By-law 8 and By-law 15 hereof) for the full amount of the subscription monies in relation to the number of new CCHB Shares in respect of which the written notice is given.
- 9.5 The Grantee shall state his CDS Account number in every Notice of Exercise. Within ten (10) Market Days of receipt of the Notice of Exercise and remittance or such other period as may be prescribed by Bursa Securities, the Company shall allot the relevant number of new CCHB Shares, despatch the notice of allotment to the Grantee subject to the provisions of the Articles and apply to Bursa Securities for the listing of and quotation for such new CCHB Shares arising from the exercise of the Options. The said CCHB Shares will be credited directly into the CDS Account of the Grantee or his financier, as the case may be. No physical share certificates will be issued.
- 9.6 Any failure to comply with the foregoing provisions and/or to state the CDS Account number in the Notice of Exercise or inaccuracy in the CDS Account number shall result in the Notice of Exercise being rejected.

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- 9.7 Subject to any extension to the Scheme pursuant to By-law 19 hereof, no Option shall be exercised after the expiry of the Option Period.
- 9.8 Notwithstanding anything to the contrary contained in these By-laws, the Committee shall have the right in its discretion to suspend the right of any Grantee who is being subjected to a proceedings for any alleged misbehaviour, misconduct and/or any other acts of the Grantee deemed to be unacceptable by the Company ("Disciplinary Proceeding") from exercising his Option pending the outcome of such Disciplinary Proceeding (whether or not such Disciplinary Proceeding may give rise to a dismissal or termination of service of such Grantee) and written notice to that effect has been duly served on him. The right of suspension herein may be exercised by the Committee with such terms and conditions as the Committee shall deem appropriate having regard to the nature of charges made or brought against such Grantee **PROVIDED ALWAYS THAT** in the event of such Grantee subsequently not being found guilty of the charges which gave rise to such Disciplinary Proceeding, the Committee shall reinstate the right of such Grantee to exercise his Option.
- 9.9 Notwithstanding any provisions herein contained, a Grantee who is granted Options during the remaining duration of the Scheme which is less than five (5) years from the Date of Offer may exercise the remaining unexercised part of his Option in the last year of the Scheme provided always that no Option shall be exercised beyond the Option Period.

10. TERMINATION OF THE OPTIONS

- 10.1 In the event of cessation of employment of a Grantee with the CCHB Group for whatever reason prior to the exercise of an Option or prior to the full exercise of an Option, such Option or the balance thereof, as the case may be, shall forthwith cease to be valid without any claim against the Company save and except that, if such cessation occurs by reason of:
- (i) his retirement on or after attaining the normal retirement age; or
 - (ii) retirement before attaining the normal retirement age but with the consent of the Committee; or
 - (iii) ill-health, injury or disability; or
 - (iv) redundancy; or
 - (v) transfer to an associate company of the CCHB Group; or
 - (vi) any other circumstances which is acceptable to the Committee.

The Committee may in its discretion and on such conditions as it deems fit permit such Grantee to exercise all or part of the Grantee's unexercised or partially exercised Options (whether such Options have become exercisable or not at the date of cessation) within a period of one (1) year from the date of cessation or such other longer period as the Committee may in its discretion deems fit provided always that the Options are exercised within the Option Period.

- 10.2 In the event a Grantee is transferred from and ceases to be employed by the CCHB Group to a company within the CCHB Group which is not a member of the CCHB Group, the Committee may in its discretion and on such conditions as it deems fit permit such Grantee to exercise all or part of the Grantee's unexercised or partially exercised Options (whether such Options have become exercisable or not at the date of cessation) within a period of one (1) year from the date of cessation or such other longer period as the Committee may in its discretion deems fit provided always that the Options are exercised within the Option Period.

