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RCE CAPITAL BERHAD

(2444-M)

(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:-

- (I) **PROPOSED TERMINATION OF RCE CAPITAL BERHAD'S ("RCE") EXISTING EMPLOYEES' SHARE OPTION SCHEME; AND**
- (II) **PROPOSED ESTABLISHMENT OF A NEW EMPLOYEES' SHARE SCHEME**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser



AmInvestment Bank

AmInvestment Bank Berhad

(Company No. 23742-V)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of Extraordinary General Meeting ("**EGM**") of RCE to be held at Nexus Ballroom 1, Level 3A, Connexion@Nexus, No. 7 Jalan Kerinchi, Bangsar South City, 59200 Kuala Lumpur, Malaysia on Wednesday, 2 September 2015 at 11.00 a.m. or immediately after the conclusion or adjournment (as the case may be) of the Sixty-First Annual General Meeting of RCE, which will be held at the same venue and on the same day at 10.30 a.m., whichever is later, together with the Form of Proxy are enclosed herein.

The Form of Proxy must be lodged at the Registered Office of RCE at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS 7/26, 47301 Petaling Jaya, Selangor, Malaysia not less than forty-eight (48) hours before the time fixed for holding the EGM or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you wish to do so.

Last date and time for lodging the Form of Proxy	: Monday, 31 August 2015 at 11.00 a.m.
Date and time of the EGM	: Wednesday, 2 September 2015 at 11.00 a.m.

This Circular is dated 11 August 2015

DEFINITIONS

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

2009 ESOS	: The existing ESOS which was effected on 15 September 2009 for a period of ten (10) years expiring on 14 September 2019
Act	: Companies Act, 1965 as amended from time to time including any re-enactment thereof
AmBank Group	: AmInvestment Bank and/or its related and associated companies
AmInvestment Bank or Adviser	: AmInvestment Bank Berhad (23742-V)
Awards	: The ESOS Awards and RSG Awards under the Proposed ESS
Board	: Board of Directors of RCE
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	: Bursa Malaysia Securities Berhad (635998-W)
By-Laws	: By-Laws governing the Proposed ESS as amended, modified, altered and/or supplemented from time to time
CDS Account	: The account established by Bursa Depository for the recording of deposit and withdrawal of securities and for dealing in such securities by the depositor
Director	: A natural person who holds a directorship within RCE Group, whether in an executive or non-executive capacity
EGM	: Extraordinary general meeting
Eligible Person(s)	: An Executive Director or Employee who fulfils the conditions of eligibility stipulated in By-Law 5
Employee(s)	: A natural person who is employed by or holding position of service of any company within RCE Group. Employees include any Executive Director
EPS	: Earnings per share
ESOS	: Employees' share option scheme
ESOS Award(s)	: The ESOS award(s) referred to in By-Law 34
ESOS Exercise Price	: The price payable for new RCE Shares upon exercise of any ESOS Options granted under the Proposed New ESOS
ESOS Option(s) or Option(s)	: The right of an Eligible Person to subscribe for new RCE Shares pursuant to the contract constituted by the acceptance of an Offer by an Eligible Person in the manner indicated in By-Law 34
ESS	: The employees' share scheme to be known as "RCE Capital Berhad Employees' Share Scheme"

DEFINITIONS (CONT'D)

ESS Committee	: The committee to be appointed and authorised by the Board to administer the Scheme in accordance with the By-Laws
Executive Director	: A natural person who holds a directorship in RCE and performs an executive function
Exercisable Options	: Outstanding exercisable options under the 2009 ESOS
Listing Requirements	: Main Market Listing Requirements of Bursa Securities as amended from time to time
LPD	: 31 July 2015, being the latest practicable date prior to the despatch of this Circular
Market Day(s)	: Any day on which Bursa Securities is open for trading in securities
NA	: Net assets
Non-Executive Director	: A Director who is not an Executive Director
Offer	: Offer of ESOS Options and/or RSG Awards made by the ESS Committee
Proposals	: Collectively, the Proposed ESOS Termination and Proposed ESS
Proposed ESOS Termination	: Proposed termination of the 2009 ESOS according to by-law 21.1 of the 2009 ESOS
Proposed ESS or Scheme	: Proposed establishment of an ESS of up to fifteen percent (15%) of the issued and paid-up share capital of the Company (excluding treasury shares) at any point in time during the duration of the Scheme, comprising the Proposed New ESOS and Proposed RSG
Proposed New ESOS	: Proposed establishment of a new ESOS in accordance with the terms as set out in the By-Laws
Proposed RSG	: Proposed establishment of a restricted share grant in accordance with the terms as set out in the By-Laws
RCE or Company	: RCE Capital Berhad (2444-M)
RCE Group or Group	: Collectively, RCE and its subsidiaries
RCE Share(s) or Share(s)	: Ordinary shares of RM0.10 each in RCE
RM and sen	: Ringgit Malaysia and sen, respectively
RSG Award(s)	: The RSG award(s) referred to in By-Law 39
RSG Grant Price	: The price which is used to determine the number of Shares to be granted under the RSG Award
Scheme Participant(s) or Participant(s)	: An Eligible Person who has duly accepted an Offer in accordance with the By-Laws

DEFINITIONS (CONT'D)

Trust	: The trust established to facilitate the implementation of the Proposed ESS (if required)
Trustee	: The trustee (if required) to be appointed by the Company to facilitate the implementation of the Proposed ESS
Trust Deed	: The trust deed constituting the Trust
WAMP	: Weighted average market price

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

Any reference in this Circular to any enactment or guidelines is a reference to that enactment or guidelines as for the time being amended or re-enacted or guidelines. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise stated.

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LETTER TO THE SHAREHOLDERS IN RELATION TO THE PROPOSALS:-

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RCE CAPITAL BERHAD

(2444-M)
(Incorporated in Malaysia)

Registered Office:-

802, 8th Floor, Block C
Kelana Square
17 Jalan SS 7/26
47301 Petaling Jaya
Selangor, Malaysia

11 August 2015

Board of Directors:-

Shahman Azman (*Non-Independent Non-Executive Chairman*)
Tan Sri Mohd Zaman Khan @ Hassan bin Rahim Khan (*Independent Director*)
Dato' Che Md Nawawi bin Ismail (*Independent Director*)
Tan Bun Poo (*Independent Director*)
Mahadzir bin Azizan (*Independent Director*)
Soo Kim Wai (*Non-Independent Non-Executive Director*)
Shalina Azman (*Non-Independent Non-Executive Director*)

To: The Shareholders of RCE

Dear Sir/ Madam,

- (I) **PROPOSED ESOS TERMINATION; AND**
- (II) **PROPOSED ESS**

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

1. INTRODUCTION

On 15 July 2015, AmInvestment Bank had on behalf of the Board, announced that the Company proposes to undertake the following:-

- (i) Proposed ESOS Termination; and
- (ii) Proposed ESS.

On 3 August 2015, AmInvestment Bank had on behalf of the Board, announced that Bursa Securities had vide its letter dated 3 August 2015, approved the listing of and quotation for such number of new RCE Shares, representing up to 15% of the issued and paid-up ordinary share capital of the Company (excluding treasury shares), to be issued pursuant to the Proposed ESS on the Main Market of Bursa Securities.

The approval of Bursa Securities is subject to the conditions as set out in Section 6 of this Circular.

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

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

2. DETAILS OF THE PROPOSALS

2.1 PROPOSED ESOS TERMINATION

RCE had on 15 September 2009, established the 2009 ESOS for a duration of ten (10) years which will expire on 14 September 2019. Currently, the Board proposes to terminate the 2009 ESOS to be replaced with the Proposed ESS to align the Company's long term incentive plan with market practices via the introduction of the Proposed RSG which is envisaged to enhance the Company's compensation package to be more comprehensive and competitive.

According to by-law 21.1 of the 2009 ESOS, the Company may terminate the 2009 ESOS at any time prior to its expiry subject to the following:-

- i) approval of the Company's shareholders by ordinary resolution in a general meeting for the termination; and
- ii) written consent of all option holders who have yet to exercise their options, whether in part or in whole, for the termination.

As at LPD, RCE has a total of 27,752,300 unexercised options granted under the 2009 ESOS. The Company will seek the written consent of such option holders referred to above for the Proposed ESOS Termination.

2.2 PROPOSED ESS

The Proposed ESS will be administered by the ESS Committee and governed by the By-Laws. The ESS Committee will have discretion in administering the Scheme including prescribing financial and performance criteria and such other conditions as it may deem fit. Offers will be granted to Eligible Persons who meet the criteria of eligibility for participation under the Proposed ESS.

The ESS Committee shall decide in relation to the ESOS Options and/or RSG Awards, amongst others, the date of Offer, the condition(s) (if any) as may be stipulated by the ESS Committee and the extent to which the RCE Shares to be issued under the Proposed ESS which are the subject of the ESOS Options and/or RSG Awards shall be released on the condition(s) to be satisfied, as the case may be, at the end of the ESOS Options / RSG Awards' vesting period. As at LPD, the Company has yet to ascertain any vesting period and performance target / assessment which may take into consideration, amongst others, the Group's financial performance and the Eligible Person's individual performance over the vesting period, that must be achieved prior to the exercise of the ESOS Options or the vesting of the ESOS Options and/or RSG Awards. In any event, such vesting period and performance target / assessment (if any) will be determined by the ESS Committee.

A copy of the draft By-Laws is set out in Appendix II of this Circular.

The principal features of the Proposed ESS are as follows:-

2.2.1 Details of the Proposed ESS

(a) Proposed New ESOS

The Proposed New ESOS will involve the granting of ESOS Options to Eligible Persons to subscribe for new RCE Shares at a pre-determined price, in accordance with the By-Laws.

(b) Proposed RSG

The Proposed RSG entails a share grant which entitles Eligible Persons to receive fully paid RCE Shares on a vesting date, their equivalent cash value or combinations thereof, without any cash consideration payable by the Eligible Person, upon them achieving pre-determined financial and/or performance conditions which may include, amongst others, the Group's overall financial performance and the Eligible Person's individual key performance indicators and/or other service conditions such as the Eligible Person's length of service in RCE Group, in accordance with the By-Laws. As such, no proceeds would be raised by the Company pursuant to the Proposed RSG.

Subject to the prevailing legislation and Listing Requirements, the Company will have the flexibility and discretion in determining the mode of settlement of the RSG Awards by way of:-

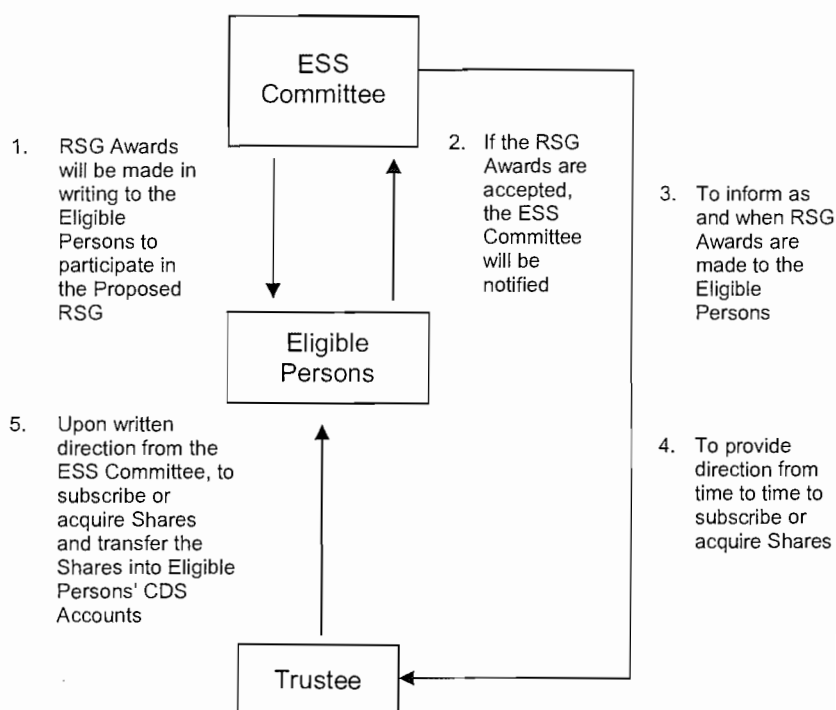
- i) an issue of new Shares;
- ii) delivery of existing Shares;
- iii) payment of the equivalent cash value of such new Shares and/or existing Shares; or
- iv) a combination of (i) and/or (ii) and/or (iii) stated above.

In determining the various modes of settlement, the ESS Committee will take into account factors such as the amount of cash available, the number of Shares to be delivered, the prevailing market price of the Shares and the cost to the Company. The Company shall have the flexibility to approve the vesting of the RSG Award, wholly or partly, in the form of cash rather than Shares, in which event the Eligible Person shall receive the aggregate value of the relevant number of Shares in cash, with value of each Share being for this purpose, based on the fair value of the Shares on or prior to the vesting date.

To facilitate the implementation of the Proposed RSG, the Company may establish a Trust to be administered by a Trustee. The Trustee shall, at such times as the ESS Committee shall direct, subscribe for and/or purchase the necessary number of existing RCE Shares to accommodate any transfer of RCE Shares to Eligible Persons. For this purpose, the Trustee will be entitled from time to time to the extent permitted by law to accept funding and/or assistance, financial or otherwise from the Company, its subsidiaries and/or third parties.

The Trustee for the Proposed RSG will be appointed to administer the Trust in accordance with a Trust Deed. The Company shall have the power to appoint or rescind the appointment of any trustee as it deems fit in accordance with the provisions of the Trust Deed.

A summary of the implementation flow for the Proposed RSG in the event that the RSG Awards are settled in the form of Shares is set out below:-



Upon termination of the Trust pursuant to the Trust Deed, the Trustee shall transfer to such Participants such number of Awards as may be directed by the ESS Committee in writing and sell all remaining Awards at the then prevailing market price and convert such other Trust Assets (as defined in Appendix III of this Circular) into money to be dealt with in accordance with the Trust Deed. The salient features of the draft Trust Deed are set out in Appendix III of this Circular.

2.2.2 Quantum

The maximum number of Shares to be allotted and issued pursuant to the Proposed ESS shall not at any point in time in aggregate exceed fifteen percent (15%) of the issued and paid-up share capital of the Company (excluding treasury shares) or such other percentage of the issued and paid-up share capital of the Company (excluding treasury shares) that may be permitted by Bursa Securities or any other relevant authorities from time to time during the duration of the Proposed ESS.

2.2.3 Eligibility

Any Eligible Person who has attained the age of eighteen (18) years and is not an undischarged bankrupt and meets the following criteria as at the date of Offer shall be eligible for consideration and selection by the ESS Committee:-

- (i) if he/she is appointed or confirmed in service, as the case may be, by the Group, subject to any minimum period as maybe determined by the ESS Committee from time to time and has not served a notice of resignation or received a notice of termination or subject to any disciplinary proceedings. In determining the period of employment, the ESS Committee will take into account the period commencing from the date the relevant Eligible Person became part of the Group and/or related companies and other qualitative factors; or
- (ii) if he/she fulfils any other criteria at the discretion of the ESS Committee from time to time and the decision of the ESS Committee shall be final and binding.

If the Eligible Person is:-

- (i) a Director or chief executive of RCE; or
- (ii) a person connected with the Director or chief executive referred to above,

the specific allocation of Shares and ESOS Options granted by the Company to him under the ESS has to be approved by the shareholders of RCE at a general meeting unless such approval is no longer required under the Listing Requirements.

Employees of dormant companies within the RCE Group are not eligible to participate in the Proposed ESS.

Directors or employees 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 participate in the Proposed ESS.

Eligibility for consideration under the Proposed ESS does not confer an Eligible Person with any rights whatsoever under or to participate in the Proposed ESS.

The selection of any Eligible Person for participation in the Proposed ESS shall be made by the ESS Committee whose decisions shall be final and binding.

2.2.4 Maximum allowable allotment and basis of allocation

The basis of allocation of the number of Shares which may be comprised in an ESOS Option / RSG Award and the maximum number of Shares which may be offered to an Eligible Person shall be determined entirely at the discretion of the ESS Committee subject to provisions in the By-Laws. An Eligible Person who is a member of the ESS Committee shall abstain from deliberations in respect of any ESOS Options / RSG Awards to be granted to that person or held or to be held by him.

The Board has yet to determine the maximum quantum / percentage of ESOS Options and/or RSG Awards to be granted in a particular year to allow the ESS Committee flexibility in determining the number of ESOS Options and/or RSG Awards to be granted in any particular year. Any grant of ESOS Options and/or RSG Awards will be decided by the ESS Committee after taking into consideration, amongst others, factors that ESS Committee deem fit and the financial impact on the Group.

To the extent possible and subject always to provisions in the By-Laws, the ESS Committee will ensure that there should be equitable allocation to the various grades of Eligible Persons. The ESS Committee will also ensure that not more than 10% (or such percentage as allowable by relevant authorities) of the total number of RCE Shares to be issued under the Proposed ESS shall be allocated to any Eligible Persons, who either singly or collectively through persons connected with them, holds 20% or more of the issued and paid-up share capital (excluding treasury shares) of RCE.

2.2.5 Duration of the Proposed ESS

The Proposed ESS shall be in force for a duration of five (5) years from the effective date of the implementation of the Scheme, being the date of full compliance with all relevant requirements of the Listing Requirements in relation to the Proposed ESS.

The Proposed ESS may be extended or renewed, as the case may be, for a further period of five (5) years, at the sole and absolute discretion of the Board upon recommendation by the ESS Committee, provided that the initial Proposed ESS period stipulated above and such extension of the Proposed ESS made pursuant to the By-Laws shall not, in aggregate, exceed a duration of ten (10) years from the effective date. For avoidance of doubt, no further sanction, approval or authorisation of the shareholders of the Company in a general meeting is required for any such extension or renewal, as the case may be.

All unvested ESOS Options and/or RSG Awards which are not vested shall forthwith lapse upon the expiry of the Proposed ESS.

2.2.6 Pricing

The ESOS Exercise Price and the RSG Grant Price shall be based on the five (5) day WAMP of RCE Shares immediately preceding the date of Offer, with a discount of not more than 10% on the said WAMP or such basis as the relevant authorities may permit.

The ESOS Exercise Price and RSG Grant Price shall be subject to adjustments in accordance with the By-Laws.

2.2.7 Rights attaching to Shares

New RCE Shares to be issued pursuant to the Proposed ESS shall upon allotment and issue, rank *pari passu* in all respects with the then existing Shares except that the new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to shareholders of RCE, for which the entitlement date is prior to the date the new RCE Shares are credited into the relevant CDS Accounts of the Scheme Participants maintained by Bursa Depository.

2.2.8 Utilisations of proceeds

Proceeds to be received by RCE pursuant to the exercise of ESOS Options will depend on, *inter-alia*, the number of ESOS Options granted and exercised at the relevant point in time and the ESOS Exercise Price, which are not determinable at this juncture. Any proceeds from the exercise of ESOS Options are expected to be used for working capital requirements of the Group.

No proceeds will be received pursuant to the Proposed RSG as Eligible Persons will not be required to pay for the RCE Shares that may be issued and/or transferred to them.

2.2.9 Retention period

The new RCE Shares to be allotted and issued to Eligible Persons pursuant to the Proposed ESS will not be subjected to any retention period unless the ESS Committee stipulates otherwise in the Offer.

2.2.10 Fees, costs and expenses

All fees, costs and expenses incurred in relation to the Proposed ESS including but not limited to the costs and expenses in respect of the issue and allotment of the new RCE Shares upon the exercise of any ESOS Options and/or RSG Awards, shall be borne by the Company.

2.2.11 Alteration of capital

In the event of any alteration in the capital structure of the Company during the duration of the Proposed ESS, whether by way of a capitalisation issue from profits or reserves (including bonus issue), rights issue, consolidation or subdivision of Shares or capital reduction or any other variation of capital or if the Company shall make an announcement of a special dividend (whether in cash or in specie), then the Company shall cause the following adjustments to be made to the Proposed ESS:-

- (a) the ESOS Option Price and/or RSG Grant Price;
- (b) the number of Shares which are the subject of an ESOS Option and/or RSG Award to the extent not yet vested and/or vested but not credited into CDS Account;
- (c) the number of Shares over which future ESOS Options may be offered and/or future RSG Award may be granted; and/or
- (d) the maximum number of existing Shares which may be delivered in settlement pursuant to the RSG Award,

as shall be necessary to ensure that any adjustment made in such manner as the ESS Committee may determine to be appropriate and except in relation to a bonus issue, upon the auditors or the Company's principal adviser, as defined in the Listing Requirements (acting as experts and not as arbitrators) having confirmed in writing that, in their opinion, such adjustment is fair and reasonable.

Provided always that any such adjustment shall be made in such a way that an Eligible Person will not receive a benefit that a Shareholder does not receive and provided further that no adjustment shall be made unless the ESS Committee, after considering all relevant circumstances, considers it equitable to do so.

