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POWER ROOT BERHAD
(Company No. 733268-U)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

- (i) **PROPOSED ESTABLISHMENT OF A NEW EMPLOYEES' SHARE OPTION SCHEME ("ESOS") OF UP TO 20,000,000 NEW ORDINARY SHARES IN POWER ROOT BERHAD FOR THE ELIGIBLE EXECUTIVE DIRECTORS AND KEY EMPLOYEES OF POWER ROOT BERHAD AND ITS SUBSIDIARY COMPANIES ("PROPOSED NEW ESOS"); AND**
- (ii) **PROPOSED ALLOCATIONS OF ESOS OPTIONS UNDER THE PROPOSED NEW ESOS TO THE EXECUTIVE DIRECTORS OF POWER ROOT BERHAD**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser



RHB Investment Bank Berhad
(Company No. 19663-P)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting ("**EGM**") of Power Root Berhad to be held at No. 1, Jalan Sri Plentong, Taman Perindustrian Sri Plentong, 81750 Masai, Johor Darul Takzim, on Monday, 10 June 2019 at 2.00 p.m., or at any adjournment thereof, together with the Form of Proxy are enclosed herein.

A member entitled to attend and vote at the EGM is entitled to appoint a proxy or proxies to attend and vote on his/her behalf.

The Form of Proxy should be completed and lodged at the Registered Office of the Company at 31-04, Level 31, Menara Landmark, No. 12 Jalan Ngee Heng, 80000 Johor Bahru, Johor Darul Takzim, not less than 48 hours before the time set for holding the EGM, as indicated below, or at any adjournment thereof. The lodging of the Form of Proxy shall not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Saturday, 8 June 2019 at 2.00 p.m.

Date and time of the EGM : Monday, 10 June 2019 at 2.00 p.m.

This Circular is dated 24 May 2019

DEFINITIONS

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

Act	:	Companies Act 2016
Board	:	Board of Directors of Power Root
Bursa Securities	:	Bursa Malaysia Securities Berhad
By-Laws	:	The by-laws governing the Proposed New ESOS, as may be modified, varied and/or amended from time to time, the draft of which is set out in Appendix I of this Circular
Circular	:	This circular to shareholders the Company dated 24 May 2019 in relation to the Proposed New ESOS and the Proposed Allocations, and all accompanying appendices
Date of Offer	:	The date in which the Offer is made by the ESOS Committee
Directors	:	The directors of Power Root and shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007
EGM	:	Extraordinary general meeting
Eligible Persons	:	The eligible Executive Directors and key employees of the Power Root Group
ESOS	:	Employees' share option scheme
ESOS Committee	:	A committee to be appointed by the Board to administer the Proposed New ESOS in accordance with the By-Laws
ESOS Options	:	A right which the Grantee is required to pay to subscribe for new Shares at a pre-determined option price in accordance with the By-Laws
Existing ESOS	:	The Company's existing employees' share option scheme that was implemented on 23 July 2012 with a duration of 10 years, expiring on 22 July 2022
Grantee	:	An Eligible Person who has accepted the Offer
Interested Directors	:	Wong Tak Keong and See Thuan Po, being the substantial shareholder and/or Executive Directors of the Company
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	2 May 2019, being the latest practicable date prior to the printing of this Circular
MFRS 2	:	Malaysian Financial Reporting Standard 2 on "Share-Based Payment" as issued by the Malaysian Accounting Standards Board
Offer	:	The offer of ESOS Options made in writing by the ESOS Committee to the Eligible Persons
Outstanding ESOS Options	:	27,680,400 ESOS options which have been granted and accepted under the Existing ESOS of the Company which are still outstanding as at the LPD

DEFINITIONS (CONT'D)

Outstanding Warrants	: 65,590,464 outstanding warrants issued by the Company pursuant to the deed poll dated 29 June 2018 constituting the warrants as at the LPD
Power Root or Company	: Power Root Berhad
Power Root Group or Group	: Power Root and its subsidiary companies, collectively
Power Root Shares or Shares	: Ordinary shares in the Company
Proposed Allocations	: Proposed allocations of ESOS Options under the Proposed New ESOS to the Executive Directors, namely Wong Tak Keong and See Thuan Po
Proposed New ESOS	: Proposed establishment of a new ESOS of up to 20,000,000 new Shares for the Eligible Persons
RHB Investment Bank or Adviser	: RHB Investment Bank Berhad
RM and sen	: Ringgit Malaysia and sen, respectively
Treasury Shares	: 8,304,040 treasury shares held by the Company as at the LPD
VWAP	: Volume weighted average market price

Unless specifically referred to, words denoting the singular shall include the plural and vice versa and words denoting the masculine gender shall include the feminine and/or neuter genders and vice versa. References to persons shall include corporations.

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

Any reference to time of day in this Circular is a reference to Malaysian time, unless otherwise stated.

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.

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

All references to “**you**” or “**your**” in this Circular are to the shareholders of the Company.

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POWER ROOT BERHAD

(Company No. 733268-U)
(Incorporated in Malaysia)

Registered Office

31-04, Level 31
Menara Landmark
No. 12 Jalan Ngee Heng
80000 Johor Bahru
Johor Darul Takzim

24 May 2019

Board of Directors

Dato' Afifuddin bin Abdul Kadir (Independent Non-Executive Chairman)
Dato' Low Chee Yen (Executive Deputy Chairman)
Wong Tak Keong (Managing Director)
Dato' How Say Swee (Executive Director)
Dato' Wong Fuei Boon (Executive Director)
See Thuan Po (Executive Director)
Ong Kheng Swee (Independent Non-Executive Director)
Azahar bin Baharudin (Independent Non-Executive Director)
Dato' Tea Choo Keng (Alternate Director to Dato' Afifuddin bin Abdul Kadir)

To: The Shareholders of Power Root Berhad

Dear Sir/ Madam,

(I) PROPOSED NEW ESOS; AND

(II) PROPOSED ALLOCATIONS

1. INTRODUCTION

On 7 May 2019, RHB Investment Bank had, on behalf of the Board, announced that the Company proposed to undertake the Proposed New ESOS.

On 9 May 2019, RHB Investment Bank had, on behalf of the Board, announced that the listing application in relation to the Proposed New ESOS had been submitted to Bursa Securities.

On 23 May 2019, RHB Investment Bank had, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 23 May 2019, approved the listing of and quotation for up to 20,000,000 new Shares to be issued pursuant to the Proposed New ESOS on the Main Market of Bursa Securities, subject to the conditions as set out in **Section 8** of this Circular.

Details of the Proposed New ESOS are set out in the ensuing sections of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE THE SHAREHOLDERS OF THE COMPANY WITH THE RELEVANT INFORMATION ON THE PROPOSED NEW ESOS AS WELL AS TO SEEK THE SHAREHOLDERS' APPROVAL ON THE ORDINARY RESOLUTIONS PERTAINING TO THE PROPOSED NEW ESOS AND THE PROPOSED ALLOCATIONS TO BE TABLED AT THE COMPANY'S FORTHCOMING EGM. THE NOTICE OF THE EGM AND THE FORM OF PROXY ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.

SHAREHOLDERS OF THE COMPANY ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSED NEW ESOS AND PROPOSED ALLOCATIONS TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED NEW ESOS

The Proposed New ESOS involves the granting of ESOS Options to the Eligible Persons as set out in the By-Laws, to subscribe for New Power Root Shares at specified prices to be determined in the manner set out in **Section 2.5** of this Circular.

The Proposed New ESOS will be administered by the ESOS Committee.

The salient features of the Proposed New ESOS are set out below.

2.1 Maximum number of new Shares available under the Proposed New ESOS

The Company has an existing ESOS that was implemented on 23 July 2012 with a duration of 10 years, expiring on 22 July 2022. The approved number of new Shares to be issued under the Existing ESOS was up to 10% of the total number of issued Shares (excluding treasury shares).

Under the guidelines of the Listing Requirements, the listed issuer must ensure that the total number of shares to be issued under a share issuance scheme is not more than 15% of its total number of issued shares (excluding treasury shares) at any one time.

Therefore, at any one time during the duration of the Proposed New ESOS and any other schemes involving issuance of new Shares to eligible Directors and employees which have been implemented by the Company, the total number of new Shares which may be issued under:

- (i) the Proposed New ESOS including such number of new Shares comprised in the ESOS Options adjusted pursuant to the By-Laws; and
- (ii) any other schemes involving issuance of new Shares to eligible Directors and employees which are still subsisting,

must not exceed 15% of the total number of issued Shares (excluding treasury shares) ("**Scheme Size**").

In the event the total number of Shares comprised in the ESOS Options offered under:

- (i) the Proposed New ESOS including such number of new Shares comprised in the ESOS Options adjusted pursuant to the By-Laws; and
- (ii) any other schemes involving issuance of new Shares to eligible Directors and employees which are still subsisting,

exceeds the Scheme Size at any point in time as a result of the Company purchasing or cancelling Shares in accordance with the provisions of Section 127 of the Act or undertaking any corporate proposal resulting in the reduction of the total number of issued Shares, no further ESOS Options will be offered by the ESOS Committee until such total number of Shares falls below the Scheme Size.

2.2 Basis of allotment and maximum allowable allotment

The number of new Shares that may be offered and allotted pursuant to the Proposed New ESOS to an Eligible Person, shall be at the sole and absolute discretion of the ESOS Committee after taking into consideration, amongst others, the Eligible Persons' performance, seniority and length of service in the Power Root Group subject to the following:

- (i) the decision of the ESOS Committee shall be final, conclusive and binding provided that the Executive Directors and senior management of the Power Root Group must not participate in the deliberation or discussion of their own allocation of the ESOS Options; and
- (ii) not more than 10% of the new Shares available under the Proposed New ESOS shall be allocated to any Eligible Person who, either singly or collectively through persons connected with him, holds 20% or more of the total number of issued shares of the Company (excluding treasury shares). The term "persons connected" shall have the same meaning as that in the Listing Requirements;

provided always that such allocation is in accordance with any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time.

For the avoidance of doubt, the ESOS Committee will have the discretion to determine whether the ESOS Options will be offered in a single grant or staggered over the duration of the Proposed New ESOS. The aggregate ESOS Options granted pursuant to the Proposed New ESOS shall not exceed 20,000,000 Shares in a financial year. The ESOS Committee will also have the discretion to determine whether the vesting of the ESOS Options will be staggered and, if the vesting will be staggered, the timing for such vesting. Each offer of the ESOS Options to the Eligible Persons and the vesting of such ESOS Options will be separate and independent from the others.