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- 10.3 An Option or Options which is/are unexercised or partially exercised shall lapse forthwith upon the resignation of the Grantee from his employment with the CCHB Group or where the Grantee is a contract employee (as set out in By-law 3.1), upon expiry of his contract of service without any renewal of such contract.
- 10.4 In the event of the bankruptcy of the Grantee, all Options granted to him to the extent that they are then unexercised shall immediately become void and of no effect.
- 10.5 Where the Grantee dies before the expiry of the Option Period and at the date of his death held an Option or Options, which is/are unexercised or partially exercised, the Committee may in its discretion and on such conditions as it deems fit permit the legal or personal representatives of the Grantee to exercise all or part the Grantee's unexercised or partially exercised Options (whether such Options have become exercisable or not at the date of his death) within a period of two (2) years from the date of his death or such other longer period as the Committee may in its discretion deems fit provided always that the Options are exercised within the Option Period.
- 10.6 In the event of the liquidation of the Company, all unexercised or partially exercised Options shall lapse.

11. RETENTION PERIOD

The CCHB Shares to be issued and allotted to a Grantee pursuant to the exercise of an Option under the Scheme will not be subject to any retention period.

12. RIGHTS ATTACHING TO THE NEW CCHB SHARES

The new CCHB Shares to be issued upon any exercise of the Option will, upon allotment and issue, rank *pari passu* in all respects with the then existing issued and paid-up CCHB Shares (except that the new CCHB Shares so issued will not rank for any dividends, rights, allotments or other distributions, if the date of allotment of the new CCHB Shares falls after the Record date) and will be subject to all the provisions of the Articles relating to transfer, transmission and otherwise. "Record date" means the date as at the close of business on which shareholders of the Company must be registered in order to participate in any dividends, rights, allotments or other distributions.

13. LISTING OF AND QUOTATION FOR THE NEW CCHB SHARES

- 13.1 Whereupon the Grantee exercised his Options in accordance with the provisions of By-law 9, the Company shall apply to Bursa Securities for the listing of and quotation for such new CCHB Shares, and shall use its best endeavour to obtain such approval.
- 13.2 The Company and the Committee shall not under any circumstances be held liable for any costs, losses and damages whatsoever and however relating to the delay on the part of the Company in allotting and issuing the new CCHB Shares or in procuring Bursa Securities to list the new CCHB Shares for which the Grantee is entitled to subscribe.

14. MODIFICATION AND/OR AMENDMENT TO THE SCHEME

The Scheme may from time to time be modified and/or amended, partly or wholly, by a resolution of the Board without the approval of the Company's shareholders in a general meeting provided that no such amendment shall be made which would either:

- (i) materially prejudice the rights then accrued to any Grantee without his/her prior consent;
or

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- (ii) alter to the advantage of any Grantee without the prior approval of the Company's shareholders in a general meeting, save and except for the extension of the duration or tenure of the Scheme as provided in By-law 19 hereof.

Any amendments/modifications to the By-laws do not need the prior approval of the SC. However, the Company shall submit to the SC, each time an amendment/modification is made, a confirmation letter that the amendment/modification does not contravene any provision of the Guidelines on ESOS under the Policies and Guidelines on Issue/Offer of Securities issued by the SC.

15. ALTERATION OF SHARE CAPITAL DURING THE OPTION PERIOD

15.1 In the event of capital distribution or alteration in the capital structure of the Company during the Option Period, or during the period that an Offer is open for acceptance, whether by way of rights issue, bonus issue or other capitalisation issues, consolidation or subdivision of shares, or capital reduction or any other variation of capital howsoever taking place:

- (i) the Subscription Price; and/or
- (ii) the number of new CCHB Shares comprised in the Option so far as unexercised; and/or
- (iii) the number of new CCHB Shares and/or Subscription Price comprised in an Offer which is open for acceptance (if such Offer is subsequently accepted in accordance with the terms of the Offer and the Scheme);

may be adjusted in such manner to be determined by the approved external auditors of the Company (acting as experts and not as arbitrators) and certified either generally or as regards any particular Grantee to be in their opinion fair and reasonable and such certification shall be final and binding on all parties upon the approval of the Committee, **PROVIDED ALWAYS THAT:**