2.2.12 Amendment, variation and/or modification to the Proposed ESS

Subject to the compliance with the requirements of Bursa Securities and any other relevant authorities, the ESS Committee may at any time and from time to time recommend to the Board any additions, amendments to, modifications and/or deletions of the By-Laws as it shall in its discretion think fit and the Board shall have the power by resolution to add to, amend, modify or delete all or any of these By-Laws upon such recommendation provided that no additions or amendments to or modifications or deletion of the By-Laws shall be made which will:-

- (a) prejudice any rights of shareholders of the Company without the prior approval of shareholders of the Company in a general meeting unless such amendment, modification or deletion arises as a consequence to the amendment, modification or deletion of the Listing Requirements; or
- (b) alter to the advantage of Eligible Persons in respect of any matters which are prohibited by the Listing Requirements, without the prior approval of shareholders of the Company in a general meeting.

Where any amendments and/or modification is made to the By-Laws, the Company shall submit to Bursa Securities, the amendments and/or modifications to the By-Laws and a confirmation letter that the amendments and/or modifications complies with the provisions of the guidelines on employees' share scheme stipulated under the Listing Requirements no later than five (5) Market Days from the effective date of the said amendments and/or modifications.

3. RATIONALE FOR THE PROPOSALS

The Proposed ESOS Termination is intended to replace 2009 ESOS with the Proposed ESS after taking into consideration the rationale of the Proposed ESS as follows:-

- i) to increase the Company's flexibility and effectiveness in its continuous efforts to recognise, reward, retain and motivate Eligible Persons who have made and who continue to make significant contributions to the Group;
- ii) to attract prospective skilled and experienced employees to the Group by making the total compensation package more competitive;
- iii) to motivate Eligible Persons towards better performance through greater productivity and loyalty;

- iv) to create a greater sense of dedication and belonging of Eligible Persons as they will be able to participate directly in the long term development and growth of the Group;
- v) to reinforce pay for performance to achieve a balance between retention and value creation; and
- vi) to foster an ownership culture within the Group by aligning the interests of Eligible Persons with the interests of shareholders of the Company.

4. EFFECTS OF THE PROPOSALS

The Proposed ESOS Termination will not have any effect on the issued and paid-up share capital and substantial shareholders' shareholdings in RCE, as well as NA, gearing and EPS of the Group.

The effects of the Proposed ESS are shown based on the following scenarios:-

- | | | |
|------------------|---|---|
| Minimum Scenario | : | Assuming none of the treasury shares are resold, no further treasury shares are accumulated and none of the outstanding options under the 2009 ESOS as at LPD are exercised. |
| Maximum Scenario | : | Assuming none of the treasury shares are resold, no further treasury shares are accumulated and 15,509,400 Exercisable Options as at LPD are exercised into 23,264,100 Shares at RM0.32 per Share. The remaining 12,242,900 outstanding options with an exercise price of RM0.40 per Share are assumed not exercised and will be cancelled under the Proposed ESOS Termination. |

4.1 Issued and paid-up share capital

The Proposed ESS is not expected to have any immediate effect on the existing issued and paid-up share capital of RCE. The issued and paid-up ordinary share capital of the Company will increase progressively depending on the number of new Shares that may be issued in connection with the Proposed ESS.

The proforma effects of the Proposed ESS on the issued and paid-up share capital of RCE are shown in the table below:-

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	Par value (RM)	Minimum Scenario		Maximum Scenario	
		Number of RCE Shares (‘000)	RM (‘000)	Number of RCE Shares (‘000)	RM (‘000)
As at LPD ⁽¹⁾	0.10	1,271,122	127,112	1,271,122	127,112
To be issued assuming full exercise of Exercisable Options ⁽²⁾	0.10	-	-	23,264	2,326
Maximum number of Shares to be issued under the Proposed ESS (i.e. 15% of the issued and paid-up share capital of RCE (excluding treasury shares))	0.10	1,271,122	127,112	1,294,386	129,438
Enlarged issued and paid-up share capital	0.10	190,668	19,067	194,158	19,416
	0.10	1,461,790	146,179	1,488,544	148,854

Notes:-

(1) Excluding 62,878,900 treasury shares held as at LPD.

(2) Assuming approximately 15.51 million Exercisable Options under the 2009 ESOS are exercised into 23.26 million Shares.

If existing Shares are purchased for delivery to Eligible Persons or RCE pays the equivalent cash value, the Proposed RSG will have no impact on the Company's issued and paid-up share capital.

4.2 NA and gearing

The Proposed ESS is not expected to have an immediate effect on the NA and gearing of RCE Group until such time when new Shares are issued in connection with the exercise of ESOS Options and/or vesting of the RSG Awards. Any potential effect on the NA per Share and gearing of the Group will depend on the number of Shares issued and/or granted which will only be determined at the point of:-

- (i) exercise of ESOS Options and ESOS Exercise Price; and/or
- (ii) grant of RSG Awards and mode of settlement for the RSG Awards at vesting date.

The NA per Share of the Group immediately following the exercise of ESOS Options can be expected to increase if ESOS Exercise Price is higher than the Group's NA per Share at the point of exercise and conversely, would be expected to decrease if ESOS Exercise Price is below the Group's NA per Share at the point of exercise.

Upon vesting of RSG Awards, the Group's NA per Share can be expected to decrease resulting from the allotment and issuance of new Shares to satisfy any RSG Awards pursuant to the Proposed ESS.

4.3 Earnings

The Proposed ESS is not expected to have any immediate material effect on the earnings of RCE Group. In accordance with MFRS 2 "Share-Based Payment" as issued by the Malaysian Accounting Standards Board ("**MFRS 2**"), the Proposed ESS will result in a charge to the earnings of the Group on the grant date over the period from the grant date to the vesting date of the ESOS Options and/or RSG Awards, as the case may be.

However, the potential effect of the Proposed ESS on EPS of RCE Group in future, as a consequence of the recognising expense at each date of Offer cannot be determined at this juncture as it would depend on various factors that affect the fair value of the ESOS Options and/or RSG Awards at the relevant point in time.

The Board has taken note of the potential effect of MFRS 2 on the earnings of RCE Group and will take proactive measures to manage the effect on the EPS of the Group in the granting of ESOS Options and/or RSG Awards.

4.4 Substantial shareholders' shareholdings

The Proposed ESS will not have any effect on the shareholdings of RCE's substantial shareholders until and unless new Shares are issued to Eligible Persons. Any potential effect on their shareholdings will depend on the number of new Shares to be issued pursuant to the Proposed ESS at the relevant point in time.

In the event that existing Shares are purchased for delivery to Eligible Persons as a mode of settlement for the RSG Awards pursuant to the Proposed RSG, there will be no impact on the shareholdings of RCE's substantial shareholders. Similarly, if RCE pays the equivalent cash value pursuant to the Proposed RSG, there will be no effect on the shareholdings of RCE's substantial shareholders.

4.5 Convertible securities

Save for the outstanding options under the 2009 ESOS, RCE does not have any existing and outstanding convertible securities. For avoidance of doubt, the Proposed ESS is intended to replace the 2009 ESOS.

5. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposals are expected to be completed by the first (1st) quarter of year 2016.

6. APPROVALS REQUIRED

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

- i) the approval of Bursa Securities for the listing of and quotation for such number of new RCE Shares, representing up to 15% of the issued and paid-up ordinary share capital of RCE (excluding treasury shares), to be issued pursuant to the exercise of ESOS Options or RCE Shares granted under the Proposed ESS on the Main Market of Bursa Securities which was obtained vide its letter dated 3 August 2015 subject to amongst others the following conditions:-

- (a) AmInvestment Bank is required to submit a confirmation to Bursa Securities of full compliance of the ESS pursuant to Paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation together with a certified true copy of the resolution passed by the shareholders in general meeting; and
 - (b) RCE is required to furnish Bursa Securities on a quarterly basis a summary of the total number of ESS shares listed as at the end of each quarter together with a detailed computation of listing fees payable.
- ii) the approval of shareholders of RCE at the forthcoming EGM to be convened for the Proposals;
 - iii) written consent of all option holders who have yet to exercise their options under the 2009 ESOS, whether in part or in whole, for the Proposed ESOS Termination; and
 - iv) the approval of any other relevant regulatory authorities, if applicable.

The Proposed ESOS Termination and Proposed ESS are inter-conditional upon each other but are not conditional or inter-conditional upon any other corporate exercise undertaken or to be undertaken by RCE.

7. CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

Save for the Proposals which is the subject of this Circular, there are no other corporate proposals which have been announced by RCE but have yet to be completed as at LPD.

8. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Presently, all Directors of RCE are Non-Executive Directors. Accordingly, they are not eligible to participate in the Proposed ESS and hence, not entitled to any allocations under the Proposed ESS.

As at LPD, none of the persons connected with the Directors and/or major shareholders are eligible to participate in the Proposed ESS.

Therefore, none of the Directors, major shareholders of RCE and/or persons connected with them has any interest, whether direct or indirect, in the Proposals.

9. DIRECTORS' RECOMMENDATION

The Board having considered the rationale of the Proposals, is of the opinion that the Proposals are in the best interests of the Company and its shareholders. Accordingly, the Board recommends that you vote in favour of the resolutions pertaining to the Proposals at the forthcoming EGM.

10. EGM

The EGM, the Notice of which is enclosed with this Circular, will be held at Nexus Ballroom 1, Level 3A, Connexion@Nexus, No. 7 Jalan Kerinchi, Bangsar South City, 59200 Kuala Lumpur, Malaysia on Wednesday, 2 September 2015 at 11.00 a.m. or immediately after the conclusion or adjournment (as the case may be) of the Sixty-First Annual General Meeting of RCE, which will be held at the same venue and on the same day at 10.30 a.m., whichever is later, for the purpose of considering and if thought fit, passing with or without modification, the resolutions to give effect to the Proposals.

If you are unable to attend and vote in person at the EGM and wish to appoint a proxy to do so on your behalf, please complete, sign and return the enclosed Form of Proxy in accordance with the instructions contained therein, so as to arrive at the Registered Office of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS 7/26, 47301 Petaling Jaya, Selangor, Malaysia not less than forty-eight (48) hours before the time fixed for holding the EGM or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

11. FURTHER INFORMATION

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

Yours faithfully
For and on behalf of the Board of
RCE CAPITAL BERHAD

SHAHMAN AZMAN
Non-Independent Non-Executive Chairman

APPENDIX I – BY-LAWS OF 2009 ESOS

1. NAME OF SCHEME

This scheme shall be called “RCE Capital Berhad Employees’ Share Option Scheme”.

2. OBJECTIVES OF SCHEME

The objectives of the Scheme are:-

- (a) to motivate, reward and retain the Eligible Employees (as defined) whose services are vital for the operations and continued growth of the RCE Group (as defined), thus ensuring minimum loss of key personnel;
- (b) to provide incentive for Eligible Employees (as defined) to participate more actively in the operations of the RCE Group (as defined);
- (c) to increase the level of commitment, dedication and loyalty amongst the Eligible Employees;
- (d) to reward contributions of the Directors (as defined), including Non-Executive Directors (as defined), of the RCE Group (as defined), who are involved in the formulation of the group’s strategy, through amongst others, participation in board deliberations and/or independent views in the decision making process, as well as to maintain good corporate practices at any one time; and
- (e) to enable Eligible Employees to participate directly in the equity of RCE (as defined) and thus providing motivation to contribute to the growth of the RCE Group (as defined) through enhanced sense of belonging.

3. DEFINITIONS

3.1 In this Bylaws, the following words shall bear the following meaning, namely:-

“Act”	: Companies Act, 1965, or any statutory modification, amendment or re-enactment thereof for the time being in force
“Adviser”	: A corporate finance adviser that may act as a principal adviser under the Securities Commission’s Guidelines on Principal Advisers for Corporate Proposals
“Board”	: Board of Directors of RCE
“Bursa Securities”	: Bursa Malaysia Securities Berhad
“Bylaws”	: Rules, terms and conditions of the Scheme (as may be amended, varied or supplemented from time to time in accordance with Bylaw 17)
“CDS”	: Central Depository System
“CDS Account”	: CDS account established by Bursa Malaysia Depository Sdn. Bhd. for a depositor for the recording of deposits of securities and dealings in such securities by the depositor

APPENDIX I – BY-LAWS OF 2009 ESOS (CONT'D)

"Date of Expiry"	: Last day of the duration of the Scheme as defined in Bylaw 20 hereof
"Date of Offer"	: Date on which an Offer (including subsequent Offers) is made by the Options Committee to an Eligible Employee in writing to participate in the Scheme
"Depository"	: Bursa Malaysia Depository Sdn Bhd
"Director"	: A natural person who holds a directorship in any company in the Group, whether in an executive or non-executive capacity
"Eligible Employees"	: Director(s) and Employee(s) of the Group who meets the criteria of eligibility for participation in the Scheme as set out in Bylaw 5 hereof
"Employee"	: A natural person who is employed by and on the payroll of any company in the Group
"Entitlement Date"	: Date as at the close of business on which shareholders' names must appear on RCE's Record of Depositors in order to participate in any dividends, rights, allotments or other distributions
"Grantee"	: An Eligible Employee who has accepted an Offer by the Options Committee in the manner provided in Bylaw 8 hereof
"Listing Requirements"	: Listing Requirements of Bursa Securities including any amendments, revisions, modifications and/or variations to the Listing Requirements that may be made from time to time
"Market Day"	: Any day between Monday and Friday (inclusive of both days) which is not a public holiday and on which Bursa Securities is open for the trading of securities
"Maximum Allowable Allocation" or "Maximum Entitlement"	: Maximum number of Scheme Shares that can be offered to a Selected Employee falling within a particular category of employees under the Scheme to be determined by the Options Committee
"Maximum Limit"	: 15% of the issued and paid-up share capital of RCE at the time of offer
"Non-Executive Director"	: A natural person who holds a directorship in any company in the Group in non-executive capacity and is not an employee of the Group
"Offer"	: Written offer made by the Options Committee to an Eligible Employee in the manner provided in Bylaw 6 hereof
"Option"	: Right of a Grantee to subscribe for the Scheme Shares pursuant to the contract constituted by acceptance by the Grantee in the manner provided in the Bylaws, of an Offer made to such Grantee by the Options Committee pursuant to the relevant terms of the Bylaws

APPENDIX I – BY-LAWS OF 2009 ESOS (CONT'D)

- | | |
|---------------------------|--|
| "Options Committee" | : A committee comprising Directors, senior management personnel and/or any other person appointed by the Board from time to time to administer the Scheme |
| "Option Period" | : Period commencing from the Date of Offer and expiring on the Date of Expiry of the Scheme as provided in the Bylaws or other relevant date as provided in the Bylaws or as determined by the Options Committee |
| "Record of Depositors" | : A record provided by the Depository to a listed issuer under chapter 24.0 of the Rules of the Depository |
| "RCE" or "Company" | : RCE Capital Berhad |
| "RCE Group" or "Group" | : RCE and its subsidiaries as defined in Section 5 of the Act (excluding any associated companies) which are not dormant companies |
| "RCE Shares" or "Shares" | : Ordinary shares of RM0.10 each or such other par value as may be applicable from time to time in RCE |
| "RM" and "sen" | : Ringgit Malaysia and sen respectively |
| "Rules of the Depository" | : Shall have the meaning given in section 2 of the Securities Industry (Central Depositories) Act 1991 |
| "Scheme" | : Scheme for the granting of Options to Eligible Employees to subscribe for Scheme Shares in accordance with the terms and conditions as herein set out, such scheme to be known as the "RCE Employees' Share Option Scheme" |
| "Scheme Duration" | : Duration of the Scheme as set out in Bylaw 20 hereof |
| "Scheme Shares" | : New RCE Shares to be allotted and issued pursuant to the exercise of the Options granted under the Scheme |
| "Selected Employee" | : Eligible Employee who has been selected by the Options Committee and to whom an Offer has been made by the Options Committee in accordance with the terms and conditions of the Scheme |
| "Subscription Price" | : Price at which a Grantee shall be entitled to subscribe for each Scheme Share as calculated in accordance with the provisions of Bylaw 10 hereof |
- 3.2 Headings are for ease of reference only and do not affect the meaning of a Bylaw.
- 3.3 References to the provisions of statutes include such provisions as amended or re-enacted from time to time, and references to statutes include any consolidations, replacements or revisions of the same.
- 3.4 Words importing the masculine gender shall include the feminine and neuter genders.
- 3.5 Words importing the singular number shall include the plural number and vice versa.

APPENDIX I – BY-LAWS OF 2009 ESOS (CONT'D)

4. QUANTUM

- 4.1 Each Option shall be exercisable into one (1) new Scheme Share in accordance with the provisions of these Bylaws.
- 4.2 The maximum number of new RCE Shares that may be subscribed upon the exercise of the Options to be offered under this Scheme shall not exceed fifteen per centum (15%) of the issued and paid-up share capital of the Company at the time of the offer. In the event where RCE purchases its own shares resulting in the total number of shares to be issued under the Scheme to exceed fifteen percent (15%) of the issued and paid-up share capital of the Company, no further Options shall be offered until the total number of shares to be issued under the Scheme falls below fifteen percent (15%) of the issued and paid-up share capital of RCE. Furthermore, not more than 50% of the new RCE Shares available under the Scheme shall be allocated, in aggregate, to Directors and senior management staff (i.e. Group A, B and C as set out under Bylaw 7) of the Group. In addition, not more than 10% of the new RCE Shares available under the Scheme shall be allocated to any individual 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 RCE.

5. ELIGIBILITY

- 5.1 To qualify for selection for participation in the Scheme, Directors(s) and Employee(s) of the Group, must have attained eighteen (18) years of age and has been appointed or confirmed in service, as the case may be, by the Group, subject to any minimum period as may be determined by the Options Committee from time to time, provided always that the selection of any Eligible Employee for participation in the Scheme shall be at the discretion of the Options Committee and the decision of the Options Committee shall be final and binding. In determining the service period, the Options Committee shall only take into account the period commencing from the date the relevant Eligible Employee became part of the RCE Group.
- 5.2 Allocation of the Scheme Shares can be extended to the Eligible Employees who are employed by or on the payroll of subsidiaries of the Company provided the subsidiaries are not dormant.
- 5.3 Director(s) who represents the Government or Government institutions or agencies and Government employees who are serving in the public service scheme as defined under Article 132 of the Federal Constitution are not eligible for the Scheme.
- 5.4 No Eligible Employee shall participate at any time in more than one (1) employees' share option scheme currently implemented by any company within the Group.
- 5.5 Subject to the foregoing, allocation of Scheme Shares can be extended to the Eligible Employees of a newly acquired company that will form part of the Group. In determining the service period, the Options Committee shall only take into account the period commencing from the date of the completion of acquisition of such company.

6. OFFER

- 6.1 During the duration of the Scheme, the Options Committee may at its discretion at any time and from time to time as it shall deem fit make one or more Offers in writing to an Eligible Employee, whom the Options Committee may at its discretion select, to subscribe for Scheme Shares, in accordance with the terms of the Scheme provided always that any Offer shall not comprise less than One Hundred (100) Scheme Shares nor more than his Maximum Allowable Allocation and shall always be in multiples of One Hundred (100) Scheme Shares.

APPENDIX I – BY-LAWS OF 2009 ESOS (CONT'D)

- 6.2 The Options Committee shall state the following particulars in the letter of Offer:
- (a) the number of Options that are being offered to the Selected Employee;
 - (b) the number of Scheme Shares which the Selected Employee shall be entitled to subscribe for upon the exercise of the Options being offered;
 - (c) the Option Period;
 - (d) the Subscription Price;
 - (e) the Offer Period as defined in Bylaw 6.3; and
 - (f) any restriction in relation to the exercise of Options other than those set out in these Bylaws.
- 6.3 An Offer shall be valid for a period of thirty (30) days from the Date of Offer or such longer period as may be determined by the Options Committee ("Offer Period").
- 6.4 The Options Committee may make more than one (1) Offer to a Selected Employee during the Option Period provided always that no Offer shall be made where the aggregate number of Scheme Shares comprised in that Offer and all previous Offers, if any made to that Selected Employee will exceed the Maximum Allowable Allocation of that Selected Employee and that Bylaw 4.2 is to be complied with at all times. An Offer may be made upon such terms and conditions as the Options Committee may decide from time to time.
- 6.5 The Offer shall automatically lapse and thereafter be null and void in the event the Selected Employee ceases to be appointed or employed, as the case may be, by the Group for any reason(s) whatsoever prior to the acceptance of the Offer by the Selected Employee in the manner set out in Bylaw 8 hereof.
- 6.6 No Offer shall be made to any Director of RCE unless such Offer and the related allotment of Scheme Shares have previously been approved by the shareholders of the Company in general meeting.
- 6.7 Without prejudice to Bylaw 16, in the event of an error on the part of the Company in stating any of the particulars referred to in Bylaw 6.2, the following provisions shall apply:
- (a) as soon as practicable but in any event no later than 1 month after discovery of the error, the Company shall issue a supplemental letter of Offer, stating the correct particulars referred to in Bylaw 6.2;
 - (b) in the event that the error relates to particulars other than the Subscription Price, the Subscription Price applicable in the supplemental letter of Offer shall remain as the Subscription Price as per the original letter of Offer; and
 - (c) in the event that the error relates to the Subscription Price, the Subscription Price applicable in the supplemental letter of Offer shall be the Subscription Price applicable as at the date of the original letter of Offer, save and except with respect to any Options which have already been exercised as at the date of issue of the supplemental letter of Offer.