2.3 Eligibility

Subject to the discretion of the ESOS Committee, an Eligible Person who is an Executive Director or key employee of the Power Root Group shall be eligible to participate in the Proposed New ESOS if, as at the Date of Offer, they comply with the following:

- (i) has attained 18 years of age;
- (ii) must not be an undischarged bankrupt nor subject to any bankruptcy proceedings;

- (iii) has complied with any other criteria imposed by the ESOS Committee from time to time; and
- (iv) must be an existing Director or be a full time employee confirmed in writing by the Power Root Group.

Notwithstanding the above, the selection of any Eligible Person for participation in the Proposed New ESOS shall be at discretion of the ESOS Committee and the decision of the ESOS Committee shall be final and binding.

The eligibility, however, does not confer an Eligible Person a claim or right to participate in or a right to claim or any rights whatsoever under the Proposed New ESOS unless the offer has been made in writing by the ESOS Committee to the Eligible Person as set out in the By-Laws and the Eligible Person has accepted the Offer in accordance with the terms of the Offer and the By-Laws.

For the avoidance of doubt, the Proposed New ESOS is only extended to the eligible Executive Directors and key employees of the Group, whereas the Existing ESOS is extended to all eligible employees (including all Directors) of the Group, subject to both ESOS schemes fulfilling the allocation criteria imposed by the respective ESOS committees.

2.4 Duration of the Proposed New ESOS

Subject to the By-Laws, the Proposed New ESOS shall be in force for a period of 10 years commencing from the effective date of the implementation of the Proposed New ESOS, which shall be the date of full compliance with all relevant requirements of the Listing Requirements in relation to the Proposed New ESOS.

2.5 Basis of determining the exercise price

The exercise price for each new Share comprised in the ESOS Option will be determined by the ESOS Committee based on the 5-day VWAP of the Shares as traded on the Main Market of Bursa Securities immediately before the Date of Offer, with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities and any other relevant authorities from time to time.

2.6 Rights and ranking of the new Shares arising from the exercise of Options

The Grantees will not be entitled to any voting right or participation in any form of distribution and/or offer of further securities in the Company until and unless such Grantees exercise their ESOS Options into new Shares.

The new Shares to be allotted and issued arising from the exercise of the ESOS Options, shall, upon such allotment and issuance, rank *pari passu* in all respects with the then existing Shares, save and except that the new Shares shall not be entitled to any dividend, rights, allotment, and/or other form of distributions which may be declared, made or paid, for which the entitlement date is prior to the allotment date of the new Shares. All new Shares allotted and issued arising from the exercise of the ESOS Options, shall be subject to all the provisions of the Constitution of the Company and the Listing Requirements relating to transfer, transmission and otherwise of the Shares.

2.7 Amendment and/or modification to the Proposed New ESOS

The terms and conditions of the By-Laws and the Proposed New ESOS may be modified and/or amended from time to time by resolution of the Board, except that (unless expressly provided in the By-Laws), no such modification and/or amendment shall be made which would either prejudice the rights then accrued to any Grantee without his prior written consent, or which would alter to the advantage of the Grantee as provided under the By-Laws without the prior approval of the Company's members in a general meeting.

2.8 Listing and quotation for the new Shares issued pursuant to the exercise of the ESOS Options

Bursa Securities had vide its letter dated 23 May 2019, approved the listing of and quotation for up to 20,000,000 new Shares to be issued pursuant to the exercise of the ESOS Options to be granted under the Proposed New ESOS on the Main Market of Bursa Securities, subject to the conditions set out in **Section 8** of this Circular.

3. DETAILS OF THE PROPOSED ALLOCATIONS

The Company proposes to seek the shareholders' approval at the forthcoming EGM for authority to offer and/or grant the ESOS Options under the Proposed New ESOS and to allot and issue such number of new Shares pursuant to the exercise of such ESOS Options, to the Interested Directors who are substantial shareholder and/or Executive Directors of Power Root namely, Wong Tak Keong ("**WTK**") and See Thuan Po ("**STP**").

The maximum allocation to the Interested Directors of Power Root, is subject to the limit prescribed by the By-Laws as stated in **Section 2.2** above and the ESOS Committee shall have the sole and absolute discretion in prescribing the criteria and performance targets, if any, that the Interested Directors need to fulfill for their respective entitlements to the Proposed Allocations. As at the date of this Circular, the criteria and performance targets, if any, that need to be fulfilled by the Interested Directors for their respective entitlements to the Proposed Allocations have not been determined.

As at the LPD, the ESOS options granted under the Existing ESOS to WTK and STP are 6,000,000 and 2,000,000, respectively.

4. UTILISATION OF PROCEEDS

The actual proceeds to be received by the Company pursuant to the exercise of the ESOS Options will depend on the number of ESOS Options granted and exercised, and the exercise price payable upon exercise of the ESOS Options. As such, the amount of proceeds to be received from the exercise of the ESOS Options and timeframe to use such proceeds cannot be determined at this juncture.

The proceeds arising from the exercise of ESOS Options will be used for the working capital of the Power Root Group within 12 months as and when received, within the tenure of the Proposed New ESOS. The working capital requirements of the Power Root Group may comprise of repayment of bank borrowings, payment to trade suppliers and creditors, marketing and promotional expenses, staff costs and other general expenses.

5. RATIONALE FOR THE PROPOSED NEW ESOS

The Proposed New ESOS is to ensure the continuity of the Company's Existing ESOS, to motivate, reward and retain the Eligible Persons. Further information on the Company's Existing ESOS are set out in **Appendix II** of this Circular.

The outstanding options under the Existing ESOS is only up to 10% of the total number of issued shares of the Company (excluding treasury shares). As such, the Company wishes to increase the total number of ESOS options available to the Eligible Persons, in particular the Executive Directors who have contributed in the growth of the Company. The Proposed New ESOS will continue to align the interests of the Eligible Persons with the corporate goals and long-term objectives of the Power Root Group.

The Proposed New ESOS will provide the Power Root Group with a fresh 10-year ESOS period as compared with the remaining duration of approximately 3 years under the Existing ESOS, to facilitate the implementation of the option schemes, taking into account, inter-alia, the performance period that may be required to achieve the prescribed criteria and performance targets, as well as retaining the Eligible Persons for a longer period beyond the expiry of the Existing ESOS.

Furthermore, the Proposed New ESOS as the extension of the Power Root Group's total remuneration package will continue to:

- (i) motivate, reward and retain the Eligible Persons who have contributed to the growth and performance of the Power Root Group;
- (ii) instill a greater sense of ownership and belonging in the Eligible Persons so as to enhance productivity and motivate them towards strategic business objectives as they will have an opportunity to participate directly in the future growth of the Power Root Group;
- (iii) increase the level of commitment, dedication and loyalty of the Eligible Persons by rewarding them for their contribution; and
- (iv) Establish a more competitive remuneration package to attract prospective high caliber and experienced individuals to join the Power Root Group and contribute to its continued growth and profitability.

In addition, the Company will be able to utilise the proceeds from the exercise of ESOS Options for its working capital purposes which are expected to contribute positively to the Power Root Group's profitability.

6. EFFECTS OF THE PROPOSED NEW ESOS

For illustration purposes, where applicable, the proforma effects of the Proposed New ESOS are illustrated based on the following scenarios:

Minimum Scenario : Assuming none of the Treasury Shares are resold, and none of the 27,680,400 Outstanding ESOS Options and the 65,590,464 Outstanding Warrants, are exercised.

Maximum Scenario : Assuming all the Treasury Shares are resold in the open market and all the Outstanding ESOS Options and Outstanding Warrants are exercised.

6.1 Share capital

The Proposed New ESOS will not have an immediate effect on the issued share capital of the Company until such time when the ESOS Options are granted and exercised. The issued share capital of the Company will increase progressively depending on the number of new Shares to be issued pursuant to the exercise of the ESOS Options, subject to the Scheme Size.

For illustration purposes only, the proforma effect of the Proposed New ESOS on the issued share capital of the Company is as follows:

	Minimum Scenario		Maximum Scenario	
	No. of Shares '000	RM'000	No. of Shares '000	RM'000
Share capital as at the LPD (excluding the Treasury Shares)	394,418	219,145	394,418	219,145
Assuming all the Treasury Shares are resold	-	-	8,304	-
Assuming full exercise of the Outstanding ESOS Options	-	-	27,680	24,423
To be transferred from the share option reserve upon full exercise of the Outstanding ESOS Options	-	-	-	2,167
Assuming full exercise of the Outstanding Warrants	-	-	⁽¹⁾ 65,590	⁽¹⁾ 101,009
	<u>394,418</u>	<u>219,145</u>	<u>495,992</u>	<u>346,744</u>
New Shares to be issued pursuant to the exercise of the ESOS Options	20,000	⁽²⁾ 24,400	20,000	⁽²⁾ 24,400
Enlarged issued share capital	<u>414,418</u>	<u>243,545</u>	<u>515,992</u>	<u>371,144</u>

Notes:

(1) Calculated based on the exercise price of the Outstanding Warrants of RM1.54 each.

(2) Assuming the new Shares exercised pursuant to the Proposed New ESOS are issued at an illustrative exercise price of RM1.22, representing a discount of approximately 9.22% to the 5-day VWAP of Shares up to and including the LPD of RM1.3439 per Share.

6.2 Net Assets ("NA") per Share and gearing

The Proposed New ESOS is not expected to have an immediate effect on the NA per Share and gearing of the Power Root Group until such time when the ESOS Options are exercised. The effects on the consolidated NA per Share and gearing of the Company will depend on, among others, the exercise price of the ESOS Options, the number of new Shares to be issued arising from the exercise of the ESOS Options and the potential impact arising from the adoption of MFRS 2.

For illustration purposes only, upon exercise of the ESOS Options, the consolidated NA per Share is expected to:

- (i) increase if the exercise price of the ESOS Options is higher than the consolidated NA per Share; or
- (ii) decrease if the exercise price of the ESOS Options is lower than the consolidated NA per Share,

at such point of exercise.