- (i) no adjustment to the Subscription Price shall be made which would result in the new CCHB Shares to be issued on the exercise of the Option, being issued at a discount to par value, and if such an adjustment would but for this provision have so resulted, the Subscription Price payable shall be the par value of the new CCHB Shares;
- (ii) where any adjustment to the Subscription Price shall result in a fraction of a sen, the new Subscription Price shall be rounded down to the nearest sen;
- (iii) in the event that a fraction of a new CCHB Share arising from the adjustments referred to in this By-law would otherwise be required to be issued upon the exercise of an Option by the Grantee, the Grantee's entitlement shall be rounded down to the nearest whole number;
- (iv) upon any adjustment being made under this By-law, the Committee shall notify the Grantee (or his legal representatives where applicable) within fourteen (14) days in writing of the adjusted Subscription Price and/or the adjusted number of shares comprised in the Option, or notify the affected Eligible Employee of the new Subscription Price and/or the new number of CCHB Shares comprised in the Offer (which will become effective if and when the Offer is accepted) which is already opened for acceptance or may be capable of being accepted; and
- (v) any adjustments made must be consistent with the provisions for adjustment as provided in this By-law.

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- 15.2 The adjustment pursuant to this By-law shall be made on the day immediately following the books closure date for the event giving rise to the adjustment.
- 15.3 The provisions of By-law 15.1 above shall not apply where the alteration in the capital structure of the Company arises from:
- (i) an issue of new CCHB Shares or other securities convertible into CCHB Shares or rights to acquire or subscribe for CCHB Shares in consideration or part consideration for an acquisition of any other securities, assets or business;
 - (ii) a special issue of new CCHB Shares or other securities to Bumiputera investors nominated by the Minister of International Trade and Industry, Malaysia and/or other government authority to comply with the Government's policy on Bumiputera capital participation;
 - (iii) a private placement of new CCHB Shares by the Company;
 - (iv) a share buy-back arrangement by the Company pursuant to Section 67A of the Companies Act, 1965;
 - (v) an issue of new CCHB Shares arising from the exercise of any conversion rights attached to securities convertible to CCHB Shares or upon exercise of any other rights including warrants (if any) issued by the Company; or
 - (vi) an issue of new CCHB Shares upon the exercise of Options pursuant to the Scheme.

16. TAKEOVER AND SCHEME OF RECONSTRUCTION

In the event:

- (i) of a takeover offer being made for the Company by way of a general offer or otherwise and such offer becoming or being declared unconditional, the Grantee shall be entitled within three (3) months from the date on which such offer becomes or is declared unconditional to exercise for in full or in part any new CCHB Shares as yet unexercised for under the Option;
- (ii) any person becomes entitled or bound to exercise rights of compulsory acquisition of the new CCHB Shares as yet unexercised for under the Option under the provisions of the Companies Act, 1965 or the Securities Commission Act, 1993 and gives notice to the Grantee that he intends to exercise such rights on a specific date, the Option shall remain exercisable by the Grantee until the expiry of such specified date;
- (iii) the court sanctions a compromise or arrangement between the Company and its members proposed for the purposes of, or in connection with, a scheme for reconstruction of the Company or its amalgamation with any other company or companies under the provisions of Company Act 1965, any Option shall remain exercisable by the Grantee at any time and from time to time from the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending on the date which it becomes effective.

In the foregoing circumstances, upon expiry of the period stipulated, all Options to the extent unexercised shall automatically lapse and shall become null and void.

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An employee or an Executive Director, who was in the employment of a company in the CCHB Group which subsequently ceased to be a subsidiary of CCHB as a result of any restructuring or divestment exercise or otherwise (other than a takeover under By-law 16 hereof) shall be entitled to continue to exercise all unexercised or partially exercised Options granted to him under the Scheme for a period of one (1) year from the date such company ceased to be a subsidiary of CCHB or such longer period which the Committee, at its discretion deems fit, provided always that the Options are exercised within the Option Period, but shall not be entitled to participate for the balance of his entitlement under the Scheme as from the date that company ceases to be a subsidiary of CCHB.