APPENDIX I – BY-LAWS OF 2009 ESOS (CONT'D)

- 6.8 After each adjustment following an alteration of the share capital of the Company as stipulated in Bylaw 11, upon the return by a Grantee of the original letter of Offer to the Company on request by the Company, that letter of Offer shall be amended or a new letter of Offer shall be issued as soon as practicable but in any event no later than 1 month from the date of return of the original letter, to reflect the adjustment made to the number of Options granted to the Grantee and/or to the Subscription Price.

7. BASIS OF ALLOTMENT AND MAXIMUM ALLOWABLE ALLOCATION

- 7.1 Allocation to Eligible Employees of the Group shall be subject to the Maximum Allowable Allocation which would depend on their respective category of directors and/or employees.

The Maximum Allowable Allocation to each category of Eligible Employees shall be as follows:

Category of Eligible Employee (or its equivalent)	Group	Share Option (No. of Shares)	Performance- Based Option (No. of Shares)	Maximum Allowable Allocation (No. of Shares)
Chairman, Group Managing Director	A	1,000,000	1,000,000	2,000,000
Deputy Group Managing Director (I), Deputy Group Managing Director (II), Executive Director, Non-Executive Director, Senior Managing Director of Subsidiaries, Managing Director of Subsidiaries, Executive Director of Subsidiaries (I), Chief Financial Officer	B	800,000	800,000	1,600,000
Executive Director of Subsidiaries (II), Senior General Manager of Subsidiaries, Director of Subsidiaries, General Manager (I) of Subsidiaries, Associate Director, Chief Executive Officer, Chief Operating Officer, Chief Information Officer, General Manager (II) of Subsidiaries, Assistant General Manager (I) of Subsidiaries, Assistant General Manager (II) of Subsidiaries	C	600,000	600,000	1,200,000
Senior Manager (I) of Subsidiaries, Senior Manager (II) of Subsidiaries, Manager, Assistant Manager, Senior Executive, Executive	D	400,000	400,000	800,000

APPENDIX I – BY-LAWS OF 2009 ESOS (CONT'D)

Category of Eligible Employee (or its equivalent)	Group	Share Option (No. of Shares)	Performance- Based Option (No. of Shares)	Maximum Allowable Allocation (No. of Shares)
Junior Executive, Management Trainee, Senior Secretary, Personal Assistant	E	175,000	175,000	350,000
Secretary, Finance Assistant, Human Resource & Admin Assistant, Other Departmental Assistants, Junior Secretary, Receptionist	F	125,000	125,000	250,000
Despatch, Driver	G	50,000	50,000	100,000

“Share Based Option” shall mean the number of Shares which may be offered by the Options Committee to an Eligible Employee based on performance, seniority and number of years of service that the Eligible Employee has rendered

“Performance Based Option” shall mean the number of Shares which may be offered by the Options Committee at its discretion to an Eligible Employee with outstanding performance.

Should there be any internal restructuring in respect of the grading or grouping of the Eligible Employees, the Options Committee shall have the absolute discretion to apply the above Maximum Allowable Allocation to the new grading or grouping of the Eligible Employees provided always that no changes in respect of the quantum of the Maximum Allowable Allocation shall be made without shareholders' approval.

The Options Committee may at its discretion introduce additional categories of employees which it shall deem necessary during the duration of the Scheme provided always that the Maximum Entitlements in respect of these additional categories are in compliance with the relevant Listing Requirements and applicable laws

7.2 Notwithstanding Bylaw 7.1, the number of Options to be offered to each Eligible Employee shall, subject to each Eligible Employee's Maximum Entitlement, be at the discretion of the Options Committee. In exercising its discretion, the Options Committee shall take into consideration the Eligible Employee's seniority, length of service, performance and contribution, present and potential. The Options Committee shall not be obliged in any way to offer to an Eligible Employee all of the specified Maximum Entitlement. The decision of the Options Committee shall be final and binding. However, the allotment to the various categories of Eligible Employees under the Scheme shall be on equitable basis.

7.3 Subject to the discretion of the Options Committee whether or not to make an Offer, the allotment to any Eligible Employee would also apply in the event of any transfer within the RCE Group.

Transfer of an Eligible Employee within the Group shall be dealt with in the following manner:-

- a) An Eligible Employee who is eligible to participate in other employees' share option scheme (“Other Schemes”) and is subsequently transferred to RCE or to any company within the Group which does not have its own Scheme is subject to the following:-

APPENDIX I – BY-LAWS OF 2009 ESOS (CONT'D)

- (i) if the said Eligible Employee was granted his maximum entitlement under the Other Schemes and has already exercised all of the options granted to him under the Other Schemes, he shall not be eligible to participate in the Scheme; or
 - (ii) if the said Eligible Employee was not granted his maximum entitlement under the Other Schemes and/or has exercised part of or has not exercised any of the options granted to him under the Other Schemes, he shall be entitled to either:-
 - (1) Continue to participate in the Other Schemes, in which event he shall not be eligible to participate in the Scheme; or
 - (2) Participate in the Scheme which he is eligible for, in which event he shall cease to be eligible to participate in the Other Schemes and be required to surrender all unexercised options under the Other Schemes. All unexercised options granted to him under the Other Schemes shall become null and void.
 - b) An Eligible Employee who is eligible to participate in the Scheme and is subsequently transferred to any company within the Group which has its own employees' share option scheme ("Other Schemes") is subject to the following:-
 - (i) if the said Eligible Employee was granted his Maximum Entitlement under the Scheme and has already exercised all of the Options granted to him under the Scheme, he shall not be eligible to participate in any of the Other Schemes; or
 - (ii) if the said Eligible Employee was not granted his Maximum Entitlement under the Scheme and/or has exercised part of or has not exercised any Options granted to him under the Scheme, he shall be entitled to either:-
 - (1) Continue to participate in the Scheme, in which event he shall not be eligible to participate in any of the Other Schemes; or
 - (2) Participate in the Other Schemes which he is eligible for, in which event he shall cease to be eligible to participate in the Scheme and be required to surrender all unexercised Options under the Scheme. All unexercised Options granted to him under the Scheme shall become null and void.
- 7.4 In the event of the promotion of an Eligible Employee to a higher category during the tenure of the Scheme, then, subject to the discretion of the Options Committee whether or not to make an Offer, such promoted Eligible Employees may be eligible to be offered additional Scheme Shares based on the higher category after promotion as the Options Committee may in its discretion determine, subject to these Bylaws.
- 7.5 In the event that an Eligible Employee is redesignated, demoted or moved to a lower category for whatever reason, the following provisions shall apply:-
- (i) his Maximum Entitlement may be reduced as the Options Committee may in its absolute discretion determine;
 - (ii) in the event that the total number of options which has been accepted by him up to the date he is moved to the lower category is greater than his Maximum Allowable Allocation under such lower category, he shall be entitled to continue to hold and to exercise all unexercised Options held by him on such date but he shall not be entitled to be offered any further Options unless and until he is subsequently moved to a higher category so

APPENDIX I – BY-LAWS OF 2009 ESOS (CONT'D)

that his Maximum Allowable Allocation is increased to an amount greater than the total number of Options which has been accepted by him; and

- (iii) in the event that the total number of Options which has been accepted by him up to the date he is moved to the lower category is less than his Maximum Allowable Allocation under such lower category, he shall be entitled to continue to hold and to exercise all unexercised Options held by him on such date and to be offered further Options up to his Maximum Allowable Allocation under such lower category.

- 7.6 Any Eligible Employee holding more than one (1) position in the RCE Group and thereby falling within more than one (1) category of Eligible Employee in the RCE Group shall only be entitled to the Maximum Allowable Allocation of the higher category.

8. ACCEPTANCE

- 8.1 An Offer made under Bylaw 6 hereof shall be accepted within thirty (30) days from the Date of Offer or such longer period as may be determined by the Options Committee by the Selected Employee by a written notice to the Options Committee of such acceptance accompanied by a payment to the Company of the sum of Ringgit Malaysia One (RM1.00) or such other amount as may be determined at the discretion of the Options Committee only as a non-refundable consideration for acceptance of the Offer.

- 8.2 If the Offer is not accepted in the manner aforesaid, such Offer shall upon the expiry of the aforesaid period automatically lapse and thereafter be null and void and of no effect. The Options Committee may at its discretion re-offer the Options offered in the lapsed Offer as it may deem fit.

9. NON-TRANSFERABILITY OF THE OPTION

- 9.1 An Option is personal to the Grantee and subject to the provisions of Bylaw 18, is exercisable only by the Grantee personally during his lifetime whilst he is in the appointment or employment, as the case may be, of any company in the Group.

- 9.2 An Option shall not be transferred, assigned, disposed of or subject to any encumbrances by the Grantee save and except in the event of the death of the Grantee as provided under Bylaw 18.5. Any such transfer, assignment, disposal or encumbrance shall result in the automatic cancellation of the Option.

10. SUBSCRIPTION PRICE

- 10.1 The Subscription Price which an Eligible Employee is entitled to take up the Scheme Shares pursuant to the Option shall be based on the weighted average market price (calculated as the average of the highest and lowest price, transacted on Bursa Securities for the day) of the ordinary shares of RCE for five (5) preceding Market Days ("5D-WAMP") immediately prior to the date the Offer is made to the Eligible Employees, provided that:-

- (i) a discount, if any, of not more than 10% from the 5D-WAMP immediately preceding the Date of Offer is allowed or such other basis as permitted by the authorities; and
- (ii) the price so determined shall not be less than the par value of the RCE Shares.

APPENDIX I – BY-LAWS OF 2009 ESOS (CONT'D)

11. ALTERATION OF SHARE CAPITAL AND ADJUSTMENT

11.1 Subject to Bylaw 11.4, in the event of any alteration in the share capital structure of the Company during the Option Period, whether by way of capitalisation of profits or reserves, rights issue, reduction of capital, capitalisation of profits or reserves, rights issue, subdivision and/or consolidation of ordinary shares, capital reduction (inclusive of Capital Distribution as defined in Bylaw 11.3), or any other variation of capital howsoever taking place:-

- (a) the Subscription Price ; and/or
- (b) the number of Scheme Shares exercisable in an Option in so far as unexercised ("Exercise Rights");

may be adjusted by the Options Committee in its absolute discretion, in accordance with Bylaw 11.2, PROVIDED ALWAYS THAT:-

- (i) all adjustments (other than bonus issues) must be confirmed in writing by the external auditors or Adviser of the Company for the time being (acting as experts and not arbitrators), to be, in their opinion, fair and reasonable and in accordance with the provisions of the Bylaws;
- (ii) any adjustment to the Subscription Price shall be rounded up to the nearest one (1) sen;
- (iii) in determining a Grantee's entitlement to subscribe for Shares, any fractional entitlement will be dealt with by the Options Committee at its absolute discretion;
- (iv) the adjusted Subscription Price payable shall not be lower than the par value of the new Shares; and
- (v) upon any adjustment made pursuant to this Bylaw and Bylaw 11.2, the Options Committee shall notify the Grantee (or his/her legal personal representative where the Grantee is deceased) in writing as soon as practicable but in any event no later than 1 month after the receipt of the letter of the external auditors or Adviser of the Company on the adjusted Subscription Price and/or the adjusted Exercise Rights and/or the adjusted Maximum Allowable Allocation (where applicable).

11.2 In addition to Bylaw 11.1 and not in derogation thereof, the Subscription Price and the number of Shares comprised in the Option in so far as unexercised shall from time to time be adjusted in accordance with the following relevant provisions in consultation with an Adviser and/or external auditors:-

- (a) If and whenever a Share by reason of any consolidation or subdivision or conversion shall have a different par value, then:-
 - (i) the Subscription Price shall be adjusted by multiplying it by the revised par value and dividing the result by the former par value; and
 - (ii) the Exercise Rights shall be adjusted by multiplying it with the former par value and dividing the result by the revised par value.
- (b) If and whenever the Company shall make any issue of Shares to ordinary shareholders credited as fully paid, by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account and capital redemption reserve fund), the Subscription Price shall be adjusted by multiplying it by the following fraction:-

APPENDIX I – BY-LAWS OF 2009 ESOS (CONT'D)

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

and the Exercise Rights shall be adjusted by multiplying it by the following fraction:-

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

where:-

- A - the aggregate number of issued and fully paid-up Shares on the Market Day immediately before the Entitlement Date for such capitalisation issue; and
- B - the aggregate number of Shares to be issued pursuant to any allotment to ordinary shareholders credited as fully paid by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account and capital redemption reserve fund).

(c) If and whenever the Company shall make:-

- (i) a Capital Distribution (as defined in Bylaw 11.3) to ordinary shareholders whether on a reduction of capital or otherwise (excluding any cancellation of capital which is lost or unrepresented by available assets); or
- (ii) any offer or invitation to ordinary shareholders whereunder they may acquire or subscribe for Shares by way of rights; or
- (iii) any offer or invitation to ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into Shares or securities with rights to acquire or subscribe for Shares,

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

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

where:-

- C - The last transacted market price of the underlying Shares on the Market Day immediately preceding the Entitlement Date for such Capital Distribution (as defined in Bylaw 11.3) or, as the case may be, of the offer or invitation; and
- D - (aa) in the case of an offer or invitation to acquire or subscribe for Shares by way of rights referred to in Bylaw 11.2(c)(ii) or for securities convertible into or with rights to acquire or subscribe for Shares under Bylaw 11.2(c)(iii), the value of rights attributable to one (1) Share (as defined below); or
- (bb) in the case of any other transaction falling within this Bylaw 11.2(c), the fair market value, as determined by an external auditors and/or Adviser of the Company of that portion of Capital Distribution (as defined in Bylaw 11.3) attributable to one (1) Share.

APPENDIX I – BY-LAWS OF 2009 ESOS (CONT'D)

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

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

where:-

- C - as C above;
- E - the Subscription Price for one (1) additional Share under the terms of such offer or invitation or the conversion value price payable for one (1) additional Share upon the conversion or exercise of the one (1) security convertible into Shares or the one (1) security with exercisable rights to acquire or subscribe for Shares under the invitation; and
- F - the number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share or security convertible into Shares or rights to acquire or subscribe for Shares.

and in respect of each such case referred to in Bylaw 11.2(c)(ii) only, the Exercise Rights shall be adjusted by multiplying it with the following fraction:-

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

where:-

- C - as C above; and
- D* - the value of the rights attributable to one (1) Share (as defined below).

For the purpose of definition D* above, the "value of the 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 offer or invitation; and
- F* - the number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share.

APPENDIX I – BY-LAWS OF 2009 ESOS (CONT'D)

- (d) If and whenever the Company makes any allotment to its shareholders as provided in Bylaw 11.2(b) above and also makes any offer or invitation to its shareholders as provided in Bylaw 11.2(c)(ii) or 11.2(c)(iii) and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the Subscription Price shall be adjusted by multiplying it by the following fraction:-

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

and in respect of each case referred to Bylaw 11.2(b) above and also makes any offer or invitation to its ordinary shareholders as provided in Bylaw 11.2(c)(ii) and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the Exercise Rights shall be adjusted by multiplying it by the following fraction:-

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

where:-

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

- (e) If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Shares as provided in Bylaw 11.2(c)(ii) above together with an offer or invitation to acquire or subscribe for securities convertible into or with rights to acquire or subscribe for Shares as provided in Bylaw 11.2(c)(iii) and the Entitlement Date for both is the same, the Subscription Price shall be adjusted by multiplying it by the following fraction:

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

APPENDIX I – BY-LAWS OF 2009 ESOS (CONT'D)

and the Exercise Rights shall be adjusted by multiplying with the following fraction:-

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

where:-

- G - as G above;
- C - as C above;
- H - as H above;
- H* - as H* above;
- I - as I above;
- I* - as I* above;
- J - the aggregate number of Shares to be issued to its ordinary shareholders upon conversion of such securities or exercise of such rights to subscribe for Shares by the shareholders; and
- K - the exercise price on conversion of such securities or exercise of such right to acquire or subscribe for one (1) additional Share.

- (f) If and whenever the Company makes an allotment to its shareholders as provided in Bylaw 11.2(b) above and also makes an offer or invitation to acquire or subscribe for Shares to its shareholders as provided in Bylaw 11.2(c)(ii) together with rights to acquire or subscribe for securities convertible into or with rights to acquire or subscribe for Shares as provided in Bylaw 11.2(c)(iii), and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the Subscription Price shall be adjusted by multiplying it by the following fraction:-

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

and the number of Exercise Rights shall be adjusted by multiplying with the following fraction:-

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

where:-

- G - as G above;
- C - as C above;
- H - as H above;
- H* - as H* above;
- I - as I above;
- I* - as I* above;

APPENDIX I – BY-LAWS OF 2009 ESOS (CONT'D)

- J - as J above;
- K - as K above; and
- B - as B above.

- (g) If and whenever (otherwise than pursuant to an offer or invitation by way of rights issue available to all ordinary shareholders alike and requiring an adjustment under Bylaw 11.2(c)(ii), 11.2(c)(iii), 11.2(d), 11.2(e) or 11.2(f) above), the Company shall issue either any Shares or any securities convertible into Shares or with rights to acquire or subscribe for Shares, and in any such case the Total Effective Consideration per Share (as defined below) is less than ninety per centum (90%) of the average price of one (1) Share as derived from the last transacted market prices for one (1) or more board lots of the Shares as quoted on the Bursa Securities on the Market Days comprised in the period used as a basis upon which the issue price of such Shares is determined ("Average Price") or, as the case may be, the price at which the Shares shall be issued upon conversion of such securities or exercise of such rights is determined, the Subscription Price shall be adjusted by multiplying it by the following fraction:

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

where:-

- L - the number of Shares in issue at the close of business on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;
- M - the number of Shares which the Total Effective Consideration (as defined below) would have purchased at the Average Price (exclusive of expenses); and
- N - the aggregate number of Shares so issued or, in the case of securities convertible into Shares or with rights to acquire or subscribe for Shares, the maximum number (assuming no adjustment of such rights) of Shares issuable upon full conversion of such securities or the exercise in full of such rights.

For the purposes of this Bylaw 11.2(g) the "Total Effective Consideration" shall be as determined by the Directors of the Company (with the concurrence of an Adviser or the external auditors) and shall be:-

- (i) in the case of the issue of Shares, the aggregate consideration receivable by the Company on payment in full for such Shares; or
- (ii) in the case of the issue by the Company of securities wholly or partly convertible into Shares, the aggregate consideration receivable by the Company on payment in full for such securities or such part of the securities as is convertible together with the total amount receivable by the Company upon full conversion of such securities, if any; or
- (iii) in the case of the issue by the Company of securities with rights to acquire or subscribe for Shares, the aggregate consideration attributable to the issue of such rights together with the total amount receivable by the Company upon full exercise of such rights;

APPENDIX I – BY-LAWS OF 2009 ESOS (CONT'D)

in each case without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and the "Total Effective Consideration per Share" shall be the Total Effective Consideration divided by the number of Shares issued as aforesaid or, in the case of securities convertible into Shares or rights to acquire or subscribe for Shares, by the maximum number of Shares issuable on full conversion of such securities or exercise in full of such rights.

- 11.3 "Capital Distribution" shall (without prejudice to the generality of the foregoing) include distribution of assets or by way of issue of Shares or other securities credited as fully or partly paid-up by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund). Any dividend charged or provided for in the accounts pertaining to any period shall (whenever paid and howsoever described) be deemed to be a Capital Distribution in the event the net dividend amount per share declared or provided for at any given time is more than five per centum (5%) of the 5D-WAMP (as defined in Bylaw 10.1) of the Shares immediately prior to the declaration of the dividend.
- 11.4 Bylaw 11.1 and 11.2 shall not apply where an alteration in the share capital structure of the Company arises from:-
- (a) an issue of Shares pursuant to the exercise of Options or further Options to Eligible Employees under the Scheme; or
 - (b) an issue of Shares arising from the exercise of any conversion rights attached to securities convertible into new Shares including but not limited to warrants and convertible loan stocks; or
 - (c) an issue of securities as consideration or part consideration for an acquisition and/or as settlement or part settlement of any liabilities; or
 - (d) an issue of securities as a private placement and/or restricted issue; or
 - (e) a special issue of Shares required by the relevant governmental authorities to comply with the policy of the Government of Malaysia on capital participation in companies; or
 - (f) a share buy-back arrangement by the Company pursuant to Section 67A of the Act.
- 11.5 In the event that the Company enters into any scheme or arrangement or reconstruction pursuant to Part VII of the Act, Bylaw 11.1 and 11.2 shall be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which Bylaw 11.1 and/or Bylaw 11.2 is applicable, but Bylaw 11.1 and/or Bylaw 11.2 shall not be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the share capital structure of the Company as described in Bylaw 11.4.
- 11.6 An adjustment pursuant to Bylaw 11.1 and/or Bylaw 11.2 shall be made effective as follows:-
- a) in the event of a rights issue, bonus issue or other capitalisation issue, on the Market Day immediately following the Entitlement Date in respect of such issue;
 - b) in the case of a consolidation or subdivision of Shares or capital reduction, on the Market Day immediately following the day such consolidation, subdivision or reduction is completed; or
 - c) such other Market Day as deemed appropriate by the Options Committee.
- 11.7 In the event of a dispute in respect of any adjustment, the Grantee can appeal to the Board and the decision of the Board shall be final and binding in all respects.