6.3 Earnings and Earnings per Share (“EPS”)

Save for the estimated expenses of approximately RM0.10 million to be incurred in relation to the Proposed New ESOS, the Proposed New ESOS is not expected to have any immediate effect on the consolidated EPS of the Company until such time when the ESOS Options are granted and exercised. Any potential effect on the consolidated EPS of the Company in the future would depend on the number of ESOS Options granted and exercised, and the exercise price payable upon exercise of the ESOS Options, as well as the impact of MFRS 2.

Under MFRS 2, the cost arising from the issuance of the ESOS Options is measured by the fair value of the ESOS Options which is expected to vest at each Date of Offer and is recognised as an expense in the statement of comprehensive income. The fair value of the ESOS Options is determined after taking into consideration, among others, the historical volatility of the Shares, the risk-free rate, the exercise price payable upon exercise of the ESOS Options and the time to maturity of the ESOS Options from the vesting date of the ESOS Options. As such, the potential effect of the recognition of the said cost on the consolidated EPS of the Company cannot be determined at this juncture. However, such expense recognised does not represent a cash outflow as it is merely an accounting treatment.

The Company has taken note of the potential impact of MFRS 2 on the future earnings of the Power Root Group and will take proactive measures to manage the impact of the allocation and granting of ESOS Options on the earnings of the Power Root Group.

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6.4

Substantial shareholders' shareholdings

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

For illustration purposes only, the proforma effect of the Proposed New ESOS on the shareholding of the substantial shareholders of the Company is as follows:

Minimum Scenario

	As at the LPD			After the Proposed New ESOS		
	Direct		Indirect	Direct		Indirect
	No. of Shares '000	% ⁽¹⁾	No. of Shares '000	% ⁽¹⁾	No. of Shares '000	% ⁽¹⁾
Substantial shareholders						
Dato' How Say Swee	78,525	19.91	-	(3)78,525	18.95	-
Dato' Wong Fuei Boon	72,687	18.43	(2)6,000	(3)72,687	17.54	(2)6,000
Dato' Low Chee Yen	50,282	12.75	(2)6,468	(3)50,282	12.13	(2)6,468
WTK	33,059	8.38	(2)7,251	(3)33,059	7.98	(2)7,251

Notes:

- (1) Excluding the Treasury Shares.
- (2) Deemed interest pursuant to Section 8 of the Act.
- (3) Assuming no ESOS Options have been allocated to the Executive Directors who are also substantial shareholders of the Company as the allocation of ESOS Options to the Executive Directors pursuant to the Proposed New ESOS has not been determined at this juncture.

Maximum Scenario

Substantial shareholders	As at the LPD				Assuming all the Treasury Shares are resold in the open market and all the Outstanding ESOS Options and Outstanding Warrants are exercised ⁽³⁾				After the Proposed New ESOS			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares '000	% ⁽¹⁾	No. of Shares '000	% ⁽¹⁾	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%
Dato' How Say Swee	78,525	19.91	-	-	93,036	18.76	-	-	⁽⁴⁾ 93,036	18.03	-	-
Dato' Wong Fuei Boon	72,687	18.43	⁽²⁾ 6,000	1.52	86,252	17.39	⁽²⁾ 7,000	1.41	⁽⁴⁾ 86,252	16.72	⁽²⁾ 7,000	1.36
Dato' Low Chee Yen	50,282	12.75	⁽²⁾ 6,468	1.64	66,740	13.46	⁽²⁾ 8,626	1.74	⁽⁴⁾ 66,740	12.93	⁽²⁾ 8,626	1.67
WTK	33,059	8.38	⁽²⁾ 7,251	1.84	46,242	9.32	⁽²⁾ 8,043	1.62	⁽⁴⁾ 46,242	8.96	⁽²⁾ 8,043	1.56

Notes:

- (1) Excluding the Treasury Shares.
- (2) Deemed interest pursuant to Section 8 of the Act.
- (3) The Outstanding ESOS Options and Outstanding Warrants held by the substantial shareholders are as follows:

Substantial shareholders	Outstanding ESOS Options		Outstanding Warrants		No. of Shares after exercise of the Outstanding ESOS Options and Outstanding Warrants	
	Direct ('000)	Indirect ('000)	Direct ('000)	Indirect ('000)	Direct ('000)	Indirect ('000)
Dato' How Say Swee	1,200	-	13,311	-	14,511	-
Dato' Wong Fuei Boon	1,200	-	12,365	1,000	13,565	1,000
Dato' Low Chee Yen	6,480	1,080	9,978	1,078	16,458	2,158
WTK	3,600	-	9,583	792	13,183	792
- (4) Assuming no ESOS Options have been allocated to the Executive Directors who are also substantial shareholders of the Company as the allocation of ESOS Options to the Executive Directors pursuant to the Proposed New ESOS has not been determined at this juncture.

6.5 Convertible securities

As at the LPD, the Company has 27,680,400 Outstanding ESOS Options and 65,590,464 Outstanding Warrants.

The Proposed New ESOS will not have any effect on the terms and conditions of the Outstanding ESOS Options and Outstanding Warrants.

7. HISTORICAL MARKET PRICES OF THE SHARES AND WARRANTS OF THE COMPANY

The monthly highest and lowest transacted market prices of the Shares and warrants of the Company for the past 12 months preceding the date of the Circular are as follows:

Shares	High RM	Low RM
2018		
May	1.79	1.27
June	1.80	1.50
July	1.95	1.48
August	1.64	1.46
September	1.68	1.50
October	1.62	1.38
November	1.49	1.35
December	1.40	1.21
2019		
January	1.47	1.30
February	1.50	1.36
March	1.45	1.26
April	1.41	1.26

The last transacted price on 6 May 2019 (being the last trading day prior to the announcement of the Proposed New ESOS) RM1.33

The last transacted price on the LPD RM1.32

(Source: Bloomberg)

Warrants	High RM	Low RM
2018		
July	0.550	0.305
August	0.535	0.410
September	0.430	0.330
October	0.380	0.300
November	0.345	0.270
December	0.295	0.210
2019		
January	0.315	0.235
February	0.315	0.275
March	0.295	0.250
April	0.300	0.250

The last transacted price on 6 May 2019 (being the last trading day prior to the announcement of the Proposed New ESOS) RM0.275

The last transacted price on 30 April 2019, as there were no transactions on the following market days, up to and including the LPD RM0.280

(Source: Bloomberg)

8. APPROVALS REQUIRED

The Proposed New ESOS is subject to the following approvals being obtained:

- (i) Bursa Securities, for which the approval for the listing of and quotation for up to 20,000,000 new Shares to be issued pursuant to the exercise of the ESOS Options to be granted under the Proposed New ESOS on the Main Market of Bursa Securities, was obtained on 23 May 2019, subject to the following conditions:

Conditions	Status of compliance
(a) The total number of Shares to be issued pursuant to the Proposed New ESOS, together with the Existing ESOS of up to 10% (expiring on 22 July 2022), is not more than 15% of the total number of issued Shares (excluding treasury shares) at any one time pursuant to Paragraph 6.38 of the Listing Requirements;	Noted
(b) RHB Investment Bank is required to submit a confirmation to Bursa Securities of full compliance of the Proposed New ESOS pursuant to Paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation together with a certified true copy of the resolution passed by the shareholders in the EGM approving the Proposed New ESOS; and	To be complied
(c) The Company is required to furnish Bursa Securities on a quarterly basis a summary of the total number of Shares listed pursuant to the issuance of new Shares under the Proposed New ESOS as at the end of each quarter together with a detailed computation of listing fees payable;	Noted

- (ii) the shareholders of the Company at the forthcoming EGM; and

- (iii) any other relevant regulatory authorities, where applicable.

The Proposed New ESOS is not conditional upon any other corporate proposals undertaken or to be undertaken by the Company.

9. CORPORATE PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed New ESOS, there are no other corporate proposals which have been announced by the Company but have yet to be completed as at the LPD.

10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

All the Executive Directors of the Company are eligible to participate in the Proposed New ESOS, and are therefore deemed interested to the extent of their respective allocations under the Proposed New ESOS. Accordingly, the Executive Directors of the Company have abstained and will continue to abstain from deliberating, expressing an opinion and making any recommendations at all relevant Board meetings in relation to their respective allocations as well as allocations to persons connected to them, if any, under the Proposed New ESOS. The Executive Directors of the Company will also abstain from voting in respect of their direct and/or indirect shareholdings, if any, at the forthcoming EGM of the Company on the ordinary resolutions to be tabled for their respective proposed allocations, if any, as well as the proposed allocations to the persons connected to them, if any.

The Interested Directors will also undertake to ensure that persons connected to them, if any, will abstain from voting in respect of their direct and/ or indirect shareholdings, if any, in the Company on the ordinary resolutions pertaining to the Proposed Allocations to be tabled at the forthcoming EGM.

The direct and/or indirect shareholdings of the Interested Directors and the persons connected to them as at the LPD are as follows:

	Direct		Indirect		Relationship
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	
<u>Interested Directors</u>					
WTK	33,058,800	8.38	⁽²⁾ 7,250,800	1.84	-
STP	3,488,000	0.88	-	-	-
<u>Persons connected to the Interested Directors</u>					
Ling Shi Yng	5,050,800	1.28	-	-	Spouse of WTK
Wong Ling Huay	2,200,000	0.56	-	-	Daughter of WTK
See Chim Cheng	1,069,000	0.27	-	-	Father of STP
Loo Mun Heng	558,000	0.14	-	-	Mother of STP
See Seang Huat & Co Sdn Bhd (“SSHCSB”)	6,570,000	1.67	-	-	See Chim Cheng is the director and shareholder of SSHCSB

Notes:

(1) Excluding the Treasury Shares.

(2) Deemed interest pursuant to Section 8 of the Act.

11. DIRECTORS' RECOMMENDATION

The Board, having considered and deliberated on all aspects of the Proposed New ESOS including the rationale and effects of the Proposed New ESOS, is of the opinion that the Proposed New ESOS is in the best interests of the Company. Accordingly, the Board recommends that you vote in favour on the ordinary resolution pertaining to the Proposed New ESOS to be tabled at the forthcoming EGM.