18. ADMINISTRATION OF THE SCHEME

The Scheme shall be administered by the Committee consisting of such persons as shall be appointed by the Board from time to time and the Committee shall so administer the Scheme in such manner as it shall at its discretion deem fit and with such powers and duties as are conferred upon it. In addition, the Committee may for the purpose of administering the Scheme do all acts and things and enter into any transactions, agreements, deeds, documents or arrangements, make rules, regulations or impose terms and conditions which the Committee may at its discretion consider to be necessary or desirable for giving full effect to the Scheme. The Board shall have power from time to time to rescind the appointment of any person appointed to the Committee as the Board shall deem fit.

19. DURATION AND TERMINATION OF THE SCHEME

- 19.1 (a) The effective date for the implementation of the Scheme shall be the date of full compliance with all relevant requirements of Chapter 3 of the Listing Requirements of MESDAQ including the following:-
- (i) submission of the final copy of this By-laws to Bursa Securities pursuant to Rule 3.14.6 of the Listing Requirements of MESDAQ;
 - (ii) receipt of approval-in-principle for the issuance and listing of the shares to be issued under the Scheme from Bursa Securities;
 - (iii) procurement of shareholders' approval for the Scheme;
 - (iv) receipt of approval of any other relevant authorities, where applicable; and
 - (v) fulfilment of all conditions attached to the above approvals, if any.
- (b) The adviser for the Company shall submit a confirmation to Bursa Securities of full compliance pursuant to By-law 19 above stating the effective date of implementation of the Scheme together with a certified true copy of the relevant resolution passed by shareholders in the general meeting.
- (c) The submission of the confirmation must be made no later than five (5) market days after the effective date of implementation of this By-laws.
- 19.2 The Scheme shall be in force for a period of five (5) years from the Effective Date ("First Five Years"), provided always that on or before the expiry thereof, at the discretion of the Board upon the recommendation of the Committee, to extend in writing the duration or tenure of the Scheme (as many times as the Committee may deem fit) for up to another five (5) years immediately from the expiry of the First Five Years.

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- 19.3 Any extension/renewal of the duration or tenure of the Scheme beyond ten (10) years from the Effective Date may only be made by the Committee with the approval of the relevant authorities and shareholders of the Company and without contravening any applicable laws prevailing at the time of such extension/renewal.
- 19.4 In the event of any extension/renewal of the duration or tenure of the Scheme, the Company shall (where applicable) inform the new Option Period to the relevant Grantee in such manner of communication as the Committee deems fit.
- 19.5 Notwithstanding the provision of By-law 19.1 above, the Scheme shall not be terminated by the Company prior to the expiry of its duration or tenure stated in this By-law 19, **UNLESS:**
- (i) the prior approval from the Company's shareholders at a general meeting have been obtained; and
 - (ii) the written consent from all Grantees who have yet to exercise their Option, whether partly or wholly, have been obtained;

whereupon the Options unexercised or partially exercised shall be deemed to have been terminated and be null and void on the date on which the last of the abovementioned conditions is fulfilled.

20. COSTS AND EXPENSES OF THE SCHEME

All fees, administrative costs and expenses incurred in relation to the preparation and/or operation of the Scheme including but not limited to the fees, costs and expenses relating to the allotment and issue of the new CCHB Shares upon the exercise of any Option shall be borne by the Company.

21. SCHEME NOT A TERM OF EMPLOYMENT

This Scheme shall not form part of or constitute or in any way be construed as a term or condition of employment of any employee. This Scheme shall not confer or be construed to confer on an Eligible Employee any special rights or privileges over the Eligible Employee's terms and conditions of employment in the CCHB Group under which the Eligible Employee is employed nor any rights additional to compensation or damages that the Eligible Employee may be normally entitled to arising from the cessation of such employment.