APPENDIX I – BY-LAWS OF 2009 ESOS (CONT'D)

- 11.8 Notwithstanding Bylaw 11.2 but subject always to Bylaw 11.1, should there be circumstances which have not been set out in Bylaw 11.2 where the Board is of the opinion that adjustments should be made or should the Board be of the opinion that the adjustments provided under Bylaw 11.2 should not be made or that the formulae for adjustments provided under Bylaw 11.2 should not be applied or that adjustments should be calculated on a different basis or that adjustments should be made notwithstanding that no such adjustment is required under those provisions, the Company may appoint an Adviser and/or an external auditor to consider whether for any reason whatsoever the adjustment should be modified or nullified or an adjustment should be made notwithstanding the absence of a requirement under the Bylaws for such adjustment in such manner as may be considered by such Adviser and /or an external auditor to be appropriate. Should there be other circumstances which give rise to a consideration for adjustments to the Subscription Price or the Exercise Rights in favour of all the Grantees, but it is decided by the Options Committee that no adjustment will be made, such decision must be made known to all the Grantees via a timely notice, subject to compliance with the Listing Requirements and/or other relevant guidelines.

12. EXERCISE OF OPTION

12.1 Upon acceptance of an Offer:

- (a) For a Grantee who has served within the Group for less than five (5) continuous years after his appointment or confirmation, as the case may be, as at the date of first Offer, the Grantee may during the period commencing from the date of first Offer to the Date of Expiry exercise the Option in the manner set out in this Bylaw 12, subject to the following limits:

Cumulative Percentage of Options Exercisable Commencing From The Date of First Offer				
Year 1	Year 2	Year 3	Year 4	Year 5 onwards
20%	40%	60%	80%	100%

- (b) Subject always to a maximum number of Options that may be granted to a Grantee from time to time, a Grantee who has served within the Group for at least five (5) continuous years after his appointment or confirmation, as the case may be, as at the date of first Offer may during the period commencing from the date of first Offer to the Date of Expiry exercise the Option in the manner set out in this Bylaw 12, subject to the following limits:

Cumulative Percentage of Options Exercisable Commencing From The Date of First Offer				
Year 1	Year 2	Year 3	Year 4	Year 5 onwards
20% + [5 x Years]%	40% + [5 x Years]%	60% + [5 x Years]%	100%	100%

"Years" is defined as the total number of years:

- (i) from the date of appointment or confirmation, as the case may be, to the date of first Offer; and
- (ii) from the date of first Offer to the next anniversary of the date of first Offer.

All unexercised Options shall be exercisable in the last year of the Option Period.

APPENDIX I – BY-LAWS OF 2009 ESOS (CONT'D)

- 12.2 The Option granted to a Selected Employee is exercisable only by that employee during his/her lifetime and whilst he/she is appointed or employed by the Group, as the case may be, on the first three (3) Market Days of every calendar month or any other date as determined by the Options Committee from time to time during the Option Period except under the provisions of Bylaw 18 hereof, provided that no Option shall be exercised beyond the Scheme Duration. The Option may be exercised in respect of all or any part of the Scheme Shares, such part being one hundred (100) Scheme Shares or multiples of one hundred (100) Scheme Shares or such other quantum as may from time to time be determined by the Options Committee and as permitted by the relevant authorities. Such partial exercise of an Option shall not preclude the Grantee from exercising the Option as to the balance unexercised within the Option Period.
- 12.3 The Grantee shall notify the Company in writing of his/her intention to exercise the Option during the Option Period. Every written notice to exercise the Option by a Grantee must be accompanied by a remittance (calculated in accordance with the provisions of Bylaw 10 and Bylaw 11 hereof) for the full amount of the subscription monies for the Scheme Shares in respect of which the notice is given. Within eight (8) Market Days from the receipt by the Company of such aforesaid notice and remittance from the Grantee or such other period as may be prescribed by Bursa Securities and subject to the Articles of Association of the Company, the Company shall allot such number of Scheme Shares to the Grantee, despatch the notice of allotment to the Grantee stating the number of Scheme Shares so credited will be issued to the Grantee accordingly and make an application to Bursa Securities for the quotation of such new Scheme Shares.
- 12.4 Subject to the restriction on exercise of Option stated in Bylaws 18 and 21 hereof and the Offer (if any), an Option granted under the Scheme shall be capable of being exercised over the Option Period.
- 12.5 A Grantee who exercises his/her Option shall provide the Options Committee with his/her CDS account number in the notice referred to in Bylaw 12.3. The Scheme Shares will be credited directly into the CDS account of the Grantee or whichever account the Grantee directs, as the case may be, and no physical ordinary share unit certificate will be issued.
- 12.6 All Options to the extent unexercised upon the expiry of the Option Period shall lapse and thereafter be null and void.
- 12.7 In the event that a Grantee is subject to a disciplinary proceeding (whether or not such disciplinary proceeding will give rise to a dismissal or termination of appointment or service) the Options Committee shall have the right, at its discretion, to suspend any Option granted to that Grantee pending the outcome of the disciplinary proceeding. The Options Committee may impose such terms and conditions as it deems appropriate having regard to the nature of the charges made or brought against the Grantee provided always that in the event that such Grantee shall subsequently be found to be not guilty of the charges which gave rise to such disciplinary proceeding, the Options Committee shall reinstate the rights of such Grantee to exercise his/her Option.
- 12.8 Subject to the provisions of any applicable laws, rules, regulations, guidelines and/or conditions issued by the relevant authorities, in the event of:-
- (a) a takeover offer being made for the Company through a general offer to acquire the whole of the issued and paid-up share capital of the Company (or such part thereof not at the time held by the person making the general offer ("Offeror") or any persons acting in concert with the Offeror) the Directors of the Company shall use their best endeavours to procure that such a general offer be extended to any Scheme Shares that may be issued pursuant to the exercise of Options under this Bylaws; and

APPENDIX I – BY-LAWS OF 2009 ESOS (CONT'D)

- (b) the Offeror becoming entitled or bound to exercise the rights of compulsory acquisition of the Scheme Shares under the provisions of any written law relating thereto and gives written notice to the Company that it intends to exercise such rights on a specific date, a Grantee shall be entitled to exercise all or any part of his Option from the date of service of the said notice to the Company until and inclusive of the aforementioned specific date provided that this is within the Option Period. In the aforesaid circumstances, if the Grantee elects to exercise his Option, in respect of only a portion of the Scheme Shares exercisable under the said Option, then the Option in relation to the balance thereof shall automatically lapse and thereafter be null and void and of no further force and effect after the specific date.

13. ALLOTMENT OF SCHEME SHARES

- 13.1 The Scheme Shares to be allotted upon any exercise of the Option shall, upon allotment and issue, rank pari passu in all respects with the then existing Shares provided always that the Scheme Shares so issued shall not be entitled to any dividends, rights, allotments and/or distributions, the Entitlement Date of which precedes the relevant dates of allotment of the aforesaid Scheme Shares. The Scheme Shares so issued will be subject to all the provisions of the Articles of Association of the Company relating to transfer, transmission and otherwise.
- 13.2 The Company, the Board and the Options Committee shall not under any circumstances be held liable to any person for any costs, losses, expenses, damages or liabilities howsoever arising in the event of any delay on the part of the Company in allotting and issuing the Scheme Shares or in procuring Bursa Securities to list and quote the shares subscribed for by a Grantee or any delay in receipt or non-receipt by the Company of the notice to exercise the Options or for any errors in any Offers.

14. RETENTION PERIOD

- 14.1 A Non-Executive Director must not sell, transfer or assign RCE Shares obtained through the exercise of Option pursuant to the Scheme within one (1) year from the Date of Offer.

15. QUOTATION OF SCHEME SHARES

- 15.1 Upon the exercise of the Option, in accordance with Bylaw 12 hereof, the Company will furnish Bursa Securities the necessary documents to facilitate the listing of and quotation for the Scheme Shares on Bursa Securities.

16. ADMINISTRATION

- 16.1 The Scheme shall be administered by the Options Committee. The Options Committee shall, subject to these Bylaws, administer the Scheme in such manner as it shall think fit, provided always that the Scheme is administered in accordance with the applicable laws and/or rules and/or regulations of Malaysia currently in force (or any amendments subsequent thereto).
- 16.2 Without limiting the generality of Bylaw 16.1, the Options 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, impose terms and conditions or delegate part of its powers which the Options Committee may in its discretion consider to be necessary or expedient in order to give full effect to the Scheme.

APPENDIX I – BY-LAWS OF 2009 ESOS (CONT'D)

- 16.3 The Board shall have power at any time and from time to time to rescind the appointment of any person to the Options Committee as it deems fit.

17. MODIFICATION AND/OR AMENDMENT TO THE SCHEME

- 17.1 Subject to the compliance with the requirements of Bursa Securities and any other relevant authorities, the Options Committee may at any time and from time to time recommend to the Board any additions and amendments to or deletions of these Bylaws as it shall in its discretion think fit and the Board shall have the power by resolution to add to, amend or delete all or any of these Bylaws upon such recommendation provided that no additions or amendments to or deletion of these Bylaws shall be made which will:-

- (a) prejudice any rights of the shareholders of the Company without the prior approval of the shareholders of the Company in a general meeting; or
- (b) alter to the advantage of any Eligible Employee in respect of any matters which are required to be contained in the Bylaws (or any amendments subsequent thereto) of the Listing Requirements, without the prior approval of the shareholders of the Company in a general meeting unless allowed otherwise by the provisions of the Listing Requirements.

- 17.2 Where any amendments and/or modification is made to the Bylaws of Scheme, the Company shall submit to Bursa Securities, the amendments and/or modifications to the Bylaws of the Scheme and a confirmation letter that the amendments and/or modifications complies with the provisions of the guidelines on employees' share scheme stipulated under the Listing Requirements no later than five (5) Market Days from the effective date of the said amendments and/or modifications.

18. TERMINATION OF THE OPTION

- 18.1 In the event of the cessation of appointment or employment, as the case may be, of a Grantee with the Group for whatever reason prior to the full exercise of an Option, such Option or the balance thereof shall forthwith cease to be valid on the date of the notice of resignation or termination, as the case may be, without any claim against the Company.

- 18.2 Should the following circumstances occur:-

- (a) retirement on attaining the retirement age under the Group's retirement policy; or
- (b) retirement before attaining the normal retirement age but with the consent of the Options Committee;

a Grantee shall not be eligible to any new Offer but shall be entitled only to exercise any Options which has not been exercised during the Option Period up to his/her date of retirement (or such longer period as may be allowed by the Options Committee in its absolute discretion).

- 18.3 Notwithstanding Bylaw 18.1 above, the Options Committee may at its discretion allow an Option to remain exercisable on such terms and conditions as it shall deem fit if the cessation of appointment or employment, as the case may be, occurs as a result of:-

- (a) redundancy;
- (b) ill-health, injury, physical or mental disability; or
- (c) any other circumstances which are acceptable to the Options Committee;

APPENDIX I – BY-LAWS OF 2009 ESOS (CONT'D)

- 18.4 Any Options which the Options Committee permits to be exercisable pursuant to Bylaws 18.2 and 18.3, to the extent unexercised by the Grantee (or his legal representatives) as at the end of the specified period shall automatically lapse thereafter.
- 18.5 Where a Grantee dies before the expiry of the Option Period, any unexercised or partially exercised Option held by the Grantee may be exercised by the legal representatives of the Grantee provided always that no Option shall be exercised after eighteen (18) months (or such other period of time as may be determined by the Options Committee in its absolute discretion) of the death of the Grantee provided that immediately prior to his/her death, the Grantee could have exercised the same.
- 18.6 The Option shall immediately become void and of no effect on the bankruptcy of the Grantee.
- 18.7 An Option shall lapse on the date of the notice of resignation or termination of appointment or employment, as the case may be, of the Grantee with the Group and the balance of any Scheme Shares comprised in an Option may, at the discretion of the Options Committee, be offered to other Eligible Employees.
- 18.8 In the event of the liquidation of the Company, all unexercised or partially exercised Option shall lapse and thereafter be null and void.
- 18.9 Subject always to the Scheme Duration, in the event that any company of the Group ceases to be a subsidiary of the Company, all unexercised or partially exercised Option of Grantees who remain in the appointment or employment, as the case may be, of the aforesaid company may be exercised by the Grantee provided always that no Option shall be exercised after one (1) month (or such other period of time as may be determined by the Options Committee in its absolute discretion) of the company ceasing to be a subsidiary of the Company.

19. SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC.

- 19.1 Notwithstanding Bylaw 12 hereof and subject to the discretion of the Options Committee, in the event of the court sanctioning an arrangement or compromise between the Company and its members or creditors proposed for the purposes of, or in connection with, a scheme of arrangement and/or reconstruction of the Company under Section 176 of the Act or its amalgamation with any other company or companies under Section 178 of the Act, a Grantee may be entitled to exercise all or any part of his/her Option at any time commencing from the date upon which the compromise or arrangement is sanctioned by the court and ending on the date upon which it becomes effective. In the event that the Company is not liquidated, all or any part of an Option which remains unexercised after the expiry of the period stipulated herein shall remain in force until the expiry of the Option Period.

20. SCHEME DURATION

- 20.1 The Scheme can be implemented by the Company upon receipt of approvals from relevant regulatory authorities (including Bursa Securities) and shareholders of the Company and the fulfilment of any conditions attached thereto and upon the Adviser for the Company submitting to Bursa Securities the final copy of the Bylaws of the Scheme.

The effective date of the implementation of the Scheme shall be the date when all of the abovementioned has been done / completed ("Effective Date"). Thereafter, the Adviser must submit the requisite confirmation letter to Bursa Securities stating the Effective Date together with a certified true copy of the relevant resolution passed by shareholders in a general meeting. The submission of the said confirmation letter to Bursa Securities must be made no later than five (5) market days after the Effective Date.

APPENDIX I – BY-LAWS OF 2009 ESOS (CONT'D)

20.2 The Scheme shall be in force for a period of ten (10) years commencing from the Effective Date. The date of expiry of the Scheme shall be at the end of the ten (10) years from the Effective Date.

20.3 Offers can only be made during the duration of the Scheme before the Date of Expiry.

20.4 Notwithstanding anything to the contrary, all unexercised Options shall lapse on the Date of Expiry.

21. TERMINATION OF THE SCHEME

21.1 Notwithstanding Bylaw 20, the Company may terminate the Scheme at any time during its duration subject to the following:-

- (a) the approval of the shareholders of the Company by ordinary resolution in a general meeting has been obtained for the termination of the Scheme; and
- (b) the written consent from all Grantees who have yet to exercise their Options, whether in part or in whole, has been obtained for the termination of the Scheme.

21.2 In seeking to obtain the approval and the consent of the shareholders and the Grantees for the termination of the Schemes as set out in Bylaw 21.1, the Company must provide sufficient information on the following:-

- (a) reasons for the termination (whether or not the reasons are specified herein);
- (b) a statement by the Board stating whether or not the termination of the Scheme would be in the best interest of the Company, and where a Director of the Company disagrees with such statement, a statement by such Director setting out the reasons and factors taken into consideration in forming that opinion; and
- (c) any other information that would justify termination of the Scheme.

22. COMPENSATION

22.1 An Eligible Employee or a Grantee who ceases to hold office or employment shall not be entitled to any compensation for the loss of any right or benefit or prospective right or benefit under the Scheme which he/she might otherwise have enjoyed whether such compensation is claimed by way of damages for wrongful dismissal or breach of contract or by way of compensation for loss of office.

22.2 No Eligible Employee or Grantee or legal representative shall bring any claim, action or proceeding against the Company or the Options Committee or any other party for compensation, loss or damages whatsoever and howsoever arising from the suspension of his/her right to exercise his/her Option or his/her Option ceasing to be valid pursuant to the provisions of these Bylaws, as may be amended at any time and from time to time in accordance with Bylaw 17 hereof.

APPENDIX I – BY-LAWS OF 2009 ESOS (CONT'D)

23. SHARE BUY-BACK

- 23.1 Notwithstanding Bylaw 4.2 herein nor any other provision herein contained, in the event the Company carries out a buy-back of its own ordinary shares pursuant to Section 67A of the Act and thereby diminishing the issued and paid-up share capital of the Company, any unexercised or partially exercised Options shall remain valid and exercisable by the Grantee until the expiry of the Option Period notwithstanding that the aggregate number of Scheme Shares to be issued pursuant to the exercise of Options under the Scheme would exceed fifteen per centum (15%) of the issued and paid-up share capital of the Company at the time of the exercise.
- 23.2 The Company will keep available sufficient unissued Scheme Shares in its authorised share capital to satisfy all outstanding Options throughout the duration of the Scheme.

24. COST AND EXPENSES

- 24.1 All administrative costs and expenses incurred in relation to the Scheme including but not limited to costs and expenses relating to the issue and allotment of the Scheme Shares upon the exercise of any Option shall be borne by the Company.

25. DISPUTES

- 25.1 Any disputes arising hereunder of whatsoever nature (including but not limited to the number of the Scheme Shares comprised in an Option, the Subscription Price or otherwise) shall be referred to the decision of the external auditors for the time being of the Company (acting as experts and not as arbitrators), and their decision shall be final and binding in all respects.

26. INSPECTION OF ANNUAL REPORT

- 26.1 All Grantees shall be entitled to inspect a copy of the latest annual report of the Company which shall be made available at the Registered Office of the Company during normal business hours on any working day of the Company.

27. NOT A TERM OF APPOINTMENT OR EMPLOYMENT

- 27.1 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 appointment or employment, as the case may be, in the Group under which the Eligible Employee is appointed or employed, as the case may be, nor any rights additional to any compensation or damages that the Eligible Employee may be normally entitled to arising from the cessation of such appointment or employment, as the case may be. The Scheme does not form part nor shall it in any way be construed as part of the terms and conditions of the appointment or employment, as the case may be, of any employee.

28. ARTICLES OF ASSOCIATION

- 28.1 Notwithstanding the terms and conditions contained in this Scheme, if a situation of conflict should arise between this Scheme and the Articles of Association of the Company, the provisions of the Articles of Association of the Company shall prevail at all times.

APPENDIX I – BY-LAWS OF 2009 ESOS (CONT'D)

29. NOTICES

- 29.1 Any notice which under the Scheme is required to be given to or served upon the Options Committee by an Eligible Employee or Grantee or any correspondence to be made by an Eligible Employee or Grantee to the Options Committee shall be given or served in writing and either delivered by hand or sent to the head office of the Group by ordinary mail.
- 29.2 Any notice which under the Scheme is required to be given to or served upon an Eligible Employee or Grantee by the Options Committee or any correspondence to be made by the Options Committee to an Eligible Employee or Grantee shall be deemed to be sufficiently given or served in writing and either delivered by hand or sent to the Eligible Employee or Grantee by ordinary mail addressed to the Eligible Employee or Grantee at the place of appointment or employment, as the case may be, or at the last address known to the Company as being his address.
- 29.3 Any notice served by post as aforesaid shall be deemed to have been received at the time when such letter would in the ordinary course of post be delivered.

DRAFT BY-LAWS OF THE PROPOSED ESS**1. DEFINITIONS**

1.1 In the ESS, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“Act”	: Companies Act, 1965, as amended from time to time and includes every statutory modification or any re-enactment thereof.
“Adviser”	: A corporate finance adviser who may act as a principal adviser under the Securities Commission’s Principal Adviser Guidelines.
“Articles of Association”	: The articles of association of the Company.
“Auditors”	: The auditors of the Company for the time being, or, in the event of them being unable or unwilling to carry out any action requested of them pursuant to the provisions of the By-Laws, such other auditors as may be nominated by the Board for that purpose.
“Awards”	: The ESOS Award and the RSG Award collectively and “Award” shall mean any one of them in the context of the By-Laws.
“Award Date”	: In relation to an Award, the date on which the Award is granted.
“Award Letter”	: A letter in such form as the ESS Committee shall approve confirming an Award granted to a Participant by the ESS Committee.
“Board”	: The board of directors of the Company.
“Bursa Depository”	: Bursa Malaysia Depository Sdn Bhd (165570-W).
“Bursa Securities”	: Bursa Malaysia Securities Berhad (635998-W).
“By-Laws”	: The rules, terms and conditions governing the ESS, as amended, modified, altered and/or supplemented from time to time.
“CDS”	: Central Depository System.
“CDS Account”	: The account established by Bursa Depository for the recording of deposits and withdrawal of securities and for dealing in such securities by the depositor.
“Director”	: A natural person who holds a directorship within the RCE Group, whether in an Executive or Non-Executive capacity.
“Effective Date”	: The date on which the ESS takes effect, being the date on which the last of the approvals and/or conditions referred to pursuant to By-Law 10.1 have been obtained and/or complied with.