The Board (save for the Interested Directors who have abstained from expressing any recommendation in respect of their respective allocations as well as the allocations to persons connected to them, if any, under the Proposed New ESOS) having considered all aspects of the Proposed Allocations, is of the opinion that the Proposed Allocations is in the best interests of the Company and recommends that you vote in favour on the ordinary resolutions pertaining to the Proposed Allocations to be tabled at the forthcoming EGM.

12. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed New ESOS is expected to be established by 3rd quarter of 2019.

13. EGM

The Company's forthcoming EGM will be held at No. 1, Jalan Sri Plentong, Taman Perindustrian Sri Plentong, 81750 Masai, Johor Darul Takzim, on Monday, 10 June 2019 at 2.00 p.m., or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the ordinary resolutions, with or without any modification, to give effect to the Proposed New ESOS and Proposed Allocations.

If you are unable to attend and vote in person at the forthcoming EGM, you are requested to complete, sign and return the enclosed Form of Proxy in accordance with the instructions stated therein as soon as possible so as to reach the Registered Office of the Company at 31-04, Level 31, Menara Landmark, No. 12 Jalan Ngee Heng, 80000 Johor Bahru, Johor Darul Takzim not less than 48 hours before the time set for holding the EGM or at any adjournment thereof. The lodging of the Form of Proxy does not preclude you from attending and voting in person at the EGM should you subsequently decide to do so.

14. FURTHER INFORMATION

Shareholders are advised to refer to the **Appendices** set out in this Circular for further information.

Yours faithfully,
For and on behalf of the Board
POWER ROOT BERHAD

DATO' AFIFUDDIN BIN ABDUL KADIR
Independent Non-Executive Chairman

DRAFT BY-LAWS OF THE PROPOSED NEW ESOS

1. DEFINITIONS AND INTERPRETATIONS

1.1 In this Scheme, the words herein shall bear the following meanings namely:

“Act”	: Companies Act 2016 and any amendments made to it from time to time
“Approved Investment Bank”	: Investment bank licensed to carry on investment banking business in Malaysia under the Financial Services Act 2013 and as may be appointed by the Directors.
“Auditor”	: The auditors for the time being of the Company or such other firm of accountants as may be nominated or approved by the Company for the purpose.
“Board”	: 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”	: By-Laws of the Scheme, which set out the terms and conditions of the Scheme, as amended from time to time
“CDS Account”	: A Central Depository System account opened with the Bursa Depository for the recording of dealings in securities by a depositor
“Date of Offer”	: The date on which an Offer (including subsequent offers) is made by the Option Committee in writing to any Eligible Person(s) to participate in the Scheme
“Director(s)”	: Any Executive Director of the Company
“Eligible Companies”	: The Company and its Eligible Subsidiaries
“Eligible Person(s)”	: An eligible Director(s) and Key Employee to be granted Options under the Scheme being those satisfying the conditions stipulated in By-Law 3
“Eligible Subsidiaries”	: Subsidiaries within the Group which are eligible to participate in the Scheme as determined by the Option Committee but excluding the subsidiaries which are dormant
“Executive Director”	: Any executive director involved in the day-to-day management and on the payroll of the Group
“Grantee”	: Selected Eligible Person(s) who have accepted the Offer(s) by the Option Committee in accordance with the provisions of By-Law 6

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

“Key Employee”	: Any employee who is the head of department or holds a managerial position in any of the Eligible Companies
“Listing Requirements”	: Main Market Listing Requirements of Bursa Securities and any amendments made to it from time to time
“Market Day”	: Any day between Monday to Friday (inclusive) which is not a public holiday and on which Bursa Securities is open for trading in securities
“Maximum Allowable Allocation”	: The maximum number of new Shares that can be offered and allotted to a Selected Employee(s) to be determined by the Option Committee in accordance with the provisions of By-Law 4
“Notice of Allotment”	: A notice confirming the allotment of Shares to the Grantee in accordance with By-Law 9.6 hereof
“Offer(s)”	: Offer(s) made in writing by the Option Committee in accordance with the provisions or in the manner indicated in By-Law 5 to Selected Employee(s)
“Option(s)”	: Right of a Grantee to subscribe for Shares pursuant to the contract constituted by acceptance in the manner indicated in By-Law 6 of any Offer made in accordance with the terms of the Scheme and where the context so requires, means any part of the Options as shall remain unexercised
“Option Committee”	: The committee appointed by the Board to administer the Scheme
“Option Period”	: A period commencing from the Date of Offer by the Option Committee to a Selected Employee pursuant to By-Law 5 hereof until the expiry date and/or termination of the Scheme or such date as may be specifically stated in such Offer for an Eligible Person(s) to exercise the Options
“Option Price”	: The price at which the Grantee shall be entitled to subscribe for new Shares as set out in By-Law 7
“Power Root” or “Company”	: Power Root Berhad (733268-U)
“Power Root Group” or “Group”	: Power Root and its subsidiaries as defined in Section 4 of the Act
“Power Root Share(s)” or “Share(s)”	: Ordinary share(s) in the Company

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

- “Record of Depositors”** : A record of depositors provided by Bursa Depository to the Company.
- “Scheme”** : The scheme for the grant of Options to Eligible Person(s) to subscribe for new Shares in the Company in accordance with these By-Laws and such Scheme to be known as “Power Root Key Employees’ Share Option Scheme”
- “Selected Employee(s)”** : Eligible Person(s) who have been selected by the Option Committee and to whom Offers have been made by the Option Committee in accordance with the terms of the Scheme

In these By-Laws:

- (i) Words denoting the masculine gender shall include the feminine gender and vice-versa, and the singular includes the plural and vice-versa.
- (ii) The headings in these By-Laws are for convenience only and shall not be taken into account in the interpretation of these By-Laws.
- (iii) Any liberty or power which may be exercised or any determination which may be made hereunder by the Option Committee may be exercised at the Option Committee’s discretion.

2. MAXIMUM NUMBER OF NEW SHARES AVAILABLE UNDER THE SCHEME

2.1 At any point in time, the maximum number of new Shares to be offered and allotted under the Scheme shall not exceed in aggregate Twenty Million (20,000,000) (excluding such adjusted number of Options pursuant to By-Law 14.1) or any limit prescribed by any guidelines, rules and regulations of the relevant authorities during the duration of the Scheme as referred to in By-Law 20. The Company will within the duration of the Scheme keep available sufficient unissued Shares in the capital of the Company to satisfy all outstanding Options.

2.2 Notwithstanding the provisions of By-Law 2.1 or any other provision herein contained, in the event the total number of new Shares comprised in:

- (i) the Options granted under the Scheme including such number of new Shares comprised in the Options adjusted pursuant to By-Law 14.1; and
- (ii) any other schemes involving issuance of new Shares to eligible directors and employees which are still subsisting,

exceeds the aggregate of fifteen percent (15%) of the issued share capital of the Company as a result of the Company purchasing its own Shares in accordance with the provisions of Section 127 of the Act or any other corporate proposal and thereby diminishing its issued capital, then such Options granted prior to the adjustment of the issued capital of the Company shall remain valid and exercisable in accordance with the provisions of the Scheme. However in such a situation, the Company shall not make any more new Offers until the total number of Shares under the subsisting Options including shares that have been issued under the Scheme falls below fifteen percent (15%) of the Company’s issued share capital.

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

3. ELIGIBILITY

- 3.1 To qualify for selection for participation in the Scheme, a person of an Eligible Company as at the Date of Offer:
- (i) must have attained eighteen (18) years of age;
 - (ii) not be an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (iii) be an existing Director of the Power Root Group or be a full time employee confirmed in writing by the Power Root Group; and
 - (iv) must have complied with any other criteria imposed by the Option Committee from time to time.
- 3.2 Notwithstanding By-Law 3.1, any employee of a company which subsequently becomes an Eligible Company as a result of an acquisition by the Company and/or any company within the Group shall be eligible to participate in the Scheme provided the employee complies with all criteria imposed by the Option Committee from time to time.
- 3.3 Provided always that the selection of any employee for participation in the Scheme shall be at the discretion of the Option Committee and the decision of the Option Committee shall be final and binding.
- 3.4 Eligibility, however, does not confer on an Eligible Person(s) a claim or right to participate in or a right to claim or any rights whatsoever under the Scheme unless the Offer has been made in writing by the Option Committee to the Eligible Person(s) under By-Law 5 and the Eligible Person(s) has accepted the Offer in accordance with By-Law 6.

4. BASIS OF ALLOTMENT AND MAXIMUM ALLOWABLE ALLOCATION OF SHARES

- 4.1 Subject to By-Law 4.3 and any adjustment which may be made under By-Law 14, the Option Committee shall be entitled at its sole and absolute discretion to determine the number of new Shares to be comprised in an Offer made to the Selected Employee(s) under the Scheme, but the Option Committee shall not be obliged in any way to offer a Selected Employee(s) an Option for all the specified maximum number of Shares.
- 4.2 Subject to By-Law 4.3 and any adjustment which may be made under By-Law 14, the number of new Shares that may be offered and allotted to any Selected Employee(s) under the Scheme shall be at the sole and absolute discretion of the Option Committee after taking into consideration the performance, seniority and length of service of the Selected Employee(s) in the Eligible Company. The decision of the Option Committee shall be final, conclusive and binding provided that the Directors and Key Employee must not participate in the deliberation or discussion of their own allocation of new Shares to be issued under the Scheme.
- 4.3 Not more than ten percent (10%) of the Shares available under the Scheme shall be allocated to any Director or Key Employee, who singly or collectively through persons connected with such Director or Key Employee, holds twenty percent (20%) or more of the issued share capital (excluding treasury shares) of Power Root.

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

- 4.4 For avoidance of doubt, the Option Committee will have the discretion to determine whether the Option will be offered in a single grant or staggered over the duration of the Scheme. The aggregate ESOS Options granted pursuant to the Scheme shall not exceed 20,000,000 Shares in a financial year. The Option Committee will also have the discretion to determine whether the vesting of the Options will be staggered and, if the vesting will be staggered, the timing of such vesting. Each Offer to the Eligible Person and the vesting of the Options will be separate and independent from the others.