22. COMPENSATION

- 22.1 No Eligible Employee or Grantee or his legal or personal representatives shall bring any claim, action or proceedings against the Company or the Committee or any other party for compensation, loss or damages whatsoever and howsoever arising from the suspension of his rights to exercise his Option or his Option ceasing to be valid pursuant to the provisions of these By-laws.
- 22.2 Participation in this Scheme by a Grantee is a matter entirely separate from any pension right or entitlement he may have from his terms and conditions of employment and participation in this Scheme shall in no respects whatsoever affect in any way a Grantee's pension rights or entitlement or terms and conditions of employment. In particular, but without limiting the generality of the foregoing, any Grantee who leaves his employment shall not be entitled to any compensation for any loss of any right or benefit or prospective right or benefit under this Scheme which he might otherwise have enjoyed whether such compensation is claimed by way of damages for wrongful dismissal or breach of contract or by way of compensation for loss of office or otherwise howsoever.

13. BY-LAWS OF THE ESOS (Cont'd)

23. DISPUTES

In case any dispute or difference shall arise between the Committee and an Eligible Employee or Grantee, as the case may be, as to any provisions contained in the By-laws, the Committee shall determine such dispute or difference by a written decision given to the Eligible Employee or Grantee, as the case may be. The said decision shall be final and binding on the parties unless the Eligible Employee or Grantee, as the case may be, shall dispute the same by written notice to the Committee within fourteen (14) days of the receipt of the written decision, in which case such dispute or difference shall be referred to the auditors of the Company for the time being acting as experts and not as arbitrators whose decision shall be final and binding in all respects.

24. ARTICLES

Notwithstanding the terms and conditions contained herein, if a situation of conflict should arise between the Scheme and the Articles, the provisions of the Articles shall at all times prevail.

25. INSPECTION OF AUDITED FINANCIAL STATEMENTS

All Grantees shall be entitled to inspect a copy of the latest audited financial statements of the Company which shall be made available at the Registered Office of the Company at Suite 5.3A, Level 5, Menara Pelangi, No. 2, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru, Johor Darul Takzim, Malaysia during normal business hours on any working day of the Company.

26. TRANSFER FROM OTHER COMPANIES TO THE GROUP

In the event that:

- (i) an employee or Executive Director who was employed in a company which is not within the CCHB Group and is subsequently transferred from such company to any company within the CCHB Group; or
- (ii) an employee or Executive Director who was in the employment of a company which subsequently becomes a member of the CCHB Group as result of a restructuring exercise or otherwise involving CCHB and/or any company within the CCHB Group with any of the first mentioned company stated in (i) above;

(the first mentioned company in (i) and (ii) above are hereinafter referred to as the "Previous Company"), such an employee of the Previous Company ("the Affected Employee"), will, if the Affected Employee satisfies all conditions under By-law 3.1 hereof:

- (i) be entitled to continue to exercise all such unexercised Option(s) which were granted to him under the Previous Company's ESOS in accordance with the By-laws of such Previous Company's ESOS but he shall not, upon such transfer or restructuring or divestment as the case may be, be eligible to participate for further options of such Previous Company's ESOS;
- (ii) be eligible to participate in the Scheme only for the remaining duration of the Scheme, subject to the Committee's approval;
- (iii) if the Affected Employee had participated in the Previous Company's ESOS, the number of new CCHB Shares to be offered to such Affected Employee under the Scheme shall be subject to the discretion of the Committee after taking into consideration, amongst others, the number of shares comprised in the option that were offered or exercised under the Previous Company's ESOS, and the Maximum Allowable Allotment under the Scheme.

13. BY-LAWS OF THE ESOS (Cont'd)

27. RESTRICTION ON ESTABLISHMENT OF SUBSEQUENT EMPLOYEE SHARE OPTION SCHEMES

The Company is prohibited to implement a new scheme unless this Scheme has expired or been terminated in accordance with By-laws 19.

28. TAXES

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

29. RIGHTS OF A GRANTEE

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

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