APPENDIX II - DRAFT BY-LAWS OF THE PROPOSED ESS (CONT'D)

“Eligible Person(s)”	: An Executive Director or Employee who fulfils the conditions of eligibility stipulated in By-Law 5.
“Employee(s)”	: A natural person who is employed by or holding a position of service of any company within the RCE Group. Employees include any Executive Director.
“ESOS”	: The RCE Employees’ Share Option Scheme.
“ESOS Award”	: The ESOS award referred to in By-Law 34.3.
“ESOS Offer”	: An offer made by the ESS Committee to Eligible Person(s) pursuant to By-Law 34.
“ESOS Offer Date”	: The date on which an ESOS Offer is made or deemed made by the ESS Committee to an Eligible Person which shall be the date the ESOS Offer is served in accordance with By-Law 19.
“ESOS Offer Period”	: The period of thirty (30) days from the ESOS Offer Date or such other period as may be determined by the ESS Committee having regard to the Terms of Reference and specified in the ESOS Offer during which an ESOS Offer may be accepted.
“ESOS Option(s)”	: An option under the ESOS Award pursuant to the By-Laws that is exercisable pursuant to By-Laws 34.5 and 34.6.
“ESOS Option Period”	: The period during which an ESOS Option may be exercised as may be specified in the ESOS Offer.
“ESOS Option Price”	: The price which a Participant is required to pay to be entitled to subscribe for or acquire each Share pursuant to the exercise of an ESOS Option.
“ESOS Vesting Conditions”	: The performance targets (if any) determined by the ESS Committee, as stipulated in the ESOS Award, which must be fulfilled within the performance period as determined by the ESS Committee for the shares to be vested upon the Participants.
“ESOS Vesting Date”	: The date on which the Participant becomes entitled to exercise the ESOS Options or any part thereof pursuant to an ESOS Award.
“ESS”	: The employees’ share scheme of RCE which is governed by the By-Laws.
“ESS Committee”	: A committee comprising members of the Board and/or senior management of the Company and/or any other person(s) appointed by the Board from time to time, to administer the ESS.
“Executive Director”	: A natural person who holds a directorship in RCE and performs an executive function.
“Exercise Notice”	: The notice that is given by an Eligible Person to exercise his ESOS Options.

APPENDIX II - DRAFT BY-LAWS OF THE PROPOSED ESS (CONT'D)

"Market Day"	: A day on which Bursa Securities is open for trading in securities.
"Maximum Allowable Allotment"	: The aggregate maximum number of Shares that may be allocated to any one category/designation of Eligible Persons pursuant to By-Law 6.
"MMLR"	: Listing Requirements of Bursa Securities for the Main Market.
"Non-Executive Director"	: A Director who is not an Executive Director.
"Participant(s)"	: The holder of an Award (including, where applicable, the executor or personal representative of such holder).
"Persons Connected"	: Persons connected as defined in paragraph 1.01 of the MMLR.
"RCE" or "Company"	: RCE Capital Berhad (2444-M).
"RCE Group" or "Group"	: RCE and its Subsidiaries.
"RCE Shares" or "Shares"	: Ordinary share(s) of RM0.10 each or such other par value as may be applicable from time to time in RCE.
"Record Date"	: In relation to any of the transactions (including but not limited to any consolidation, subdivision, conversion or issue of Shares and capital distribution to shareholders) described in By-Law 15 shall mean the date as at the close of business on which persons must be registered as shareholders to participate in such transactions.
"Release"	: In relation to an RSG Award, the release of all or some of the Shares to which that RSG Award relates in accordance with By-Law 41 and, to the extent that any Shares which are the subject of the RSG Award are not released pursuant to By-Law 41, the RSG Award in relation to those Shares shall lapse accordingly and "Released" shall be construed accordingly.
"Retention Period"	: In relation to an RSG Award, such period commencing on the RSG Vesting Date in relation to that RSG Award as may be determined by the ESS Committee on the RSG Date.
"RSG"	: The RCE Restricted Share Grant.
"RSG Award"	: The RSG award referred to in By-Law 39.
"RSG Date"	: The date on which an RSG Award is made or deemed made by the ESS Committee to an Eligible Person in accordance with By-Law 39.
"RSG Grant Price"	: The price which is used to determine the number of Shares to be granted under the RSG Award.
"RSG Letter"	: A letter in such form as the ESS Committee shall approve confirming an RSG Award granted to a Participant by the ESS Committee.

APPENDIX II - DRAFT BY-LAWS OF THE PROPOSED ESS (CONT'D)

- “RSG Vesting Condition(s)”** : The performance targets (if any) determined by the ESS Committee, as stipulated in the RSG Award, which must be fulfilled within the performance period as determined by the ESS Committee for the shares to be vested upon the Participants.
- “RSG Vesting Date”** : The date as stated in the RSG Award as the date on which the Shares granted under the RSG Award are to be allotted and/or delivered to a Participant provided that no RSG Vesting Date shall fall on a date after the expiry date of the ESS.
- “RSG Vesting Period”** : The duration of which is determined by the ESS Committee on the RSG Date after the expiry of which the relevant number of Shares which are subject to the applicable period shall be vested to the relevant Participant on the relevant RSG Vesting Date, and provided that no RSG Vesting Period shall extend beyond the date of the ESS.
- “RSG Vesting Price”** : The reference price (based on the fair value at the RSG Vesting Date) which is used to determine the cash settlement amount to be paid to a Participant under the RSG Award in the event the Company elects to settle the vesting of the Shares in cash.
- “RM” and “sen”** : Ringgit Malaysia and sen respectively.
- “Scheme Period”** : The period of the ESS as set out in By-Law 10.
- “Service Period”** : The period determined by the ESS Committee and stipulated in the ESOS Offer and/or RSG Award during which a Participant: (i) must remain/continue in continuous employment with RCE and/or any Subsidiaries within the Group; and (ii) must not have given a notice to resign or received a notice of termination.
- “Special Dividend”** : Any dividend declared or proposed pertaining to any period where the net dividend amount per share declared or proposed for at any given time is more than ten percent (10%) of the five (5) day weighted average market price of the Shares immediately prior to the announcement of the dividend.
- “Subsidiary(ies)”** : Subsidiary of the Company within the meaning of Section 5 of the Act and shall include such subsidiaries which are existing as at the Effective Date and those subsequently acquired or incorporated at any time during the Scheme Period unless determined otherwise by the Board and/or ESS Committee.
- “Terms of Reference”** : The terms of reference which the Board may establish to regulate and govern the ESS Committee’s functions and/or responsibilities under the By-Laws as amended from time to time.
- “Trust”** : The trust established to facilitate the implementation of the ESS (if required).
- “Trust Deed”** : The trust deed constituting the Trust.

APPENDIX II - DRAFT BY-LAWS OF THE PROPOSED ESS (CONT'D)

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|---|---|
| "Trustee" | : The trustee (if required) shall be the Trustee as appointed by the Company for the ESS pursuant to By-Law 31. |
| "Unexercised ESOS Options" | : ESOS Options and any part thereof which has not been fully exercised at the relevant time and in respect of which the ESOS Option Period has not expired. |
| "Unvested ESOS Option(s)" or "Unvested RSG Award(s)" | : Unvested ESOS Option(s) or RSG Award(s) or any part thereof which has not been vested in the Participant pursuant to an ESOS Award and/or pursuant to an RSG Award, as the case may be. |
| "Vesting Date" | : The ESOS Vesting Date and the RSG Vesting Date collectively and "Vest" and "Vested" shall be construed accordingly. |
| "year" | : Calendar year, unless otherwise stated. |
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- 1.2 Headings are for ease of reference only and do not affect the interpretation and meaning of the By-Laws.
- 1.3 Words importing the singular number shall, where applicable, include the plural number and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter gender.
- 1.4 Any reference to a statute, statutory provisions, guidelines, regulations or rules includes a reference to that statute, statutory provisions (and all statutory instruments or orders made pursuant to it), guidelines, regulations and rules, as from time to time amended, extended, re-enacted or consolidated.
- 1.5 Any liberty, power or discretion which may be exercised or any decision or determination which may be made hereunder by the ESS Committee (including any selection) may be exercised by the ESS Committee's sole and absolute discretion having regard only the Terms of Reference (where applicable) and the ESS Committee shall not under any obligation to give any reasons therefore, except as may be required by the relevant authorities.
- 1.6 Any reference to a time of a day is a reference to Malaysian time.
- 1.7 If an event is to occur on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day; and if an event is to occur on a stipulated day which falls after the date of expiry then the stipulated day shall be taken to be the last Market Day of the Scheme Period.

APPENDIX II - DRAFT BY-LAWS OF THE PROPOSED ESS (CONT'D)

PART A: GENERAL PROVISIONS

1. THE SCHEME

- 1.1 This scheme shall be called "RCE Capital Berhad Employees' Share Scheme" ("**ESS**") and shall comprise the "ESOS" and the "RSG" (both as defined).

2. APPLICATION OF PART A: GENERAL PROVISIONS

- 2.1 Unless expressly provided, the provisions of this Part A shall apply generally to the ESOS and the RSG.

3. OBJECTIVES OF ESS

- 3.1 The objectives of the ESS are:

- (a) to increase the Company's flexibility and effectiveness in its continuous efforts to recognise, reward, retain and motivate Eligible Persons who has made and who continue to make significant contributions to the Group;
- (b) to attract prospective skilled and experienced employees to the Group by making the total compensation package more competitive;
- (c) to motivate Eligible Persons towards better performance through greater productivity and loyalty;
- (d) to create a greater sense of dedication and belonging of the Eligible Persons as they will be able to participate directly in the long term development and growth of the Group;
- (e) to reinforce pay for performance to achieve a balance between retention and value creation ; and
- (f) to foster an ownership culture within the Group by aligning the interests of the Eligible Persons with the interests of the shareholders of the Company.

4. MAXIMUM NUMBER OF SHARES AVAILABLE UNDER THE ESS

- 4.1 Subject to By-Law 4.2, the maximum number of Shares which may be made available under the ESS including the new Shares which may be issued and allotted pursuant to the exercise of the ESOS Options and/or RSG Award and any other schemes involving issuance of new Shares to be implemented by the Company shall not at any point in time in aggregate exceed fifteen percent (15%) of the issued and paid-up share capital of the Company (excluding treasury shares) or such other percentage of the issued and paid-up share capital of the Company (excluding treasury shares) permitted by the Bursa Securities and/or any other relevant authorities from time to time during the duration of the ESS as provided in By-Law 10 ("**Maximum Shares**").

APPENDIX II - DRAFT BY-LAWS OF THE PROPOSED ESS (CONT'D)

- 4.2 In the event that the Company purchases or cancels its own shares in accordance with the provisions of the Act or otherwise howsoever or undertakes any other corporate proposal resulting in the reduction of its issued and paid-up ordinary share capital, the following provisions shall apply in respect of future Awards but the ESOS Options and/or RSG Awards granted prior to such purchase and/or the reduction/adjustment of the issued and paid-up ordinary share capital of the Company shall remain valid or exercisable in accordance with the provisions of the ESS as if that reduction/adjustment had not occurred:
- (i) if, after such purchase, cancellation or reduction, the aggregate number of Shares in respect of the Awards granted (including Shares comprised in the ESOS Options and/or RSG Award granted pursuant thereto) by the Company as at the date of purchase, cancellation or reduction of shares is greater than the Maximum Shares, no further Awards shall be made by the ESS Committee until such aggregate number of Shares in respect of the Awards granted falls below the Maximum Shares; and
 - (ii) if, after such purchase, cancellation or reduction, the aggregate number of Shares in respect of the Awards granted (including Shares comprised in the ESOS Options and/or RSG Award granted pursuant thereto) by the Company as at the date of purchase, cancellation or reduction of shares is less than the Maximum Shares, the ESS Committee may make further Awards but only until such aggregate number of Shares in respect of the Awards granted is equivalent to the Maximum Shares after such purchase, cancellation or reduction.

5. ELIGIBILITY

- 5.1 Any Eligible Person who has attained the age of eighteen (18) years and is not an undischarged bankrupt and meets the following criteria as at the ESOS Offer Date and the date of the RSG shall be eligible for consideration and selection by the ESS Committee:
- (i) if he is appointed or confirmed in service, as the case may be, by the Group, subject to any minimum period as maybe determined by the ESS Committee from time to time and has not served a notice of resignation or received a notice of termination or subject to any disciplinary proceedings. In determining the period of employment, the ESS Committee will take into account the period commencing from the date the relevant Eligible Person became part of the Group and/or related companies and other qualitative factors; or
 - (ii) if he fulfils any other criteria at the discretion of the ESS Committee from time to time and the decision of the ESS Committee shall be final and binding.
- 5.2 If the Eligible Person is:
- (i) a Director or chief executive of RCE; or
 - (ii) a Person Connected with the individuals referred to in By-Law 5.2(i),
- the specific allocation of Shares and ESOS Options granted by the Company to him under the ESS has to be approved by the shareholders of RCE at a general meeting unless such approval is no longer required under the MMLR.
- 5.3 Employees of dormant companies within the RCE Group are not eligible to participate in the ESS.

APPENDIX II - DRAFT BY-LAWS OF THE PROPOSED ESS (CONT'D)

- 5.4 Eligible Persons 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 participate in the ESS.
- 5.5 Eligibility for consideration under the ESS does not confer an Eligible Person with any rights whatsoever under or to participate in the ESS.
- 5.6 The selection of any Eligible Person for participation in the ESS shall be made by the ESS Committee whose decisions shall be final and binding.

6. MAXIMUM ALLOCATION AND BASIS OF ALLOCATION

- 6.1 Subject to By-Law 4.1 and any adjustments which may be made under By-Law 15 the aggregate maximum number of Shares that may be allocated to any one category/designation of Eligible Persons shall be determined and entirely at the discretion of the ESS Committee.
- 6.2 A Participant who is a member of the ESS Committee shall abstain from deliberations in respect of any offer of ESOS Options and/or RSG Award to be granted to him or held or to be held by him.
- 6.3 To the extent possible and subject always to By-Law 6.4, the ESS Committee will ensure that there should be equitable allocation to the various grades of Eligible Persons.
- 6.4 Not more than ten percent (10%) (or such percentage as allowable by the relevant authorities) of the ESOS Options and/or RSG Award available under the ESS shall be allocated to any Eligible Persons who, either singly or collectively through Persons Connected with the Eligible Persons, holds twenty percent (20%) or more of the issued and paid-up share capital of the Company.
- 6.5 Subject to By-Law 5.1 hereof and any adjustment which may be made under By-Law 15 hereof, the maximum number of Shares that may be offered to an Eligible Person shall be determined at the discretion of the ESS Committee, subject always to the provision of the MMLR relating to allocation to Directors and Employees.

In the circumstance where "Part G – Requirements Relating to a Share Issuance Scheme" of the MMLR is amended by Bursa Securities from time to time, the ESS Committee shall determine and shall have the absolute discretion to make the necessary adjustments so that the number of new Shares that may be offered and/or allotted and/or delivered to any Eligible Person shall be in accordance with the provisions of the MMLR prevailing at any time during the duration of the ESS.

- 6.6 Notwithstanding anything to the contrary herein contained, the ESS Committee shall not in any way be obliged to offer the ESOS Options or to grant the RSG Award to any Eligible Person.

APPENDIX II - DRAFT BY-LAWS OF THE PROPOSED ESS (CONT'D)

- 6.7 (a) In the event that an Eligible Person is redesignated or promoted to a higher category, his Maximum Allowable Allotment shall be increased at the discretion of the ESS Committee.
- (b) In the event that an Eligible Person is redesignated or demoted to a lower category, the following provisions shall apply:
- (i) his Maximum Allowable Allotment shall be reduced in accordance with the category corresponding to his new grade;
 - (ii) in the event that the total number of ESOS Options which has been offered or granted to, and accepted by him pursuant to the ESS up to the date he is redesignated or demoted to a lower category is greater than his Maximum Allowable Allotment under such lower category, he shall be entitled to exercise the ESOS Options which have been offered, granted to, and accepted by him on a date prior to his redesignation but he shall not be offered any further ESOS Option and/or granted any further RSG Award unless and until he is subsequently moved to a higher category so that his Maximum Allowable Allotment is increased to an amount greater than the total number of Shares which has been offered to, and accepted by, him pursuant to an ESOS Offer (subject to the final discretion of the ESS Committee, taking into account the performance target of the Eligible Persons); and
 - (iii) in the event that there are Unvested ESOS Options or Unvested RSG Awards from the total number of Shares which has been granted or offered to, and accepted by him pursuant to an ESOS Options and/or RSG Award up to the date he is redesignated or demoted to the lower category, and if such Unvested ESOS Options or Unvested RSG Awards would cause the Maximum Allowable Allotment under such lower category to be exceeded, he shall not be entitled to exercise such Unvested ESOS Options or Unvested RSG Awards unless allowed by the ESS Committee and, subject to By-Law 6.4, will not be offered or granted further ESOS Award and/or RSG Award.
- 6.8 In accordance with the MMLR, the ESS Committee shall ensure that the allocation of Shares and ESOS Options be verified by the audit committee of the Company, as being in compliance with the criteria as set out in By-Laws 6.1, 6.2, 6.3 and 6.4 at the end of each financial year of the Company. In this respect, the ESS Committee shall ensure that a statement is made by the audit committee, verifying such allocation, is included in the Company's annual report.

7. DIVESTMENT FROM THE GROUP

- 7.1 In the event that a company within the Group shall be divested from the Group, the ESS Committee may permit the vesting of Unvested RSG Award or the vesting of ESOS Options or the exercise of Unexercised ESOS Options (or any part thereof) in a Participant at any time subject to such terms and conditions as may be prescribed, notwithstanding that a relevant Vesting Date is not due or has not occurred and/or other terms and conditions of the ESOS Award and the RSG Award or as set out in ESOS Award and the RSG Award respectively have not been fulfilled or satisfied.
- 7.2 For the purposes of By-Law 7.1, a company shall no longer be a Subsidiary once it no longer meets the definition of Subsidiary pursuant to Section 5 of the Act.

APPENDIX II - DRAFT BY-LAWS OF THE PROPOSED ESS (CONT'D)

8. ACQUISITIONS OF SUBSIDIARIES

8.1 Notwithstanding anything to the contrary, an employee who is in employment of a company which is not a Subsidiary ("**Previous Company**") but subsequently becomes a Subsidiary as a result of an acquisition or other exercise involving the Company and/or any Subsidiary or transferred to the Subsidiary subsequent to the acquisition in the case of an employee of a Previous Company, such an employee ("**Affected Employee**"):

- (i) will be entitled to continue to exercise all such unexercised rights or options that were granted to him under the Previous Company's employees' share scheme or employees' share option scheme in accordance with the by-laws of that Previous Company's employees' share scheme or employees' share option scheme, but he shall not upon that Previous Company becoming a Subsidiary be eligible to participate for further rights or options under such Previous Company's employees' share scheme or employees' share option scheme unless permitted by the ESS Committee; and
- (ii) may be eligible to participate in the ESS only for remaining duration of the ESS (subject to the approval of the ESS Committee);

provided that, notwithstanding anything to the contrary, the number of new Shares pursuant to an RSG Award and/or ESOS Award that may be offered to such an Affected Employee under By-Law 8.1 (ii) will always be subject to the discretion of the ESS Committee.

9. WINDING UP

9.1 Any ESOS Award or RSG Award then held by a Participant shall, save as otherwise provided in the By-Laws and to the extent not yet vested, not exercised and/or not accepted, immediately lapse and shall become null and void by the date prescribed without any claim whatsoever against the Company, in the event that a resolution is passed or a Court order is made for the winding-up of the Company.

10. DURATION AND TERMINATION OF THE ESS

10.1 The ESS shall be in force for a period of five (5) years commencing from the Effective Date ("**Initial Period**") provided always that on or before the expiry of the Initial Period, the Board upon recommendation by the ESS Committee, shall have the absolute discretion, without the Company's shareholders approval, to extend the duration or tenure of the ESS for up to another five (5) years, provided that the ESS shall not exceed the maximum period of ten (10) years in its entirety. The ESS 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 ("**Effective Date**"):

- a) the approval of the shareholders of the Company;
- b) the approval of Bursa Securities for the listing of and quotation for the new Shares to be issued pursuant to the ESS;
- c) the approval of any other relevant regulatory authorities or parties, if applicable;
- d) submission to Bursa Securities of the final copy of the By-Laws; and
- e) fulfilment of all conditions attached to the abovementioned approvals (if any).

APPENDIX II - DRAFT BY-LAWS OF THE PROPOSED ESS (CONT'D)

- 10.2 All unvested Shares under the ESOS and/or RSG which are not vested shall forthwith lapse upon the expiry of the ESS.
- 10.3 Within five (5) market days from the Effective Date, the Company shall, through the Adviser, submit a confirmation to the Bursa Securities of full compliance with approvals and/or conditions set out in By-Law 10.1 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 ESS.
- 10.4 The ESOS and RSG can only be made during the duration of the ESS.
- 10.5 Notwithstanding anything set out in the By-Laws and subject always to compliance with Bursa Securities' and any other regulatory authorities' guidelines or directives, the Company may terminate the ESS at any time before the expiry of the ESS provided that the Company must immediately announce to the Bursa Securities:
- (a) the effective date of termination ("**Termination Date**");
 - (b) the number of Shares vested and ESOS Options exercised; and
 - (c) the reasons and justification for termination.
- 10.6 The ESS Committee may in its discretion, permit the vesting of unvested ESOS Options and/or RSG Award (or any part thereof) in the Participant or the exercise of any ESOS Options at any time prior to the Termination Date subject to such terms and conditions as may be prescribed notwithstanding that:
- (a) the ESOS Vesting Date and/or RSG Vesting Date is not due or has not occurred; and/or
 - (b) the ESOS Option Period has not commenced; and/or
 - (c) other terms and conditions set out in the ESOS Offer and/or RSG Award have not been fulfilled/satisfied.