5. OFFER

- 5.1 The Option Committee may at its absolute discretion at any time and from time to time as it shall deem fit make an Offer to any Selected Employee(s), whom the Option Committee may in its absolute discretion select, to subscribe for new Shares, in accordance with the terms of the Scheme.
- 5.2 The actual number of new Shares which may be offered to a Selected Employee shall be at the absolute discretion of the Option Committee and shall not be less than one hundred (100) new Shares but no more than the Maximum Allowable Allocation. Such Offer is personal to the Selected Employee(s) and is non-assignable and non-transferable.
- 5.3 No Option will be granted to any Director of the Company or to any Eligible Person(s) who is a person connected with any Director unless the specific grant of Options to the Director or to any Eligible Person(s) who is a person connected with such Director shall have previously been approved by the shareholders of the Company in a general meeting. Every Director shall only be allotted Shares in respect of only one (1) Eligible Company irrespective of their sitting on more than one (1) board.
- 5.4 The Option Committee will in its offer letter ("Offer Letter") to a Selected Employee state, *inter alia*, the number of Shares that can be subscribed under the Offer, the Option Price determined in accordance with the provisions of By-Law 7 and the closing date for acceptance of the Offer. The Offer shall automatically lapse and thereafter be rendered null and void in the event of the death of the Selected Employee(s) or the Selected Employee(s) ceasing to be employed by an Eligible Company for any reason whatsoever prior to the acceptance of the Offer by the Selected Employee in the manner set out in By-Law 6 hereof.
- 5.5 Nothing herein shall prevent the Option Committee from making more than one (1) Offer during the duration of the Scheme to each Selected Employee(s) after the first Offer was made provided always the aggregate Options offered to each Selected Employee(s) (including Options already offered under previous Offers, if any) shall not exceed the Maximum Allowable Allocation of such Selected Employee(s).
- 5.6 The Company shall keep and maintain at its expense a register of Grantees and shall enter in that register the names and addresses of the Grantees, the Maximum Allowable Allocation, the number of Options offered, the number of Options exercised, the Date of Offer and the Option Price.

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

6. ACCEPTANCE OF OFFER

- 6.1 An Offer made under By-Law 5 shall be valid for a period of forty-five (45) days from the Date of Offer or such longer period as may be determined by the Option Committee and may be accepted within this prescribed period by the Selected Employee(s) by written notice to the Option Committee of such acceptance, accompanied by a payment to the Company of a nominal non-refundable sum of Ringgit Malaysia One (RM1.00) as consideration for the grant of the Option. The date of receipt by the Options Committee of such written notice(s) shall constitute the date of acceptance.
- 6.2 If the Offer is not accepted in the manner aforesaid, such Offer shall, upon the expiry of the aforesaid period be deemed rejected by the Eligible Person(s) and shall automatically lapse and thereafter be null and void and of no further effect.
- 6.3 Within thirty (30) days of the date of acceptance of an Offer, the Option Committee shall issue to each of the Grantees, a certificate ("Option Certificate") in such form as may be determined by the Option Committee, for all valid acceptances of the Offer in accordance with the provisions of this By-Law.

7. OPTION PRICE

Subject to any adjustments in accordance with By-Law 14 hereof, the price at which a Grantee is entitled to subscribe for each new Power Root Share shall be determined by the Option Committee in a fair and equitable manner at a discount of not more than ten percent (10%) to the five (5)-day weighted average market price of Power Root Shares immediately preceding the Date of Offer of the Options or such other percentage of discount as may be permitted by Bursa Securities and any other relevant authorities from time to time.

8. NON-ASSIGNABLE

An Option is personal to the Grantee. Save and except as provided in By-Law 18.4, an Option shall be non-assignable and non-transferable.

9. EXERCISE OF OPTION

- 9.1 An Option granted to a Grantee under the Scheme, subject to the provisions of By-Law 18, is exercisable only by the Grantee during his lifetime and whilst he is in the employment of the Group and within the Option Period.
- 9.2 Upon an acceptance of an Offer, the Grantee may during the Option Period exercise his Options in full or in part on such time and working days as the Option Committee may from time to time notify the Grantee. The Option Committee may pursuant to By-Law 16 hereof, at any time and time to time, before or after an Option is granted, limit the exercise of the Option to a maximum number of new Power Root Shares and/or such percentage of total new Power Root Shares comprised in the Option during such periods within the Option Period and impose any other terms and/or conditions deemed appropriate by the Option Committee in its sole discretion including amending or varying any terms and conditions imposed earlier. The Options which are exercisable in a particular year but are not exercised may be carried forward to subsequent years subject to the Option Period. Any Options which remain unexercised at the expiry of the Option Period shall be automatically terminated without any claim against the Company.

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

- 9.3 The procedure for the exercise of Options to be complied with by a Grantee shall be determined by the Option Committee from time to time.
- 9.4 The Grantee shall notify the Company in writing of his intention to exercise an Option in such form as the Option Committee may prescribe or approve ("Notice of Exercise"). An Option may be exercised in respect of such lesser number of new Shares as the Grantee may decide to exercise.
- 9.5 Every Notice of Exercise shall state the number of new Shares the Grantee intends to subscribe and be accompanied with the remittance for the full amount of the subscription monies payable in respect thereof and the Option Certificate which is the prima facie proof of a Grantee's entitlement to the Options set out therein.
- 9.6 The Grantee shall state his CDS Account number in the Notice of Exercise and the Company shall within eight (8) Market Days after the receipt of the Notice of Exercise and remittance from the Grantee or such other period as may be prescribed by Bursa Securities:
- (i) allot and/or issue the relevant number of Shares to the Grantee;
 - (ii) deliver a notice of allotment to the Grantee; and
 - (iii) make an application for the quotation of such number of Shares.
- No share certificates will be delivered to the Grantee.
- 9.7 Any failure to comply with the foregoing provisions and/or to state the CDS Account number in the Notice of Exercise or inaccuracy in the CDS Account number shall result in the Notice of Exercise being rejected. The Option Committee shall inform the Grantee of the rejection by notice in writing within fourteen (14) days from the date of rejection and the Grantee shall then be deemed not to have exercised his Options.
- 9.8 Notwithstanding anything to the contrary herein contained in these By-Laws, the Option Committee shall have the right in its absolute discretion by notice in writing to that effect:
- (i) to suspend the right of any Grantee who is found to have contravened the written policies and guidelines of the Group (whether or not such contravention may give rise to a disciplinary proceeding being instituted) to exercise his Option. In addition to this right of suspension, the Option Committee may impose such terms and conditions as the Option Committee shall deem appropriate in its absolute discretion, on the right of exercise of the Option having regard to the nature of the contravention PROVIDED ALWAYS that in the event such contravention would result in the dismissal or termination of service of such Grantee, the Option shall immediately cease without notice, upon pronouncement of the dismissal or termination of service of such Grantee; or
 - (ii) to suspend the right of any Grantee who is being subjected to disciplinary proceedings (whether or not such disciplinary proceedings may give rise to a dismissal or termination of service of such Grantee) to exercise his Option pending the outcome of such disciplinary proceedings. In addition to this right of suspension, the Option Committee may impose such terms and conditions as the Option Committee shall deem appropriate in its absolute discretion, on the right of exercise of the Option having regard to the nature of the charges made or brought against such Grantee PROVIDED ALWAYS that:

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

- (a) in the event such Grantee is found not guilty of the charges which gave rise to such disciplinary proceedings, the Option Committee shall reinstate the right of such Grantee to exercise his Option; or
- (b) in the event such Grantee is found guilty resulting in the dismissal or termination of service of such Grantee, the Option shall immediately cease without notice and become null and void, upon the pronouncement of such dismissal or termination of service of such Grantee; or
- (c) in the event such Grantee is found guilty but is not dismissed or termination of service is not recommended, the Option Committee shall have the right to determine in its absolute discretion whether or not the Grantee may continue to exercise his Option and if so, to impose such terms and conditions as it deems appropriate, upon such exercise.

10. RIGHTS OF A GRANTEE

- 10.1 The Options shall not carry any right to vote at any general meeting of the Company.
- 10.2 A Grantee shall not be entitled to any dividends, rights or other entitlements on his unexercised Options.

11. RIGHTS ATTACHING TO SHARES

The new Shares to be allotted and issued upon any exercise of the Options shall upon such allotment and issuance, rank *pari passu* in all respects with the then issued Shares, save and except that the Shares so issued will not be entitled to any dividends, rights, allotments and/or other form of distributions which may be declared, made or paid, for which the entitlement date (namely the date as at the close of business on which shareholders must be registered and/or whose names must be recorded in the Record of Depositors in order to be entitled to any dividends, rights, allotments and/or other distributions) of which is prior to the date of allotment of new Shares and will be subject to all the provisions of Power Root's Constitution and the Listing Requirements relating to transfer, transmission and otherwise of the Shares.

12. HOLDING PERIOD

The Shares to be issued and allotted to a Grantee pursuant to the exercise of an Option under the Scheme will not be subject to any holding period or restriction on transfer, disposal and/or assignment.

13. TAKEOVER AND COMPULSORY ACQUISITION AND SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION ETC.

- 13.1 In the event of a takeover offer being made for the Company by a general offer or otherwise and such offer becoming or being declared unconditional, notwithstanding By-Law 9.2, the Grantee shall also be entitled within three (3) months of the date on which such offer becomes or is declared unconditional to exercise in full or in part of any Option as yet unexercised within the Option Period.

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

- 13.2 In the event a person making the offer becomes entitled or bound to exercise rights of compulsory acquisition of the Shares of the Company under the provisions of the Act or the Capital Markets and Services Act, 2007 and gives notice to the Grantee that it intends to exercise such rights on a specific date ("Specific Date"), the Option shall remain exercisable by the Grantee until the expiry of the Specific Date. In the foregoing circumstance, if the Grantee fails to exercise his Option or elects to exercise only in respect of a portion of such Shares by the Specific Date, then the Option, or as the case may be, the Option in relation to such balance Shares, shall automatically lapse after the Specific Date and be null and void.
- 13.3 In the event that the High Court sanctions a compromise or arrangement between the Company and its members for the purposes of, or in connection with, a scheme for reconstruction of the Company under Section 366 of the Act or its amalgamation with any other company or companies under Section 370 of the Act, any Option shall remain exercisable by the Grantee at any time and from time to time during the period commencing with the date upon which the compromise or arrangement is sanctioned by the court and up to but excluding the date upon which such compromise or arrangement becomes effective. Upon the aforesaid compromise or arrangement becoming effective, all Options, to the extent unexercised, shall automatically lapse and shall be null and void.