11. TERMINATION OF ESOS OFFERS, UNEXERCISED ESOS OPTIONS, RSG AWARDS AND UNVESTED RSG AWARDS

11.1 Resignation / Termination

- 11.1.1 Subject to By-Laws 11.2 and 11.3, any unaccepted ESOS Offers in respect of an Eligible Person and/or any Unexercised or Unvested ESOS Option and/or any Unvested RSG Awards in respect of a Participant shall forthwith lapse and/or be deemed to be cancelled and/or cease to be exercisable, as the case may be, without any liability to or right to claim against the Company, the ESS Committee and/or the Trustee (if applicable) upon the occurrence of anyone or more of the following events:
- (i) service of a notice of resignation by the Eligible Persons or Participants, as the case may be;

APPENDIX II - DRAFT BY-LAWS OF THE PROPOSED ESS (CONT'D)

- (ii) service of a notice of termination or termination or cessation of employment of the Eligible Persons or Participants with the Group by reason of misconduct, as the case may be; or
- (iii) bankruptcy of the Eligible Persons or Participants, as the case may be.

11.2 Retirement / Redundancy / Winding-up / Liquidation

11.2.1 In the event of the cessation of employment of the Participants with the Group in any of the following circumstances:

- (i) retirement on attaining the retirement age under the Group's retirement policy;
- (ii) retirement before attaining the normal retirement age by reason of ill-health, injury, medically boarded-out, physical or mental disability;
- (iii) redundancy or voluntary separation scheme;
- (iv) any other circumstance acceptable to the ESS Committee in its sole and absolute discretion; or
- (v) winding-up or liquidation of the Company or a Subsidiary,

the ESS Committee may in its discretion permit the exercise of any Unexercised ESOS Options or Unvested ESOS Options and/or Unvested RSG Award by the Participant at any time subject to such terms and conditions as may be prescribed notwithstanding that:

- (a) the ESOS Vesting Date and/or RSG Vesting Date is not due or has not occurred; and/or
- (b) the ESOS Option Period has not commence; and/or
- (c) other terms and conditions set out in the ESOS Offer and/or RSG Award have not been fulfilled/satisfied,

provided that unless the ESS Committee in its sole discretion so permits such vesting or exercise, as the case may be by notice in writing to the Participant, any unaccepted ESOS Offers in respect of an Eligible Person and/or any Unexercised or Unvested ESOS Option and/or Unvested RSG Award in respect of a Participant shall forthwith lapse and/or be deemed to be cancelled and/or cease to be capable of vesting in a Participant and/or cease to be exercisable, as the case may be, without any liability to or right to claim against the Company, ESS Committee and/or Trustee (if required).

11.3 Death

11.3.1 Where a Participant dies before the expiry of the ESOS Option Period, any unexercised or partially exercised ESOS Option held by the Participant may be exercised by the legal representatives of the Participant provided always that no ESOS Option and/or RSG Award shall be exercised after eighteen (18) months (or such other period of time as may be determined by the ESS Committee in its absolute discretion) of the death of the Participant provided that immediately prior to his death, the Participant could have exercised the same. Any Unvested ESOS Options or RSG Award will be deemed forfeited in the event the Participant dies before the end of the Vesting Period.

APPENDIX II - DRAFT BY-LAWS OF THE PROPOSED ESS (CONT'D)

12. ADMINISTRATION

- 12.1 The ESS shall be administered by the ESS Committee. The ESS Committee shall, subject to the By-Laws, administer the ESS and regulate the ESS Committee's own proceedings in such manner as it shall think fit, provided always that the ESS is administered in accordance with the applicable laws and/or rules and/or regulations of Malaysia currently in force (or any amendments subsequent thereto).
- 12.2 Without limiting the generality of By-Law 12.3, the ESS Committee may, for the purpose of administering the ESS, do all acts and things, execute all documents and delegate any of its powers and duties relating to the ESS as it may in its discretion, consider to be necessary or desirable for giving effect to the ESS including powers to:
- (a) subject to the provisions of the ESS, construe and interpret the ESS, to define therein and to establish and amend (subject to the consent of RCE's shareholders at a general meeting) the By-Laws and its administration. The ESS Committee in the exercise of this power may correct any defect, supply any omission, or reconcile any inconsistency in the ESS or in any agreement providing for an RSG in a manner and to the extent it shall deem necessary to expedite and make the ESS fully effective; and
 - (b) determine all questions of policy and expediency that may arise in the administration of the ESS and generally exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interests of the Company.
- 12.3 The ESS Committee shall comprise persons appointed by the Board. If the ESS Committee comprises members of the Board and/or senior management of the Company, the ESS Committee must ensure that the Directors and/or senior management of the Company do not participate in the deliberation or discussion of their own allocation.
- 12.4 The Board shall have power at any time and from time to time to:
- (i) approve, rescind and/or revoke the appointment of any person appointed to the ESS Committee as it shall deem fit; or
 - (ii) assume and/or exercise or execute any of the powers and authorities conferred upon the ESS Committee pursuant to those By-Laws.

13. DISCIPLINARY PROCEEDINGS

- 13.1 In the event an Eligible Person and/or Participant is subjected to disciplinary proceedings (whether or not such disciplinary proceedings will give rise to a dismissal or termination of service), after an ESOS Offer and/or RSG Award is made but before the acceptance thereof by such Eligible Person, the ESOS Offer and/or RSG Award is deemed withdrawn and no longer capable of acceptance, unless otherwise decided by the ESS 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 Eligible Person. Nothing in the By-Laws shall prevent the ESS Committee (but the ESS Committee shall not be obliged to do so) from making a fresh ESOS Offer and/or RSG Award to such Eligible Persons in the event that such disciplinary actions are not found against him or if such disciplinary actions are withdrawn provided that such ESOS Offer and/or RSG Award is made within the duration of the Scheme Period.

APPENDIX II - DRAFT BY-LAWS OF THE PROPOSED ESS (CONT'D)

- 13.2 In the event an Eligible Person and/or Participant is subjected to disciplinary proceedings (whether or not such disciplinary proceedings will give rise to a dismissal or termination of service), the right of the Participant to have vested any Unvested ESOS Options and/or RSG Award or to exercise any Unexercised ESOS Option shall be suspended pending the outcome of the disciplinary proceedings unless otherwise decided by the ESS 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 Participant. Nothing herein shall prevent the ESS Committee (but the ESS Committee shall not be obliged to do so) from making a fresh ESOS Offer and/or reinstating the right of the Participant to have vested any Unvested Scheme Share and/or to exercise any Unexercised ESOS Options in the event that such disciplinary actions are not decided against him or if such disciplinary actions are withdrawn provided that such ESOS Offer and/or reinstatement is made within the duration of the Scheme Period. If the ESS Committee does not reinstate such right of the Participant prior to the expiry of the Scheme Period, the ESOS Offer and/or RSG Award and acceptance thereof shall automatically lapse and shall immediately become null and void.
- 13.3 In the event a Participant had been given a letter in relation to the Participant being subjected to disciplinary proceedings (whether or not such disciplinary proceedings will give rise to a dismissal or termination of service), the ESS Committee has the right to recall any Unexercised ESOS Options and/or RSG Award.

14. AMENDMENT, VARIATION AND/OR MODIFICATION TO THE ESS

- 14.1 Subject to the compliance with the requirements of Bursa Securities and any other relevant authorities, the ESS Committee may at any time and from time to time, recommend to the Board any additions, amendments to, modifications and/or deletions of these By-Laws as it shall in its discretion think fit and the Board shall have the power by resolution to add to, amend, modify or delete all or any of these By-Laws upon such recommendation provided that no additions or amendments to or modifications or deletion of these By-Laws shall be made which will:
- (a) prejudice any rights of the shareholders of the Company without the prior approval of the shareholders of the Company in a general meeting unless such amendment, modification or deletion arises as a consequence to the amendment, modification or deletion of the MMLR; or
 - (b) alter to the advantage of Eligible Persons, any matter prohibited by the MMLR, without the prior approval of the shareholders of the Company in a general meeting.
- 14.2 Where any amendment and/or modification is made to the By-Laws of the ESS, the Company shall submit to Bursa Securities, the amendment and/or modification to the By-Laws of the ESS and a confirmation letter that the amendment and/or modification complies with the provisions of the guidelines on employees' share scheme stipulated under the MMLR no later than five (5) Market Days from the effective date of the said amendment and/or modification.

15. ALTERATION OF CAPITAL

- 15.1 In the event of any alteration in the capital structure of the Company during the duration of the ESS, whether by way of a capitalisation issue from profits or reserves (including bonus issue), rights issue, consolidation or subdivision of Shares or capital reduction or any other variation of capital or if the Company shall announce a Special Dividend (whether in cash or in specie), then the Company shall cause the following adjustments to be made to the ESS:

APPENDIX II - DRAFT BY-LAWS OF THE PROPOSED ESS (CONT'D)

- (a) the ESOS Option Price and/or RSG Grant Price;
- (b) the number of Shares which are the subject of an ESOS Option and/or RSG Award to the extent not yet vested and/or vested but not credited into the CDS Account;
- (c) the number of Shares over which future ESOS Options may be offered and/or future RSG Award may be granted; and/or
- (d) the maximum number of existing Shares which may be delivered in settlement pursuant to the RSG Awards,

as shall be necessary to ensure that any adjustment made in such manner as the ESS Committee may determine to be appropriate and except in relation to a bonus issue, upon the Auditors or the Advisers (acting as experts and not as arbitrators), having confirmed in writing that, in their opinion, such adjustment is fair and reasonable.

Provided always that any such adjustment shall be made in such a way that a Participant will not receive a benefit that a shareholder of the Company does not receive and provided further that no adjustment shall be made unless the ESS Committee, after considering all relevant circumstances, considers it equitable to do so.

15.2 By-Law 15.1 shall not be applicable where an alteration in the capital structure of the Company arises from any of the following:

- (a) an issue of Shares and/or release of Cash Award (pursuant to By-Law 41) pursuant to the vesting of Shares under an RSG Award; or
- (b) an issue of new Shares arising from the conversion of securities with a right of conversion into new Shares; or
- (c) an issue of securities as consideration or part consideration for an acquisition or settlement of liabilities or part settlement of liabilities; or
- (d) an issue of securities pursuant to a private placement and/or a restricted issue of securities; or
- (e) an issue of securities pursuant to a special issue approved by the relevant governmental authorities; or
- (f) a purchase by the Company of its own Shares and cancellation of all or a portion of such Shares purchased pursuant to the Act (pursuant to By-Law 4.2); or
- (g) if as a result, the Participant receives a benefit that a shareholder of the Company does not receive.

15.3 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Part VII of the Act, By-Law 15.1 shall be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which By-Law 15.1 is applicable, but By-Law 15.1 shall not be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company as described in By-Law 15.2.

APPENDIX II - DRAFT BY-LAWS OF THE PROPOSED ESS (CONT'D)

15.4 An adjustment pursuant to By-Law 15.1 shall be made at the following times:

- (a) in the case of a capitalisation issue, rights issue or bonus issue, on the Market Day immediately following the Record Date for such issue; or
- (b) in the case of a consolidation or subdivision of Shares or capital reduction, on the Market Day immediately following the date on which the consolidation or subdivision or capital reduction becomes effective (being the date when the Shares are traded on the Bursa Securities at the new par value), or such period as may be prescribed by the Bursa Securities.

Upon any adjustment being made, the ESS Committee shall give notice in writing within thirty (30) days from the date of adjustment to a Participant or the Participant's personal representative where the Participant is deceased, to inform him of the adjustment and the event giving rise thereto.

15.5 Any adjustment pursuant to this By-Law 15 shall be made in accordance with the formulae below, pursuant to By-Law 15.4:

- (a) If and whenever a Share, by reason of any consolidation or subdivision or conversion shall have a different par value, then the ESOS Option Price and/or RSG Grant Price shall be adjusted and the additional number of Shares comprised in the ESOS Offer and/or RSG Award shall be calculated in accordance with the following formula:

$$\begin{aligned} \text{New ESOS Option Price and/or RSG Grant Price} &= S \times \left[\frac{\text{Revised Par Value}}{\text{Former Par Value}} \right] \\ \text{Additional number of Shares} &= T \times \left[\frac{\text{Former Par Value}}{\text{Revised Par Value}} \right] - T \end{aligned}$$

where

S = existing ESOS Option Price and/or RSG Grant Price; and

T = existing number of Shares comprised in the ESOS Offer and/or RSG Award.

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

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

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

and the additional number of Shares comprised in the ESOS Offer and/or RSG Award shall be calculated as follows:

APPENDIX II - DRAFT BY-LAWS OF THE PROPOSED ESS (CONT'D)

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

where

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

Each such adjustment will be effective (if appropriate retroactively) from the commencement of the next Market Day following the book closure date for such issue.

(c) If and whenever the Company shall make:

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

then and in respect of each such case, the ESOS Option Price and/or RSG Grant Price shall be adjusted by multiplying it by the following fraction:

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

and in respect of the case referred to in By-Laws 15.6(c)(ii) and (c)(iii) hereof, the additional number of Shares comprised in the ESOS Offer and/or RSG Award shall be calculated as follows:

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

where

- C = the Current Market Price (as defined in By-Law 15.5(h) below) of each Share on the Market Day immediately preceding the date on which the Capital Distribution or, as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing any such announcement) immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation;
- D = (aa) in the case of an offer or invitation to acquire or subscribe for Shares by way of rights under By-Law 15.5(c)(ii) above or for securities convertible into Shares or securities with rights to acquire or subscribe for Shares under By-Law 15.5(c)(iii) above, the value of rights attributable to one (1) Share (as defined below); or

APPENDIX II - DRAFT BY-LAWS OF THE PROPOSED ESS (CONT'D)

- (bb) in the case of any other transaction falling within By-Law 15.5(c) hereof, the fair market value, as determined by an auditor and/or Adviser of the Company, of that portion of the Capital Distribution attributable to one (1) Share.

For the purpose of definition (aa) of D above, the "value of the 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 or subscription price for one (1) additional Share upon conversion of the convertible securities or exercise of such rights to acquire or subscribe for one (1) Share under the offer or invitation;
- F = the number of Shares necessary for an RCE shareholder to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share or security convertible into rights to acquire or subscribe for one (1) additional Share; and
- D* = the value of rights attributable to one (1) Share (as defined below),

for the purpose of definition D* above, the "value of rights attributable to one (1) RCE 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 RCE Shares; and
- F* = the number of Shares necessary for an RCE shareholder to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share.
- T = as T above.

For the purpose of By-Law 15.5(c) hereof, "Capital Distribution" shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of Shares (not falling under By-Law 15.5(b) hereof) or other securities credited as fully or partly paid-up by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account or capital redemption reserve fund).

APPENDIX II - DRAFT BY-LAWS OF THE PROPOSED ESS (CONT'D)

Any dividend charged or provided for in the accounts pertaining to any period shall (whenever paid and howsoever described) be deemed to be a Capital Distribution in the event the net dividend amount per share declared or provided for at any given time is more than ten percent (10%) of the five (5) day weighted average market price of the Shares immediately prior to the announcement of the dividend.

Such adjustments will be effective (if appropriate retroactively) from the commencement of the next Market Day following the book closure date for the above transactions.

- (d) If and whenever the Company makes an allotment to its ordinary shareholders as provided in By-Law 15.5 (b) above and also makes an offer or invitation to its ordinary shareholders as provided in By-Law 15.5(c)(ii) or (c)(iii) above and the record date for the purpose of the allotment is also book closure date for the purpose of the offer or invitation, the ESOS Option Price and/or RSG Grant Price shall be adjusted by multiplying it by the following fraction:

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

and where the Company makes an allotment to its ordinary shareholders as provided in By-Law 15.5(b) above and also makes an offer or invitation to its ordinary shareholders as provided in By-Law 15.5(c)(ii) above and the record date for the purpose of the allotment is also the book closure date for the purpose of the offer or invitation, the additional number of Shares comprised in the ESOS Offer and/or RSG Award shall be calculated as follows:

Additional number of Shares comprised in ESOS Options

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

Additional number of Shares to be vested

$$= T \times \left[\frac{(G+H^*+J) \times C}{(G \times C) + (H^* \times I^*) + (J \times K)} \right] - T$$

where

B = as B above;

C = as C above;

G = the aggregate number of issued and fully paid-up Shares on the book closure date;

H = the aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into Shares or rights to acquire or subscribe for RCE Shares, as the case may be;

H* = the aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights;

I = the subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares or the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Share, as the case may be;

APPENDIX II - DRAFT BY-LAWS OF THE PROPOSED ESS (CONT'D)

I* = the subscription price of one (1) additional RCE 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 following the book closure date for such issue.

- (e) If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Shares as provided in By-Law 15.5(c)(ii) above together with an offer or invitation to acquire or subscribe for securities convertible into Shares or rights to acquire or subscribe for RCE Shares as provided in By-Law 15.5(c)(iii) above, the ESOS Option Price and/or RSG Grant Price shall be adjusted by multiplying it by the following fraction:

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

and the additional number of Shares comprised in the ESOS Offer and/or RSG Award shall be calculated as follows:

Additional number of Shares comprised in ESOS Options

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

Additional number of Shares to be vested

$$= T \times \left[\frac{(G + H^* + J) \times C}{(G \times C) + (H^* \times I^*) + (J \times K)} \right] - T$$

where

C = as C above;

G = as G above;

H = as H above;

H* = as H* above;

I = as I above;

I* = as I* above;

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

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

T = as T above.

Such adjustment will be effective (if appropriate retroactively) from the commencement of the next Market Day following the book closure date for the above transactions.

APPENDIX II - DRAFT BY-LAWS OF THE PROPOSED ESS (CONT'D)

- (f) If and whenever the Company makes an allotment to its ordinary shareholders as provided in By-Law 15.5(b) above and also makes an offer or invitation to its ordinary shareholders to acquire or subscribe for Shares as provided in By-Law 15.5(c)(ii) above, together with rights to acquire or subscribe for securities convertible into Shares or with rights to acquire or subscribe for Shares as provided in By-Law 15.5(c)(iii) above, and the record date for the purpose of allotment is also the book closure for the purpose of the offer or invitation, the ESOS Option Price and/or RSG Grant Price shall be adjusted by multiplying it by the following fraction:

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

and the additional number of Shares comprised in the ESOS Offer and/or RSG Award shall be calculated as follows:

Additional number of Shares comprised in ESOS Options

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

Additional number of Shares to be vested

$$= T \times \left[\frac{(G + H^* + J + B) \times C}{(G \times C) + (H^* \times I^*) + (J \times K)} \right] - T$$

where

B = as B above;

C = as C above;

G = as G above;

H = as H above;

H* = as H* above;

I = as I above;

I* = as I* above;

J = as J above;

K = as K above; and

T = as T above.

Such adjustment will be effective (if appropriate retroactively) from the commencement of the next Market Day following the book closure date for the above transactions.

- (g) If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders of the Company and requiring an adjustment under By-Laws 15.5(c)(ii), (c)(iii), (d), (e) or (f) above), the Company shall issue either any RCE Shares or any securities convertible into RCE Shares or any rights to acquire or subscribe for RCE Shares, and in any such case, the Total Effective Consideration per RCE Share (as defined below) is less than ninety percent (90%) of the Average Price for one (1) RCE Share (as defined below) or, as the case may be, the price at which the RCE Shares will be issued and/or transferred upon conversion of such securities or exercise of such rights is determined, the ESOS Option Price and/or RSG Grant Price shall be adjusted by multiplying it by the following fraction:

APPENDIX II - DRAFT BY-LAWS OF THE PROPOSED ESS (CONT'D)

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

where

- L = the number of RCE Shares in issue at the close of business on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;
- M = the number of RCE Shares which the Total Effective Consideration (as defined below) would have purchased at the Average Price (as defined below) (exclusive of expenses); and
- N = the aggregate number of RCE Shares so issued or, in the case of securities convertible into RCE Shares or rights to acquire or subscribe for RCE Shares, the maximum number (assuming no adjustment of such rights) of RCE Shares issuable upon full conversion of such securities or the exercise in full of such rights.

For the purpose of By-Law 15.5(g), the "Total Effective Consideration" shall be determined by the Board with the concurrence of an Auditor and/or Adviser of the Company and shall be:

- (i) in the case of the issue of RCE Shares, the aggregate consideration receivable by the Company on payment in full for such RCE Shares; or
- (ii) in the case of the issue by the Company of securities wholly or partly convertible into RCE Shares, the aggregate consideration receivable by the Company on payment in full for such securities or such part of the securities as is convertible together with the total amount receivable by the Company upon full conversion of such securities (if any); or
- (iii) in the case of the issue by the Company of securities with rights to acquire or subscribe for RCE Shares, the aggregate consideration attributable to the issue of such rights together with the total amount receivable by the Company upon full exercise of such rights,

in each case without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and "Total Effective Consideration per RCE Share" shall be the Total Effective Consideration divided by the number of RCE Shares issued as aforesaid or, in the case of securities convertible into RCE Shares or securities with rights to acquire or subscribe for RCE Shares, by the maximum number of RCE Shares issuable on full conversion of such securities or on exercise in full of such rights.

For the purpose of By-Law 15.5(g), the Average Price of a RCE Share shall be the average price of one (1) RCE Share as derived from the last dealt prices for one or more board lots of RCE Shares as quoted on Bursa Securities on the Market Days comprised in the period used as a basis upon which the issue price of such RCE Shares is determined.

Each such adjustment will be calculated (if appropriate retroactively) from the close of business on Bursa Securities on the Market Day next following the date on which the issue is announced, or (failing any such announcement) on the Market Day next following the date on which the Company determines the offering price of such RCE Shares. Each such adjustment will be effective (if appropriate retroactively) from the commencement of the Market Day immediately following the date of the completion of the above transaction.

APPENDIX II - DRAFT BY-LAWS OF THE PROPOSED ESS (CONT'D)

- (h) For the purpose of By-Law 15.5(c), (d), (e) and (f), the "Current Market Price" in relation to one (1) RCE Share for any relevant day shall be the weighted average market price for the five (5) consecutive Market Days before such date.
- 15.6 If an event occurs that is not set out in By-Law 15.5 or if the application of any of the formulae to an event results in a manifest error or does not, in the opinion of the ESS Committee, achieve the desired result of preventing the dilution or enlargement of the Participant's rights, the ESS Committee may agree to an adjustment subject to the provision of By-Law 15.3 provided that the Participants shall be notified of the adjustment through an announcement to all Eligible Persons to be made in such manner deemed appropriate by the ESS Committee.
- 15.7 In the event that a fraction of an RCE Share arises from the adjustments pursuant to this By-Law 15, the number of Shares shall automatically be rounded down to the nearest whole number. Any adjustment to the Share Price shall automatically be rounded down to the nearest one (1) Sen.
- 15.8 The provisions of By-Law 15 shall also apply to a situation where the ESOS Offer Period and/or RSG Vesting Period has not lapsed and the ESOS Offer has not been accepted by the Eligible Person or withdrawn by the ESS Committee.

16. ESS NOT A TERM OF EMPLOYMENT

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

17. INSPECTION OF THE AUDITED FINANCIAL STATEMENTS

- 17.1 All Participants are entitled to inspect the latest audited financial statements of the Company at the Registered Office during normal business hours on any working day of the Registered Office.

18. ERRORS AND OMISSIONS

- 18.1 If in consequence of an error or omission, the ESS Committee discovers/determines that:
 - (a) an Eligible Person who was selected by the ESS Committee as a Participant, has not been given the opportunity to participate in the ESS on any occasion; or
 - (b) the number of Shares allotted and issued and/or transferred to any Participant on any occasion is found to be incorrect,

and such error or omission cannot be corrected, the ESS Committee may do all such acts and things to rectify such error or omission and ensure that the Eligible Person, as the case may be, is given the opportunity to participate in the ESS and/or the aggregate number of Shares to which the Participant is correctly entitled to is credited into his CDS Account.

APPENDIX II - DRAFT BY-LAWS OF THE PROPOSED ESS (CONT'D)

- 18.2 In the event of any error in the ESOS Offer and/or RSG Award, the ESS Committee may issue a supplemental ESOS Offer and/or RSG Award stating the correct particulars of the ESOS Offer and/or RSG Award.

19. NOTICE

- 19.1 Any notice under the ESS required to be given to or served upon the ESS Committee by an Eligible Person or a Participant or any correspondence to be made between an Eligible Person or Participant to the ESS Committee shall be given or made in writing and sent to the registered office of the Company or such other office which the ESS Committee may have stipulated for a particular purpose by hand (with acknowledgement of receipt) or registered letter.
- 19.2 Unless otherwise provided in the By-Laws, any notice which under the ESS is required to be given to or served upon an Eligible Person or a Participant or any correspondence to be made with an Eligible Person or a Participant shall be deemed to be sufficiently given, served or made if it is given, served or made by hand, facsimile or post addressed to the Eligible Person or the Participant at the place of employment or at the last facsimile number or address known to the Company as being his facsimile number or address, respectively. Any notice served by hand, facsimile 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, if by facsimile is transmitted with a confirmed log printout for the transmission indicating the date, time and transmission of all pages and if by post would in the ordinary course of post be delivered.
- 19.3 Notwithstanding By-Law 19.2, where any notice is required to be given by the Company or the ESS Committee under the By-Laws in relation to matters which may affect all the Eligible Persons or Participants, as the case may be, the Company or ESS Committee may give notice through an announcement to all employees of the Group to be made in such manner deemed appropriate by the ESS Committee. Upon the making of such an announcement, the notice to be made under By-Law 19.2 shall be deemed to be sufficiently given, served or made to all affected Eligible Persons or Participants, as the case may be.

20. ARTICLES OF ASSOCIATION

- 20.1 Notwithstanding the terms and conditions contained in this ESS, if a situation of conflict should arise between this ESS and the Articles of Association, the provisions of the Articles of Association shall prevail at all times.

21. COMPENSATION

- 21.1 No Eligible Persons or Participants who ceases/ fails to commence to hold office in or employment with the Group shall be entitled to any compensation for the loss of any right or benefit or prospective right or benefit under the ESS.
- 21.2 The Company, the Board and/or the ESS Committee shall not be liable for any compensation, loss or damages of any claim, action or proceeding by any Eligible Person or Participant or legal or personal representatives whatsoever and howsoever arising from the suspension, termination, cancellation and/or non-vesting of any rights pursuant to the provisions of the By-Laws.

APPENDIX II - DRAFT BY-LAWS OF THE PROPOSED ESS (CONT'D)

22. TAXES

- 22.1 All taxes (including income tax) arising from the grant or Release of any Award granted to any Participant under the ESS shall be borne by the Participant.

23. COSTS AND EXPENSES OF THE ESS

- 23.1 Each Participant shall bear all expenses relating to or in connection with the opening and maintenance of the CDS Account.
- 23.2 Save for the taxes referred to in By-Law 22 and such other costs and expenses expressly provided in the ESS to be payable by the Participants, the Company shall bear all fees, costs and expenses incurred in relation to the ESS including but not limited to the costs and expenses relating to the issue and allotment, purchase and/or transfer of the Shares pursuant to the Awards.

24. SEVERABILITY

- 24.1 If at any time any provision of the By-Laws is or becomes illegal, void, unenforceable in any respect, the same shall be ineffective to the extent of such illegality, voidness, or unenforceability without invalidating the remainder thereof, and such illegality, voidness, or unenforceability shall not invalidate or render illegal, void or unenforceability any other term, condition, stipulation or provision contained in the By-Laws.

25. DISCLAIMER OF LIABILITY

- 25.1 Notwithstanding any provisions herein contained, the Committee, the Trustee (if applicable), the Company and the Company's directors and employees shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing, or procuring the transfer of, the Shares or applying for or procuring the listing of and quotation for the new Shares on Bursa Securities in accordance with the By-Laws for any reason whatsoever.

26. DISCLOSURES IN ANNUAL REPORT

- 26.1 The Company will make such disclosures in its annual report for as long as the ESS continues in operation as from to time required by the MMLR including (where applicable) a statement by the audit committee verifying that the allocation of Shares pursuant to the ESS is in compliance with the criteria for allocation.

APPENDIX II - DRAFT BY-LAWS OF THE PROPOSED ESS (CONT'D)

27. DISPUTES

- 27.1 In the event of any dispute between the ESS Committee and/or Trustee with an Eligible Person or Participant as to any matter or thing of any nature arising hereunder shall be referred to the Board whose decision shall be final and binding on all parties in all respects.

28. TAKEOVER / SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, MERGER

- 28.1 In the event of:

- (i) a takeover offer being made for the Company through a general offer to acquire the whole of the issued share capital of the Company (or such part thereof not at the time owned by the person making the general offer ("**Offeror**") or any persons acting in concert with the Offeror); or
- (ii) the Offeror becoming entitled or bound to exercise the right of compulsory acquisition of Shares under the provisions of any statutes, rules and/or regulations applicable at that point of time and gives notice to the Company that it intends to exercise such right on a specific date; or
- (iii) the court sanctioning a compromise or arrangement between the Company and its members for the purposes of, or in connection with, a scheme of arrangement and reconstruction of the Company or its amalgamation with any other company or companies; or
- (iv) the Company decides to merge with other company or companies,

the ESS Committee may at its discretion to the extent permitted by law allow the vesting of Unvested RSG Awards (or any part thereof) in the Participant or the Participant's legal and personal representatives, as the case may be, and/or the exercise of any Unexercised ESOS Options or Unvested ESOS Options by the Participant or the Participant's legal representatives as the case may be, at any time subject to such terms and conditions as maybe prescribed notwithstanding that:

- (a) the ESOS Vesting Date and/or RSG Vesting Date is not due or has not occurred; and/or
- (b) the ESOS Option Period has not commenced; and/or
- (c) other terms and conditions set out in the ESOS Offer and/or RSG Award have not been fulfilled/satisfied.

- 28.2 All ESOS Options which the ESS Committee permits to be exercisable pursuant to By-Law 29.1 shall automatically lapse and shall become null and void to the extent unexercised by the date prescribed notwithstanding that the ESOS Option Period has not commenced or expired.

APPENDIX II - DRAFT BY-LAWS OF THE PROPOSED ESS (CONT'D)

29. NON-TRANSFERABILITY

- 29.1 The rights of a Participant to the vesting of Shares and where applicable, to the ESOS Options shall be personal to him and cannot be assigned, transferred or otherwise disposed of in any manner whatsoever unless By-Laws 11.3 and 28.1 (where applicable) apply.

30. GOVERNING LAW

- 30.1 The ESS, the By-Laws, all Offers and Awards made and granted and actions taken under the ESS shall be governed by and construed in accordance with the laws of Malaysia. The Participant, by accepting the ESOS Offer and/or RSG Award in accordance with the By-Laws and terms of the ESS and the Articles of Association, irrevocably submit to the exclusive jurisdiction of the courts in Malaysia.

31. IMPLEMENTATION OF THE ESS AND TRUST (IF REQUIRED)

- 31.1 In implementing the ESS, the ESS Committee shall subject to compliance with the provisions of the Act and the MMLR decide that the Awards shall be satisfied by way of:
- (a) issuance of new Shares;
 - (b) acquisition of existing Shares from the market;
 - (c) a combination of both issuance of new Shares and acquisition of existing Shares from the market; or
 - (d) cash or a combination of cash and any of the above.
- 31.2 If required, the Board and/or the ESS Committee will establish a Trust to be administered by the Trustee consisting of such trustee appointed by the Company from time to time for purposes of subscribing for new Shares or purchasing existing Shares from the market and transferring them to the Participants at such time as the ESS Committee may direct. To enable the Trustee to subscribe for new Shares and/or purchase existing Shares from the market for purposes of implementing the ESS and to pay expenses in relation to the administration of the Trust, the Trustee will, to the extent permitted by law, be entitled from time to time to accept funding and/or assistance, financial or otherwise, from the Company, its subsidiaries and/or third parties. The ESS Committee shall have the discretion to direct the Trustee to subscribe for new Shares at any time and from time to time and also to revoke or suspend any such direction that has earlier been given to the Trustee, subject to the provisions of the Trust Deed.
- 31.3 The Trustee shall exercise the voting rights attached to such Shares in such manner and extent as may be directed by the ESS Committee in writing.
- 31.4 The Trustee shall administer the Trust in accordance with the Trust Deed. For purposes of administering the Trust, the Trustee shall do all such acts and things and enter into any transactions, agreements, deeds, documents or arrangements and make rules, regulations or impose terms and conditions or delegate part of its power relating to the administration of the Trust as the ESS Committee may in its discretion direct for the implementation and administration of the Trust.

APPENDIX II - DRAFT BY-LAWS OF THE PROPOSED ESS (CONT'D)

31.5 The Company shall have power from time to time to appoint or rescind the appointment of any Trustee as it deems fit in accordance with the provisions of the Trust Deed.

31.6 The Company will use all reasonable efforts to make available/ensure that the Trustee has available sufficient Shares for vesting in the Participants on the Vesting Dates during the Scheme Period.

32. RIGHTS ATTACHED TO SHARES

32.1 The Shares to be allotted and issued pursuant to the ESS and held by the Trustee (if required) shall rank equally in all respects with the then existing issued Shares.

32.2 The Shares to be allotted upon exercise of the ESOS shall not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to the Company's shareholders, for which the book closure date is prior to the date on which the Shares are credited into CDS Account of the Participants.

32.3 The Shares to be transferred to the Participants pursuant to the RSG Letter shall not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to the Company's shareholders for which the book closure date is prior to the date on which the Shares are credited into CDS Account of the Trustee or its authorised nominee at the instructions of the Participants.

32.4 For the purposes of this By-Law, "book closure date" shall mean the date as at the close of business on which shareholders of the Company must be registered as a member and whose names appear in the record of depositors maintained at Bursa Depository in order to be entitled to any dividends, rights, allotments or other distributions.

32.5 The Shares shall be subjected to all the provisions of the Articles of Association of the Company in relation to their transfer, transmission or otherwise. For the avoidance of doubt, any dividends, rights, allotments and/or any other distributions which are attributable to the Shares, held by the Trustee but are not transferred, vested or given to any Participants pursuant to the provisions of By-Law 32.2 and By-Law 32.3 above shall accrue to the Trustee and be dealt with in accordance with the Trust Deed.

33. RETENTION PERIOD

33.1 The Shares to be allotted and issued or transferred to Participants pursuant to these By-Laws will not be subjected to any retention period unless the ESS Committee stipulates otherwise in the ESOS Offer and/or RSG Award.

33.2 The expression "retention period" referred to in By-Law 33.1 shall mean the period in which the Shares allotted and issued or transferred pursuant to the ESS must not be sold, transferred, assigned or otherwise disposed of by the Participant.

APPENDIX II - DRAFT BY-LAWS OF THE PROPOSED ESS (CONT'D)

PART B: ESOS AWARD**34. ESOS OFFER**

- 34.1 Pursuant to the ESS, the ESS Committee may, from time to time during the Scheme Period, make an ESOS Offer to an Eligible Person to participate in the ESS.
- 34.2 Upon acceptance of the ESOS Offer in accordance with By-Law 37.1, the Eligible Person shall be referred to as a Participant for the purposes of the By-Laws.
- 34.3 Subject to By-Law 34.4, an ESOS Award wherein the Company may from time to time within the Scheme Period, at the discretion of the ESS Committee, offer to Eligible Persons a certain number of options at the ESOS Offer Date, subject to applicable terms and conditions whereupon if the Participant decided to accept the offer, he/she will be granted the ESOS Options which can then be exercised within the ESOS Option Period to subscribe for or purchase or acquire fully paid-up RCE Shares, provided that the ESOS Vesting Conditions, Service Period and such other conditions (if any) that may be stipulated by the ESS Committee in the ESOS Offer are duly and fully satisfied. The decision of the ESS Committee on whether the ESOS Vesting Conditions, Service Period and such other conditions have been met shall be conclusive and binding on Participant and shall not be challenged by any Participant.
- 34.4 Nothing herein shall prevent the ESS Committee from making:
- (i) an ESOS Offer to an Eligible Person; or
 - (ii) more than one ESOS Offer to any Eligible Person provided always that the aggregate number of Shares in respect of the Awards granted (including Shares under ESOS Options granted pursuant thereto) shall not exceed the Maximum Allowable Allocation.
- 34.5 The ESOS Option granted to an Eligible Person is exercisable only by that employee during his/her lifetime and whilst he/she is appointed or employed by RCE Group and/or other related companies of the RCE Group prior to any notice of resignation or termination, as the case may be, on the first three (3) Market Days of every calendar month or any other date as determined by the ESS Committee from time to time during the ESOS Option Period except under the provisions of By-Law 10, provided that no ESOS Option shall be exercised beyond the Scheme Period. The ESOS Option may be exercised in respect of all or any part of the Shares, such part being one hundred (100) Shares or multiples of one hundred (100) Shares or such other quantum as may from time to time be determined by the ESS Committee and as permitted by the relevant authorities. Such partial exercise of an ESOS Option shall not preclude the Participant from exercising the ESOS Option as to the balance unexercised within the ESOS Option Period.
- 34.6 The Participant shall notify the Company in writing of his/her intention to exercise the ESOS Option during the ESOS Option Period. Every written notice to exercise the ESOS Option by a Participant must be accompanied by a remittance (calculated in accordance with the provisions of By-Law 15 and By-Law 36) for the full amount of the subscription monies for the Shares in respect of which the notice is given.

APPENDIX II - DRAFT BY-LAWS OF THE PROPOSED ESS (CONT'D)

35. TERMS OF THE ESOS OFFER

35.1 The ESS Committee may stipulate any terms and conditions it deems appropriate in an ESOS Offer and the terms and conditions of each ESOS Offer may differ.

35.2 The terms and conditions set out in the ESOS Offer relating to an ESOS Award must include the following:

- (i) ESOS Option Price;
- (ii) Number of Shares which the Eligible Person shall be entitled to subscribe for or purchase or acquire upon the exercise of the ESOS Option upon satisfying the conditions set out in the ESOS Award;
- (iii) ESOS Option Period;
- (iv) ESOS Offer Date; and
- (v) ESOS Offer Period,

and may include such/any other conditions as may be stipulated by the ESS Committee including ESOS Vesting Date, Service Period and ESOS Vesting Conditions.

35.3 In the event of any error in the stating of any particulars referred to in By-Law 35.2 or otherwise in the ESOS Offer, the ESS Committee may to the extent permitted by law issue a supplemental ESOS Offer, stating the correct particulars referred to in By-Law 35.2.

36. ESOS OPTION PRICE

36.1 The exercise price for each ESOS Option shall be based on the five (5) day weighted average market price of the Shares immediately preceding the ESOS Offer Date, with a discount (if any) of not more than 10% or such basis as the relevant authorities may permit.

37. ACCEPTANCE OF THE ESOS OFFER

37.1 The ESOS Offer may only be accepted by the Eligible Person during the ESOS Offer Period in such form and manner as may be prescribed in the ESOS Offer and must be accompanied by the non-refundable sum of RM1.00 only. The date of receipt by the ESS Committee of such form together with the money shall be the date of acceptance of the ESOS Offer by the Eligible Person.

37.2 In the event that the Eligible Person fails to accept the ESOS Offer in the manner prescribed within the ESOS Offer Period, the ESOS Offer shall automatically lapse and shall be then null and void provided that the ESS Committee shall not be precluded from making afresh ESOS Offer to the Eligible Person subsequently.

38. DELIVERY OF ESOS OPTIONS

38.1 The ESS Committee shall procure that, where applicable, not later than eight (8) Market Days after the exercise of the relevant ESOS Options and the receipt of the ESOS Option Price (or such period as may be prescribed or allowed by Bursa Securities):

- (a) to issue and allot such number of Shares to the Participant;
- (b) despatch a notice of allotment or transfer of such Shares to the Participant;
- and
- (c) make an application for the listing of and quotation for such relevant number of Shares,

and thereafter, as soon as practicable, to credit the relevant number of Shares into the Participant's CDS Account as notified by the Participant in writing to the Company.

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APPENDIX II - DRAFT BY-LAWS OF THE PROPOSED ESS (CONT'D)

PART C: RSG AWARD**39. RSG AWARD**

39.1 The ESS Committee may grant RSG Awards to Eligible Persons as the ESS Committee may select, in its absolute discretion, at any time during the period when the ESS is in force.

39.2 The number of Shares which are the subject of each RSG Award to be granted to a Participant in accordance with the RSG shall be determined at the absolute discretion of the ESS Committee, provided that the RSG Vesting Conditions, RSG Vesting Date, Service Period and such other conditions (if any) that may be stipulated by the ESS Committee in the RSG are duly and fully satisfied.

40. RSG GRANT PRICE

40.1 The RSG Grant Price for each Share to be granted will be based on the five (5) day weighted average market price of the Shares immediately preceding the RSG Date, with a discount (if any) of not more than 10% or such basis as the relevant authorities may permit.

41. TERMS OF THE RSG AWARD

41.1 The ESS Committee may stipulate any terms and conditions it deems appropriate in an RSG Award and the terms and conditions of each ESOS Offer may differ.

41.2 The terms and conditions set out in the RSG Award must include the following:

- (a) the Participant;
- (b) the RSG Date;
- (c) the number of Shares which are the subject of the RSG Award; and
- (d) any other applicable condition which the ESS Committee may determine, if any, in relation to the RSG Award including the RSG Vesting Period, RSG Vesting Date, RSG Vesting Conditions, Service Period and Retention Period.

41.3 As soon as reasonably practicable after making an RSG Award the ESS Committee shall send to each Participant an RSG Letter confirming the RSG Award and specifying in relation to the RSG Award and the terms and conditions as stated in 41.2.

41.4 Participants are not required to pay for the grants of RSG Awards save for any individual income tax that may be incurred as a result of the receipt of the grant.