14. ALTERATION OF SHARE CAPITAL AND ADJUSTMENT

- 14.1 Subject to By-Law 14.3, in the event of any alteration in the capital structure of the Company during the Option Period, whether by way of a rights issue, bonus issue or other capitalisation issue, consolidation or subdivision of shares or reduction of capital or otherwise howsoever, the Company shall cause such adjustment to be made to:
- (i) the number of Options granted to each Grantee; and/or
 - (ii) the Option Price;
- as shall be necessary to give a Grantee the same proportion of the issued capital of the Company as that to which he was entitled prior to the event giving rise to such adjustment.
- The computation for the adjustment to the number of Options granted to each Grantee and/or the Option Price is set out in Appendix A to these By-Laws.
- 14.2 By-Law 14.1 shall not be applicable where an alteration in the capital structure of the Company arises from any of the following:
- (i) an issue of Shares upon the exercise of Options pursuant to the Scheme and any other schemes involving issuance of new Shares to eligible directors and employees which are still subsisting; or
 - (ii) an issue of Shares arising from the conversion of securities with a right of conversion into Shares; or
 - (iii) an issue of securities as consideration for an acquisition; or
 - (iv) an issue of securities as a private placement or restricted issue; or

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

- (v) an issue of securities as a special issue approved by the relevant governmental authorities; or
 - (vi) a purchase by the Company of its own Shares pursuant to Section 127 of the Act.
- 14.3 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Part III Division 7 Subdivision 2 of the Act, By-Law 14.1 shall be applicable in respect of such parts of the scheme which involves any alterations in the capital structure of the Company to which By-Law 14.1 is applicable, PROVIDED THAT By-Law 14.1 shall not be applicable in respect of such parts of the scheme which involves any alterations in the capital structure of the Company to which By-Law 14.2 is applicable.
- 14.4 An adjustment pursuant to By-Law 14.1 shall be made at the following times:
- (i) in the case of a rights issue, bonus issue or other capitalisation issue on the Market Day immediately following the date of entitlement in respect of such issue; or
 - (ii) in the case of a consolidation or subdivision of Shares or capital reduction or any other variation of capital, on the Market Day immediately following the date of such consolidation, subdivision or reduction.
- Upon any adjustment being made, the Option Committee shall within thirty (30) days from the adjustment date give notice in writing to the Grantee or his legal or personal representatives where the Grantee is deceased, of the adjustment and the event giving rise thereto.
- 14.5 In the event of a fraction of a Share arising from the adjustments referred to in this By-Law would otherwise be required to be issued upon the exercise of an Option by the Grantee, the Grantee's entitlement shall be rounded up to the nearest whole number.
- 14.6 All adjustments, other than on a bonus issue, must be confirmed in writing by the Auditor of the Company or such other persons as allowed by Bursa Securities (who shall act as an expert and not as an arbitrator), to be in his opinion fair and reasonable. In addition, the Company shall, at the request of any Grantee, furnish such Grantee with a copy of the certificate from the Auditor or such other persons as allowed by Bursa Securities to the effect that in the opinion of such auditor or persons, acting as an expert and not as an arbitrator, an adjustment is fair and reasonable either generally or as regards such Grantee, and such certification shall be final and binding on all parties.

15. LISTING AND QUOTATION OF SHARES

- 15.1 The new Shares to be allotted to the Grantee will not be listed or quoted on Bursa Securities until the Option is exercised in accordance with the provisions of By-Law 9 whereupon the Company shall make an application to Bursa Securities for the quotation for such Shares and will use its best endeavours to obtain permission for such listing and quotation unless a blanket approval from all relevant authorities for the listing and quotation for the new shares arising from the Scheme has been previously obtained.
- 15.2 The Company and the Option Committee shall not under any circumstances be held liable for any costs, losses and damages whatsoever and howsoever relating to the delay on the part of the Company in allotting and issuing Shares or in procuring Bursa Securities to list the Shares for which the Grantee is entitled to subscribe.

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

16. ADMINISTRATION OF THE SCHEME

- 16.1 The Option Committee shall administer the Scheme in such manner as it shall in its absolute discretion deem fit and within such powers and duties as are conferred upon it by the Board including but not limited to the following:
- (i) subject to the provisions of the Scheme, construe and interpret the Scheme and Options granted under it, to define the terms therein and to recommend to the Board to establish, amend and revoke rules and regulations relating to the Scheme and its administration. The Option Committee in the exercise of this power may correct any defect, supply any omission, or reconcile any inconsistency in the Scheme or in any agreement providing for an Option in a manner and to the extent it shall deem necessary to expedite and make the Scheme fully effective; and
 - (ii) determine all questions of policy and expediency that may arise in the administration of the Scheme and generally exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interests of the Company.
- 16.2 The Board shall have power from time to time to rescind the appointment of any person in the Option Committee and to appoint new members of the Option Committee as the Board deems fit.

17. AMENDMENT AND/OR MODIFICATION TO THE SCHEME

- 17.1 Any subsequent modifications and/or changes to the Scheme or the By-Laws shall not require the approvals of any regulatory authority. However, such changes may only be effected upon recommendation by the Option Committee to the Board who shall have the power at any time and from time to time by resolution to amend and/or modify all or any part of the provisions of the Scheme subject to By-Law 17.2 below.
- 17.2 The approval of the shareholders of the Company in general meeting shall be required if such amendment and/or modification:-
- (i) would prejudice the rights then accrued to any Grantee without his prior written consent; or
 - (ii) would alter to the advantage of the Grantee the matters as provided in By-Laws 2.1, 3, 6.1, 6.3, 7, 9, 10, 11, 14, 19 and 20.

18. TERMINATION OF OPTIONS

- 18.1 In the event of cessation or termination of employment or appointment of a Grantee with the Group for whatever reason prior to the exercise, or full exercise, of his Options, as the case may be (where upon such cessation, the Grantee is no longer an Eligible Person(s)), such Option shall cease immediately on the date of such cessation or termination without any claim against the Company provided always that, subject to the written approval of the Option Committee in its absolute discretion, where the Grantee ceases his employment or appointment with an Eligible Company by reason of:
- (i) his retirement at or after attaining normal retirement age;
 - (ii) retirement before the normal retirement age with the consent of the Option Committee;

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

- (iii) ill-health, injury or disability;
- (iv) redundancy; or
- (v) any other reasons which are acceptable to the Option Committee,

a Grantee may exercise his unexercised Options within the relevant Option Period subject to any conditions imposed by the Option Committee.

- 18.2 If a Grantee ceases his employment or appointment with an Eligible Company by reason of his resignation or for reasons other than those stated in By-Law 18.1, his remaining unexercised Options shall cease with immediate effect on the date of such cessation. For the avoidance of any doubt, the date of termination of employment of the Grantee or tender by the Grantee of his resignation, shall be deemed to be the date on which a Grantee ceases his employment or appointment with such Eligible Company unless approval was given by the Option Committee to extend the Options for a predefined period of time or before the expiration of the Options whichever is earlier.
- 18.3 An Option shall immediately become void and of no further force and effect upon the Grantee being adjudicated a bankrupt.
- 18.4
- (i) In the event where a Grantee dies before the expiration of the Option Period and at the time of his death holds unexercised Options, such Options shall cease immediately on the date of his death without any claim against the Company PROVIDED ALWAYS that subject to the written approval of the Option Committee in its absolute discretion, such unexercised Options may be exercised in full by the legal or personal representatives of the Grantee after the date of his death within the Option Period.
 - (ii) Notwithstanding By-Law 18.4(i), the Grantee may, during his lifetime, nominate any of his immediate family members who have attained the age of eighteen (18) years at the time of nomination to exercise the Option or Options (which are unexercised at the time of the death of the deceased Grantee) after the death of the deceased Grantee but in any event during the Option Period. The Options exercised pursuant to the provision of this By-Law 18.4(ii) may be for the benefit of the estate of the Grantee or for the personal benefit of the nominated person. The nomination as aforesaid shall be made by the Grantee during his lifetime and shall be in the prescribed form approved by the Option Committee and the Shares to be allotted and issued will be in the name of the deceased Grantee's estate or in the name of the nominated person as the Grantee shall elect in his lifetime. In the event no nomination is made by the Grantee during his lifetime, his unexercised Options shall only be exercised by his the legal personal representatives pursuant to By-Law 18.4(i) above.
 - (iii) For the purposes of By-Law 18.4(ii) above, the term "immediate family members" shall include the spouse, parent, child (including legally adopted child but excluding step child), brother and sister of the Grantee.
- 18.5 Any Options which have been offered by the Option Committee but have not been accepted in the manner prescribed in By-Law 6.1 arising from an Eligible Person(s)' death or the cessation or termination of his employment with an Eligible Company, as the case may be, shall become null and void and of no further force and effect.

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

19. LIQUIDATION OF THE COMPANY

Upon commencement of winding-up of the Company, all unexercised or partially exercised Options shall cease and be null and void.

20. DURATION & TERMINATION OF THE SCHEME

20.1 The scheme shall be in force for a period of ten (10) years commencing from the effective date of the implementation of the Scheme, which shall be the date of full compliance with all relevant requirements including the following:

- (i) submission of the final copy of the By-Laws to Bursa Securities;
- (ii) receipt of approval-in-principle for the issuance and listing of the Power Root Shares to be issued under the Scheme from Bursa Securities;
- (iii) procurement of shareholders' approval for the Scheme;
- (iv) receipt of approval of any other relevant authorities, where applicable; and
- (v) fulfilment of all conditions attached to the above approvals, if any.

20.2 The Company may at any time terminate the Scheme provided that the announcement to Bursa Securities by the Company must include the following info:

- (i) the effective date of termination;
- (ii) the number of options exercised or shares vested; and
- (iii) the reason for termination.

whereupon with effect on and from the termination date:-

- (i) no further Offers shall be made by the Option Committee;
- (ii) all Offers which have yet to be accepted by Eligible Person(s) shall automatically lapse; and
- (iii) all unexercised or partially exercised Options shall automatically lapse.

21. DISPUTES/DIFFERENCES

In the case of any dispute or difference that may arise between the Option Committee and Grantee as to any provisions contained in the By-Laws, the Option Committee shall determine such dispute or difference by a written decision given to the Eligible Person(s). The said decision shall be final and binding on the parties.

22. COSTS AND EXPENSES

All fees, costs and expenses incurred in relation to preparation and/or operation of the Scheme including but not limited to the fees, costs and expenses relating to the allotment and issue of new Shares pursuant to the exercise of any Option shall be borne by the Company save and except for any taxes (including income tax) and stamp duty, if any, arising from the exercise of any Options under the Scheme.

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

23. TRANSFERS FROM OTHER COMPANIES TO ELIGIBLE COMPANIES

In the event:

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

(The first mentioned company in By-Laws 23.1(i) and 23.1(ii) above are hereinafter referred to as the “Previous Company”), such an employee of the Previous Company (the “Affected Employee”) shall, if the Affected Employee satisfies all the conditions of the By-Laws hereunder, be eligible to participate in the Scheme on the following conditions:

- (a) the Affected Employee shall be entitled to continue to exercise all such unexercised options which were granted to him under the employees’ share option scheme (if any) in which he was participating (the “Previous ESOS”) whilst the Affected Employee was in the employment of the Previous Company in accordance with the By-Laws of such Previous ESOS but he shall not, upon such restructuring or divestment as the case may be, be eligible to participate for further options of such Previous ESOS;
- (b) the Affected Employee shall only be eligible to participate in the Scheme for its remaining duration thereof; and
- (c) if the Affected Employee has participated in the Previous ESOS, the number of Shares to be offered to such Affected Employee under the Scheme shall be in the absolute discretion of the Option Committee.

24. DIVESTMENT FROM THE GROUP

If a Grantee who was in the employment of a company in the Group which was subsequently divested from the Group, then such employee will notwithstanding such divestment and subject to the provisions of By-Laws 9 and 18 be entitled to continue to exercise all such unexercised Options which were granted to him under the Scheme within a period of three (3) months from the date of completion of such divestment and within the Option Period, failing which the right of such employee to subscribe for the number of new Shares or any part thereof granted under such unexercised Options shall automatically lapse upon the expiration of the said three (3) month period and be null and void and of no further force and effect.

For the purpose of the above, a company shall be deemed to be divested from the Group in the event such company is no longer a subsidiary pursuant to Section 4 of the Act.

25. SCHEME NOT A TERM OF EMPLOYMENT

This Scheme does not form part of or constitute and shall not in any way be construed as a term or condition of employment of an Eligible Person(s).

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

26. COMPENSATION

26.1 Notwithstanding any provisions of these By-Laws, this Scheme shall not:

- (i) form part of any contract of employment between an Eligible Company of the Group and any employee and/or Director of the Eligible Company or afford such Grantee any rights to compensation or damages in consequence of the termination of office or employment for any reason and the rights of any Grantee under the terms of his office and employment with the Eligible Company shall not be affected by his participation in the Scheme; or
- (ii) confer on any person any legal or equitable rights (other than those constituting the Option themselves) against the Eligible Company directly or indirectly or give rise to any cause of action at law or in equity against the Eligible Company or the Group.

26.2 No Grantee or his legal or personal representatives shall bring any claim, action or proceedings against the Company or the Option Committee or any party for compensation, loss or damages whatsoever and howsoever arising from the suspension of his rights to exercise his Options or his Options ceasing to be valid pursuant to the provisions of these By-Laws as may be amended from time to time in accordance with By-Law 17.

27. CONSTITUTION OF THE COMPANY

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

28. INSPECTION OF THE AUDITED ACCOUNTS

All Grantees are entitled to inspect, during normal office hours on any working day of the Company or as otherwise specified by the Option Committee, the latest audited accounts of the Company at the registered office of the Company for the time being.

29. NOTICE

Each employee and/or Director will be notified of the Scheme either in writing or through posting on the Company's notice board.

30. TAXES

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

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

APPENDIX A

The Option Price and/or the number of Shares to be comprised in the Options in respect of the right to subscribe for new Shares so far as unexercised to which a Grantee may be entitled from time to time be adjusted, calculated or determined by the Option Committee and certified by the Auditor or such other persons allowed by Bursa Securities in accordance with the following relevant provisions in consultation with the Auditor or such other persons as allowed by Bursa Securities:

- (a) If and wherever the Company shall implement any consolidation or subdivision of Shares (“the Share Capital Exercise”), the Option Price and/or the additional Shares comprised in the Options so far as unexercised (“Additional Shares Under Option”) shall be adjusted, calculated or determined in the following manner:

$$\text{New Option Price} = \frac{S \times A}{B}$$

$$\text{Additional Shares Under Option} = \frac{T \times B}{A} - T$$

Where:

S = Existing Option Price;

A = The aggregate number of issued Shares immediately before such capitalisation issue;

B = The aggregate number of new Shares after such consolidation or subdivision

T = Existing number of Shares comprised in the Option in respect of the right to subscribe for new Shares so far as unexercised

Each such adjustment will be effective (if appropriate, retroactively) on the Market Day immediately following the date of allotment of new shares of the Company in respect of such consolidation or subdivision.

- (b) If and whenever the Company shall make an issue of new Shares credited as fully paid, by way of capitalisation of profits or reserves (whether of a capital or income nature and including any capital redemption reserve fund), the Option Price shall be adjusted in the following manner:

$$\text{New Option Price} = \frac{S \times A}{A + B}$$

Whilst the Additional Shares Under Option shall be calculated in the following manner:

$$\text{Additional Shares Under Option} = \frac{T \times (A + B)}{A} - T$$

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

APPENDIX A

Where:

- A = The aggregate number of issued and fully paid-up Shares immediately before such capitalisation issue;
- B = The aggregate number of new Shares to be issued pursuant to any allotment credited as fully-paid by way of capitalisation of profits or reserves (whether of a capital or income nature and including any capital redemption reserve fund);
- S = Existing Option Price; and
- T = Existing number of Shares comprised in the Option in respect of the right to subscribe for new Shares so far as unexercised

Each such adjustment will be effective (if appropriate, retroactively) on the Market Day immediately following the date of entitlement in respect of such issue.

(c) If and whenever the Company shall make:

- (i) A Capital Distribution (as defined below) to ordinary shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unappropriated by available assets); or
- (ii) Any offer or invitation to ordinary shareholders whereunder they may acquire or subscribe 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 any such case, the Option Price shall be adjusted in the following manner:

$$\text{New Option Price} = \frac{S \times (C - D)}{C}$$

Where:

- S = Existing Option Price
- C = The Current Market Price (as defined in paragraph (h) below) of one (1) 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 or (failing any such announcement), immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation; and
- D = (A) In the case of an offer or invitation to acquire or subscribe for Shares under paragraph (c)(ii) above or for securities convertible into Shares or securities with rights to acquire or subscribe for Shares under paragraph (c)(iii) above, the value of rights attributable to one (1) Share (as defined below); or

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- (B) In the case of any other transaction falling within this paragraph (c), the fair market value, as determined by the Company in consultation with the Approved Investment Bank and certified by the Auditor, of that portion of the Capital Distribution attributable to one (1) Share.

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

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

Where:

- C = C in this paragraph (c);
- E = The subscription price of one (1) additional Share under the terms of such offer or invitation to acquire or one (1) additional security convertible into Shares or one (1) additional security with rights to acquire or subscribe for Shares;
- 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 right to acquire or subscribe for Shares; and
- 1 = One (1)

In the case of paragraphs (c)(ii) and (c)(iii) above, the Additional Shares Under Option shall be calculated as follows:

$$\text{Additional Shares Under Option} = T \times \frac{(C)}{(C - D^*)} - T$$

Where:

- T = Existing number of Shares comprised in the Option in respect of the right to subscribe for new Shares so far as unexercised;
- C = C in this paragraph (c); and
- D* = The "value of the rights attributable to one (1) Share" (as defined below)

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

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

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Where:

C = C in this paragraph (c);

E* = The subscription consideration of one (1) new Share under the terms of such offer or invitation to acquire or subscribe for one (1) Share;

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; and

1 = One (1)

For the purpose of this paragraph (c), "Capital Distribution" shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of Shares (other than an issue falling within paragraph (b) above) 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 capital redemption reserve fund). Any dividend charged or provided for in the accounts of any period or made shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to

the ordinary shareholders as shown in the audited consolidated profit and loss accounts of the Company.

Each such adjustment will be effective (if appropriate, retroactively) on the Market Day immediately following the date of entitlement for the above transaction.

- (d) If and whenever the Company makes any allotment to its ordinary shareholders as provided in paragraph (b) above and also makes any offer or invitation to its ordinary shareholders as provided in paragraph (c)(ii) or paragraph (c)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose for the offer or invitation, the Option Price shall be adjusted in the following manner:

$$\text{New Option Price} = \frac{S \times [(G \times C) + (H \times I)]}{(G + H + B) \times C}$$

and in respect of each case referred to in paragraph (a) and paragraph (b)(ii) above, the Additional Shares Under Option shall be calculated in the following manner:

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

Where:

G = The aggregate number of issued Shares on the entitlement date;

C = C in paragraph (c) above;

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 with rights to acquire or subscribe for Shares as the case may be;

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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 an offer or invitation to acquire or subscribe for Shares or the exercise price on conversion of securities or exercise of such rights to acquire or subscribe for one (1) additional Share as the case may be;
I*	=	The subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares;
B	=	B in paragraph (b) above;
S	=	Existing Option Price; and
T	=	Existing number of Shares comprised in the Option in respect of the right to subscribe for new Shares so far as unexercised.

Such adjustment will be effective (if appropriate, retroactively) on the Market Day immediately following the date of entitlement in respect of such issues.

- (e) If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Shares as provided in paragraph (c)(ii) above together with an offer or invitation to acquire or subscribe securities convertible into shares or securities with rights to acquire or subscribe for Shares as provided in paragraph (c)(iii) above, the Option Price shall be adjusted in the following manner:

$$\text{New Option Price} = \frac{S \times [(G \times C) + (H \times I) + (J \times K)]}{(G + H + J) \times C}$$

and the Additional Shares Under Option shall be calculated in the following manner:

$$\text{Additional Shares Under Option} = \frac{T \times (G + H^*) \times C}{(G \times C) + (H^* \times I^*)} - T$$

Where:

G	=	G as in paragraph (d) above;
C	=	C as in paragraph (c) above;
H	=	H as in paragraph (d) above;
H*	=	H* as in paragraph (d) above;
I	=	I as in paragraph (d) above;
I*	=	I* as in paragraph (d) above;
J	=	The aggregate number of Shares to be issued to its ordinary shareholders upon conversion of such exercise of such rights to subscribe for Shares by the ordinary shareholders;

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- K = The exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Share;
- S = Existing Option Price; and
- T = Existing number of Shares comprised in the Option in respect of the rights to subscribe for new Shares so far as unexercised.