APPENDIX II - DRAFT BY-LAWS OF THE PROPOSED ESS (CONT'D)

41.5 The ESS Committee may amend or waive the RSG Vesting Period(s), the RSG Vesting Date(s), the Release Schedule, the Retention Period and any condition applicable to an RSG Award and, in the case of a performance related award, the RSG Vesting Condition(s) and/or the extent to which Shares which are the subject of that Award shall be Released on the RSG Vesting Condition(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the RSG Vesting Period in respect of that RSG Award in the event of a take-over offer being made for the Shares or if a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies being approved by shareholders of the Company and/or sanctioned by the court under the Act or in the event of an order being made or a resolution passed for the winding-up of the Company (other than as provided in By-Law 9.1 or for reconstruction or amalgamation) or a proposal to sell or substantially all of the assets of the Company.

41.6 An RSG Award shall be personal to the Participant to whom it is granted and, prior to the allotment and/or transfer to the Participant of the Shares to which the RSG Award relates, shall not be transferred (other than to a Participant's personal representative on the death of the Participant), charged, assigned, pledged or otherwise disposed of, in whole or in part, except with the prior approval of the ESS Committee and if a Participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an RSG Award without the prior approval of the ESS Committee, that RSG Award shall immediately lapse.

42. REVIEW OF RSG VESTING CONDITION(S), VESTING OF AWARDS, RELEASE OF AWARDS AND CASH AWARDS

42.1 Review of RSG Vesting Condition(s)

42.1.1 The ESS Committee shall, as soon as reasonably practicable after the end of the relevant review of the RSG Vesting Condition(s) specified in respect of such RSG Award, determine at its discretion:

- (a) whether an RSG Vesting Condition has been satisfied and if so, the extent to which it has been satisfied;
- (b) whether any other condition applicable to such RSG Award has been satisfied; and
- (c) the number of Shares (if any) comprised in such RSG Award to be Released to the relevant Participant.

42.1.2 The ESS Committee shall have full discretion to determine whether any RSG Vesting Conditions has been satisfied (whether fully or partially) or exceeded and in making any such determination, the ESS Committee shall have the right to make reference to (among others) the audited results of the Company or the Group (as the case may be) to take into account such factors as the ESS Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend any RSG Vesting Conditions if the ESS Committee decides that a changed performance target would be a fairer measure of performance. If the ESS Committee determines, in its sole discretion, that the RSG Vesting Conditions and/or any other condition applicable to that RSG Award has not been satisfied (whether fully or partially) or (subject to By-Law 11.2.1) if the relevant Participant has not continued to be an Employee from the Award Date up to the end of the relevant RSG Vesting Conditions, that RSG Award shall lapse and be of no value.

APPENDIX II - DRAFT BY-LAWS OF THE PROPOSED ESS (CONT'D)

- 42.1.3 The ESS Committee shall, subject to By-Law 42.1.1 and 42.1.2 and provided that the relevant Participant has continued to be an Employee from the RSG Date up to the end of the RSG Vesting Conditions Release to that Participant the number of Shares determined by the ESS Committee under By-Law 42.1.1(c) on the RSG Vesting Date relating thereto. Such part of an RSG Award not Released shall lapse and be of no value.

42.2 Delivery of Shares

- 42.2.1 In respect of Shares which are Released to a Participant pursuant to By-Law 41.1, the ESS Committee shall procure the following, on or before the relevant Vesting Date but not later than eight (8) Market Days after the relevant RSG Vesting Date, as the case may be (or such period as may be prescribed or allowed by Bursa Securities):

- (a) credit the relevant number of Shares into the Participant's CDS Account as notified by the Participant in writing to the Company;
- (b) despatch a notice of transfer of such Shares to the Participant; and
- (c) make an application for the listing of and quotation for such relevant number of Shares (where applicable).

42.3 Ranking of Shares

- 42.3.1 New Shares allotted and issued, and existing Shares procured by the Company, via the Trustee, for transfer, pursuant to the Release of any RSG Award shall:

- (a) be subject to all the provisions of the memorandum and articles of association of the Company; and
- (b) rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the date on which the Shares are transferred to the CDS Account of the Participant, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

42.4 Cash Awards

- 42.4.1 The ESS Committee may determine to make a Release of Award, wholly or partly, in the form of cash rather than Shares which would otherwise have been Released to the Participant on the relevant RSG Vesting Date, in which event the Company shall pay to the Participant as soon as practicable but not later than eight (8) Market Days after such RSG Vesting Date, in lieu of all or part of such Shares, the market price of the Shares at the time of the RSG Vesting Date.

APPENDIX II - DRAFT BY-LAWS OF THE PROPOSED ESS (CONT'D)

42.5 Moratorium

- 42.5.1 If a Retention Period is specified in an Award, Shares which are allotted or transferred on the Release of an Award to a Participant shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, during such Retention Period, except to the extent set out in the Award Letter or with the prior approval of the ESS Committee. The Company shall be at liberty to take any steps which it considers necessary or appropriate to enforce or give effect to the restriction on the transfer, charge, assignment, pledge or disposal of Shares during the Retention Period otherwise than in accordance with the RSG Letter or as approved by the ESS Committee.

42.6 Rights to Share

- 42.6.1 Notwithstanding any provision in the By-Laws, the Participants shall not be entitled to any rights attached to the Shares prior to the date on which the Shares are credited into the CDS Accounts of the respective Participants.

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APPENDIX III - SALIENT TERMS OF THE DRAFT TRUST DEED IN RELATION TO THE PROPOSED ESS

The following words and expressions shall have the following meaning:-

Trust Assets: All the assets (including the Awards) for the time being and from time to time held or deemed to be held by the Trustee upon trust pursuant to the Trust Deed.

Unless the context of the Trust Deed otherwise provides, all definitions herein shall have the same meanings as provided for in the By-Laws.

1. The purpose of the Trust is to facilitate the implementation of the ESS. The Trustee shall:-
 - (i) hold the capital and income of the Trust Assets for the purposes of the ESS, to be dealt with in accordance to the terms of the Trust and the By-Laws; and
 - (ii) at the direction of the ESS Committee, from time to time:-
 - (a) subscribe for new Shares and/or acquire existing Shares from the open market; and
 - (b) hold the Shares subscribed for and/or transfer such number of Shares as the ESS shall stipulate, to the participants.
2. Subject to the Trustee:-
 - (i) receiving sufficient funds from RCE, its Subsidiaries and/or third parties, as the case may be; or
 - (ii) having sufficient funds in the Trust;and receiving written direction and/or instructions from the ESS Committee,

the Trustee shall subscribe for such number of new Shares and/or acquire existing Shares from the open market as may be specified in the ESS Committee's written direction and such RCE Shares subscribed for and/or acquired are to be registered in the name of the Authorised Nominee (for the Trustee) on subscription and shall be held on trust by the Trustee for the purposes of the ESS.
3. In respect of Shares held by the Trustee that are yet to be deposited in any Participant's CDS Account, all rights, dividends, allotments and/or distributions in respect thereof shall attach and/or accrue and be attached and/or accumulated and form part of the Trust Assets.
4. Such RCE Shares subscribed for and/or acquired by the Trustee pursuant to the Trust Deed shall remain registered in the Authorised Nominee (for the Trustee)'s name until such time as the ESS Committee may direct in writing whereupon the Trustee shall transfer such number of Awards to such participants at such time as shall be specified in the ESS Committee's written directions. For the avoidance of doubt, a Participant shall not be entitled to any RSG Awards until the transfer thereof to such Participant.
5. Notwithstanding that the Trustee is the legal and registered holder of the Shares held upon trust pursuant to the Trust Deed, the Trustee shall only exercise the voting and/or other rights attached to such Awards, including by not limited to the rights arising from any rights issue undertaken by the Company, in such manner and extent as may be directed by the ESS Committee in writing.

APPENDIX III - SALIENT TERMS OF THE DRAFT TRUST DEED IN RELATION TO THE PROPOSED ESS (CONT'D)

6. To enable the Trustee to subscribe for the new Shares and/or acquire existing Shares from the open market for the purposes of the ESS and to pay expenses in relation to the administration of the Trust, the Trustee will, to the extent permitted by law, be entitled from time to time to accept funding and/or assistance, financial or otherwise, from RCE, its subsidiaries and/or third parties upon such terms and conditions as RCE and the Trustee may agree.
7. At the direction of RCE and/or the ESS Committee, the Trustee shall utilise any:-
- (a) proceeds from the sale of Shares which are remaining with the Trustee and not intended for any Participant;
 - (b) dividends or distributions in respect of the Awards; or
 - (c) any other funds then held by the Trustee in respect of the ESS;
- in such manner as the ESS Committee may stipulate in writing for purposes of the Scheme.
8. The Trust shall terminate upon the Trustee receiving a written notice from RCE or the ESS Committee on:-
- (i) the termination of the ESS; or
 - (ii) the expiration of the ESS period.
9. Immediately upon termination of the Trust, the Trustee shall:-
- (i) transfer to such Participants such number of Awards as may be directed by the ESS Committee in writing; and
 - (ii) sell all remaining Shares at the then prevailing market price and convert such other Trust Assets into money to be dealt with in the following manner:-
 - (a) firstly, to pay all debts of the Trust other than debts arising from financial assistance taken by the Trustee for the purposes of the Trust;
 - (b) secondly, to repay all debts arising from financial assistance (if any) taken by the Trustee for the purposes of the Trust;
 - (c) thirdly, to retain a sum to be agreed by the Trustee and RCE as a fee for the services of the Trustee under the Trust Deed to the extent it is unpaid; and
 - (d) lastly, to deal with any remaining Trust Assets in accordance with the instructions in writing of the RCE and/or the ESS Committee.
- and to provide RCE and/or the ESS Committee with the relevant accounting documents and/or all necessary documents to evidence items (a) to (d) abovementioned.

Note: The Trust Deed shall only be executed prior to the appointment of a Trustee and hence the draft is not made available for inspection. However, the salient terms of the Trust Deed which shall be incorporated are disclosed above for shareholders' information purposes.

APPENDIX IV – FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

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

2. CONSENT AND CONFLICT OF INTEREST

AmlInvestment Bank has given and has not subsequently withdrawn its consent to the inclusion of its name and all references thereto in the form and context in which it appears in this Circular.

Tan Sri Azman Hashim, is a common substantial shareholder of AmlInvestment Bank and RCE. As such, AmlInvestment Bank and RCE are deemed to be related corporations. Nevertheless, AmlInvestment Bank confirms that this does not result in any conflict of interest as:-

- (a) AmlInvestment Bank is a licensed investment bank and its appointment as Adviser for the Proposals is in the ordinary course of its business;
- (b) AmBank Group form a diversified financial group and are engaged in a wide range of transactions relating to amongst others, investment banking, commercial banking, private banking, brokerage, securities trading, asset and funds management and credit transaction services businesses. AmBank Group's securities business is primarily in the areas of securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trade; and
- (c) The conduct of AmlInvestment Bank is regulated by the Financial Services Act, 2013 and by their respective own internal controls and checks; and
- (d) Save for the professional fees charged in relation to the Proposals, AmlInvestment Bank will not be deriving any direct monetary benefit from the Proposals outside of its aforesaid capacities.

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APPENDIX IV – FURTHER INFORMATION (CONT'D)

3. HISTORICAL SHARE PRICES

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

Month	High (RM)	Low (RM)
2014		
July	0.390	0.335
August	0.370	0.340
September	0.360	0.325
October	0.340	0.295
November	0.350	0.320
December	0.330	0.285
2015		
January	0.325	0.295
February	0.320	0.305
March	0.325	0.310
April	0.355	0.310
May	0.345	0.320
June	0.360	0.335

The last transacted market price of RCE Shares on 14 July 2015
(being the last market day immediately prior to the announcement
of the Proposed ESS) 0.335

The last transacted market price of RCE Shares as at LPD 0.335

(Source: Bloomberg)

4. MATERIAL LITIGATION, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

4.1 Material litigation

As at LPD, neither RCE nor its subsidiaries are engaged, whether as plaintiff or defendant, in any legal action, proceeding, arbitration or prosecution for any criminal offence which has a material effect on the financial position of the Group and the Board is not aware of any proceedings, pending or threatened or any fact likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Group.

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APPENDIX IV – FURTHER INFORMATION (CONT'D)

4.2 Contingent liabilities

The Board is not aware of any material contingent liabilities incurred or known to be incurred by the Group as at LPD which upon becoming due or enforceable may have a material impact on the financial position or the business of RCE Group.

4.3 Material commitments

The Board is not aware of any material commitments incurred or known to be incurred as at LPD, which upon becoming enforceable may have a material impact on the financial position or the business of RCE Group.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for at the Registered Office of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS 7/26, 47301 Petaling Jaya, Selangor, Malaysia during normal office hours (except for public holidays) from the date of this Circular up to and including the date of the forthcoming EGM:-

- (i) the Memorandum and Articles of Association of RCE;
- (ii) the audited consolidated financial statements of RCE Group for the past two (2) financial years ended 31 March 2014 and 31 March 2015 and the latest unaudited results of the Group for the quarter ended 30 June 2015;
- (iii) the letters of consent referred to in Section 2 above;
- (iv) the by-laws of 2009 ESOS as set out in Appendix I of this Circular; and
- (v) the draft By-Laws as set out in Appendix II of this Circular.

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RCE CAPITAL BERHAD

(2444-M)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of RCE Capital Berhad ("**RCE**" or the "**Company**") will be held at Nexus Ballroom 1, Level 3A, Connexion@Nexus, No. 7 Jalan Kerinchi, Bangsar South City, 59200 Kuala Lumpur, Malaysia on Wednesday, 2 September 2015 at 11.00 a.m. or immediately after the conclusion or adjournment (as the case may be) of the Sixty-First Annual General Meeting of RCE, which will be held at the same venue and on the same day at 10.30 a.m., whichever is later, for the purpose of considering and if thought fit, passing the following resolutions with or without modification:

ORDINARY RESOLUTION 1

PROPOSED TERMINATION OF RCE'S EXISTING EMPLOYEES' SHARE OPTION SCHEME ("2009 ESOS") ("PROPOSED ESOS TERMINATION")

"THAT, subject to the passing of Ordinary Resolution 2, the consent of the option holders of the 2009 ESOS and the implementation of the proposed establishment of a new employees' share scheme, the Company is hereby authorised to terminate the 2009 ESOS which was implemented on 15 September 2009.

AND THAT the Directors of the Company be and are hereby authorised to do all such acts as they may consider necessary or expedient to give effect to the Proposed ESOS Termination with full power to consent to and to adopt such conditions, modifications, variations and/or amendments as may be required by the relevant regulatory authorities."

ORDINARY RESOLUTION 2

PROPOSED ESTABLISHMENT OF A NEW EMPLOYEES' SHARE SCHEME ("PROPOSED ESS")

"THAT, subject to the passing of Ordinary Resolution 1 and the approvals of all relevant authorities being obtained, the Company be and is hereby authorised:-

- (a) to establish, implement and administer the Proposed ESS for the benefit of the eligible executive directors and employees of the Company and its subsidiaries which are not dormant ("**Group**") who meets the criteria of eligibility for participation in the Proposed ESS ("**Eligible Persons**") in accordance with the draft By-Laws ("**By-Laws**") which is set out in Appendix II of the Circular to Shareholders dated 11 August 2015 ("**Circular**");
- (b) to appoint a trustee to facilitate the implementation of the Proposed ESS (if required);
- (c) to provide money or other assistance (financial or otherwise), and/or to authorise and/or procure any one or more of the subsidiaries of the Company, to provide money or other assistance (financial or otherwise) from time to time if required to enable the trustee to subscribe for and/or acquire new or existing ordinary shares of RM0.10 each in the Company (or any other par value of the Company, as may be determined and/or amended from time to time) ("**Shares**") and/or payment of equivalent cash value to the Eligible Persons, to the extent permitted by law;

- (d) to make the necessary applications to Bursa Malaysia Securities Berhad ("**Bursa Securities**") and do all things necessary at the appropriate time or times for permission to deal in and for the listing of and quotation for the new Shares that may hereafter or from time to time be allotted and issued pursuant to the Proposed ESS;
- (e) to modify and/or amend the By-Laws from time to time as may be required/permitted by the relevant authorities or deemed necessary by the relevant authorities or the Board of Directors of the Company or any committee of the Proposed ESS established or appointed by it provided that such modifications and/or amendments are effected and permitted in accordance with the provisions of the By-Laws;
- (f) to do all such acts, execute all such documents and to enter into all such transactions, arrangements and agreements, deeds or undertakings and to make such rules or regulations, or impose such terms and conditions or delegate part of its power as may be necessary or expedient in order to give full effect to the Proposed ESS and terms of the By-Laws; and
- (g) to allot and issue and/or procure for delivery from time to time such number of Shares or new Shares which may be made available under the Proposed ESS provided the maximum number of Shares to be allotted and issued pursuant to the Proposed ESS and any other schemes involving issuance of new Shares to be implemented by the Company shall not at any point in time in aggregate exceed fifteen percent (15%) of the issued and paid-up share capital of the Company (excluding treasury shares) or such other percentage of the issued and paid-up share capital of the Company (excluding treasury shares) that may be permitted by Bursa Securities or any other relevant authorities from time to time during the duration of the Proposed ESS.

AND THAT the Directors of the Company be and are hereby authorised to give effect to the Proposed ESS with full power to consent to and to adopt such conditions, modifications, variations and/or amendments as it may deem fit and/or as may be required by the relevant regulatory authorities.

AND FURTHER THAT the proposed By-Laws of the Proposed ESS, as set out in Appendix II of the Circular, be and is hereby approved."

ORDINARY RESOLUTION 3

PROPOSED ALLOCATION OF ESOS AWARD AND RSG AWARD TO LOH KAM CHUIN, CHIEF EXECUTIVE OFFICER OF THE COMPANY

"THAT, subject to the passing of the Ordinary Resolutions 1 and 2, the Directors of the Company be and are hereby authorised at any time and from time to time to grant to Loh Kam Chuin, Chief Executive Officer of the Company, such number of Shares in the Company which will be vested in him at a specified future date and to allot and issue and/or deliver such number of ESOS options, Shares and/or the equivalent cash value or combinations thereof comprised in the Proposed ESS granted and/or awarded to him from time to time, provided always that not more than ten percent (10%) (or such percentage as allowable by the relevant authorities) of the Shares available under the Proposed ESS shall be allocated to any eligible Director or employee who, either singly or collectively through persons connected with the eligible Director or employee, holds twenty percent (20%) or more of the issued and paid-up share capital of the Company, subject always to such terms and conditions and/or any adjustment which may be made in accordance with the By-Laws governing and constituting the Proposed ESS as set out in Appendix II of the Circular."

By Order of the Board

JOHNSON YAP CHOON SENG (MIA 20766)
SEOW FEI SAN (MAICSA 7009732)
Secretaries

Petaling Jaya
11 August 2015

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors as at 25 August 2015 shall be eligible to attend, speak and vote at the Extraordinary General Meeting.
2. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend, speak and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation. There shall be no restriction as to the qualification of the proxy.
3. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
4. Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. A member who is an exempt authorised nominee is entitled to appoint multiple proxies for each omnibus account it holds.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hand of the attorney.
7. The instrument appointing a proxy and the power of attorney (if any) under which it is signed or a notarially certified copy thereof must be deposited at the Registered Office of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS 7/26, 47301 Petaling Jaya, Selangor, Malaysia not less than forty-eight (48) hours before the time fixed for holding the Meeting or any adjournment thereof.



RCE CAPITAL BERHAD

(2444-M)
(Incorporated in Malaysia)

FORM OF PROXY

I/We _____ NRIC No./Company No.: _____

of _____

being a member/members of **RCE CAPITAL BERHAD**, hereby appoint _____

_____ NRIC No.: _____

of _____

or failing him/her, _____ NRIC No.: _____

of _____

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Extraordinary General Meeting of the Company to be held at Nexus Ballroom 1, Level 3A, Connexion@Nexus, No. 7 Jalan Kerinchi, Bangsar South City, 59200 Kuala Lumpur, Malaysia on Wednesday, 2 September 2015 at 11.00 a.m. or immediately after the conclusion or adjournment (as the case may be) of the Sixty-First Annual General Meeting of RCE, which will be held at the same venue and on the same day at 10.30 a.m., whichever is later, or at any adjournment thereof, in the manner as indicated below:

NO.	RESOLUTIONS	FOR	AGAINST
1.	Proposed ESOS Termination		
2.	Proposed ESS		
3.	Proposed Allocation of ESOS Award and RSG Award to Loh Kam Chuin, Chief Executive Officer of the Company		

Please indicate with an "X" in the spaces provided above as to how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.

Dated this _____ day of _____ 2015.

Number of Shares Held	CDS Account No.

Signature of Shareholder/Common Seal _____

Tel no. (During office hours): _____

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors as at 25 August 2015 shall be eligible to attend, speak and vote at the Extraordinary General Meeting.
2. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend, speak and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation. There shall be no restriction as to the qualification of the proxy.
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5. A member who is an exempt authorised nominee is entitled to appoint multiple proxies for each omnibus account it holds.
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AFFIX
STAMP

The Company Secretary
RCE CAPITAL BERHAD
802, 8th Floor, Block C
Kelana Square
17 Jalan SS 7/26
47301 Petaling Jaya
Selangor, Malaysia

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