Such adjustment will be effective (if appropriate, retroactively) on the Market Day immediately following the date of entitlement for the above transaction.

- (f) If and whenever the Company makes an allotment to its ordinary shareholders as provided in paragraph (b) above and also makes an offer or invitation to acquire or subscribe for Shares to its ordinary shareholders as provided in paragraph (c)(ii) above together with rights to acquire or subscribe for securities convertible into or with rights to acquire or subscribe for Shares as provided in paragraph (c)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of offer or invitation, the Option Price shall be adjusted in the following manner:

$$\text{New Option Price} = \frac{S \times [(G \times C) + (H \times I) + (J \times K)]}{(G + H + J + B) \times C}$$

and the Additional Shares Under Option shall be calculated in the following manner:

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

Where:

- G = G as in paragraph (d) above;
- C = C as in paragraph (c) above;
- H = H as in paragraph (d) above;
- H* = H* as in paragraph (d) above;
- I = I as in paragraph (d) above;
- I* = I* as in paragraph (d) above;
- J = J as in paragraph (e) above;
- K = K as in paragraph (e) above;
- B = B as in paragraph (b) above;
- S = Existing Option Price; and
- T = Existing number of shares comprised in the Option in respect of the right to subscribe for new shares so far as unexercised.

Such adjustment will be effective (if appropriate, retroactively) on the Market Day immediately following the date of entitlement for the above transaction.

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- (g) If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders alike and requiring an adjustment under paragraphs (c)(ii), (c)(iii), (d), (e) or (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 for one (1) Share (as defined below) or, as the case may be, the price at which the Shares will be issued upon conversion of such securities or exercise of such rights is determined, the Option Price shall be adjusted in the following manner:

$$\text{New Option Price} = \frac{S \times (L + M)}{L + N}$$

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);
- N = The aggregate number of Shares which 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; and
- S = Existing Option Price

For the purposes of this paragraph (g) the "Total Effective Consideration" shall be determined by the Board with the concurrence of the Auditor 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 subscription for Shares, the aggregate consideration attributable to the issue of such rights together with the total amount receivable by the Company upon full exercise of such rights;

in each case without any deduction of any commission, 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 by the maximum number of Shares issuable on full conversion of such securities or on exercise in full of such rights.

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

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

- (h) For the purpose of paragraphs (c), (d), (e) and (f), the "Current Market Price" in relation to one (1) Share for any relevant day shall be the average of the last dealt price for the five (5) consecutive Market Days before such date or other period as many be determined in accordance with any guidelines issued, from time to time, by the SC.

The foregoing provisions on adjustment of the Option Price shall be subject to the following:

- (a) On any such adjustment the resultant Option Price shall be rounded up to the nearest one (1) sen and in no event shall any adjustment involve an increase in the Option Price or reduce the number of Shares comprised in the Option so far as unexercised to which the Grantee is already entitled to;
- (b) No adjustment shall be made to the Option Price in any case in which the amount by which the same would be reduced in accordance with the foregoing provisions of "would be less than one (1) sen" or the number of Shares comprised in the Option so far as unexercised is less than one (1) Share and any adjustment that would otherwise be required then to be made will not be carried forward;
- (c) If an event giving rise to any such adjustment shall be capable of falling within any of the paragraphs (i) to (ii) of By-Law 14.1 (both inclusive), the adjustment shall made in such manner as the Directors of the Company and the Auditor or the Company may agree;
- (d) If for any reason an event giving rise to an adjustment to the Option Price and/or the number of Shares comprised in the Option so far as unexercised to which a Grantee may be entitled to is cancelled, revoked or not completed, the adjustment shall not be required to be made or shall be reversed with effect from such date and in such manner as the Directors of the Company and the Auditor or the Company may agree; and
- (e) In determining a Grantee's entitlements to subscribe for Shares, any fractional entitlements will be disregarded.

INFORMATION ON THE EXISTING ESOS

Implementation date : 23 July 2012

Duration of scheme : 10 Years

Expiry date : 22 July 2022

Eligibility : The eligibility for the participation in the Existing ESOS of the Company is determined at the discretion of the ESOS Committee appointed by the Board to administer the Existing ESOS.

The Existing ESOS is extended for eligible Directors and employees of the Power Root Group who have fulfilled the criteria as stated in the by-laws dated 23 July 2012 and any other criteria imposed by the ESOS committee of the Existing ESOS.

Maximum number of Shares that may be issued under the Existing ESOS : Such number of Shares representing 10% of the total issued Shares (excluding Treasury Shares) at any point of time during the duration of the Existing ESOS.

Number of ESOS options offered under the Existing ESOS		Directors and senior management of the Power Root Group		
		Employees of the Power Root Group	As at the LPD	Total
No. of ESOS options offered and accepted		20,085,000	20,100,000	40,185,000
No. of ESOS options exercised		4,006,900	7,487,000	11,493,900
No. of ESOS options lapsed		5,155,400	63,000	5,218,400
Additional ESOS options issued(1)		1,567,700	2,640,000	4,207,700
No. of Outstanding ESOS Options		12,490,400	15,190,000	27,680,400

Note:

(1) After taking into consideration the adjustment to the outstanding options of the Existing ESOS following the corporate exercise which involves the bonus issue of new Shares which was completed on 23 July 2018.

Maximum allocation to directors and senior management since the commencement of the Existing ESOS : As at the LPD, ESOS options representing approximately 51.22% of the total number of Shares available under the Existing ESOS have been offered to the Directors and management of the Power Root Group since the commencement of the Existing ESOS.

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. CONSENT AND CONFLICT OF INTEREST

RHB Investment Bank, being the Adviser for the Proposed New ESOS, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

As at the LPD, save as disclosed below, RHB Investment Bank confirms that it is not aware of any conflict of interest that exists or likely to exist in its capacity as the Adviser to the Company for the Proposed New ESOS.

RHB Investment Bank, its subsidiaries and associated companies, as well as its holding company, RHB Bank Berhad, and the subsidiaries and associated companies of RHB Bank Berhad ("**RHB Banking Group**") form a diversified financial group. RHB Banking Group may extend credit facilities or engage in private banking, commercial banking and investment banking transactions including, amongst others, brokerage, securities trading, asset and fund management and credit transaction service businesses. RHB Banking Group has engaged and may in the future, engage in transactions with and perform services for the Power Root Group, in addition to the role as set out in this Circular.

Furthermore, in the ordinary course of business, RHB Banking Group may at any time offer or provide its services or engage in any transactions (whether on its own account or otherwise) with the Power Root Group and the directors and/or the substantial shareholders of the Company, hold long or short positions in the securities offered by the Company, make investment recommendations and/or publish or express independent research views on such securities and may trade or otherwise effect transactions for its own account or the account of its customers in equity securities of the Company.

RHB Investment Bank as part of the RHB Banking Group is of the opinion that concerns of any potential conflict of interest that exists or is likely to exist in relation to its capacity as the Adviser to the Company for the Proposed New ESOS is mitigated by the following:

- (i) The Corporate Finance division of RHB Investment Bank is required under its investment banking license to comply with strict policies and guidelines issued by Securities Commission Malaysia, Bursa Securities and Bank Negara Malaysia governing its advisory operations. These guidelines require, amongst others, the establishment of Chinese wall policies, clear segregation between dealing and advisory activities and the formation of an independent committee to review its business operations;
- (ii) RHB Investment Bank is a licensed investment bank and its appointment as the Adviser for the Proposed New ESOS is in the ordinary course of its business and RHB Investment Bank does not receive or derive any financial interest or benefits save for the professional fees received in relation to its appointment as the Adviser for the Proposed New ESOS; and
- (iii) the conduct of the RHB Banking Group in its banking business is strictly regulated by the Financial Services Act 2013, Capital Markets and Services Act 2007 and RHB Banking Group's own internal controls which includes, segregation of reporting structures, in that its activities are monitored and reviewed by independent parties and committees.

FURTHER INFORMATION (CONT'D)

3. MATERIAL LITIGATION

The Board confirms that as at the LPD, there are no material litigations, claims or arbitrations, either as plaintiff or defendant, which have a material and/or adverse effect on the financial position or business of the Power Root Group and is not aware of any proceedings, pending or threatened against the Power Root Group or of any facts likely to give rise to any proceedings which may materially or adversely affect the financial position of the Power Root Group's business.

4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**4.1 Material commitments**

Save as disclosed below, the Board confirms that as at the LPD, there are no other material commitments incurred or known to be incurred by the Power Root Group which may have a material impact on the financial results or position of the Group:

Material commitment	RM'000
Property, plant and equipment	
- Contracted but not provided for	5,878

4.2 Contingent liabilities

The Board confirms that as at the LPD, there are no contingent liabilities incurred or known to be incurred which may, upon becoming enforceable, have a material impact on the financial results or position of the Power Root Group.

5. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the Registered Office of the Company at 31-04, Level 31, Menara Landmark, No. 12 Jalan Ngee Heng 80000 Johor Bahru, Johor Darul Takzim during normal business hours from Monday to Fridays (except public holidays) from the date of this Circular up to and including the date of the forthcoming EGM, or at any adjournment thereof:

- (i) the Constitution of the Company;
- (ii) the audited consolidated financial statements of the Company for the past 2 financial years ended 31 March 2017 and 31 March 2018;
- (iii) the latest unaudited quarterly results of the Company for the 9-months financial period ended 31 December 2018;
- (iv) the draft By-Laws as set out in **Appendix I** of this Circular; and
- (v) the letter of consent referred to in **Section 2** above.



POWER ROOT BERHAD

(Company No. 733268-U)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Power Root Berhad ("**Power Root**" or "**Company**") will be held at No. 1, Jalan Sri Plentong, Taman Perindustrian Sri Plentong, 81750 Masai, Johor Darul Takzim, on Monday, 10 June 2019 at 2.00 p.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the following resolutions:

ORDINARY RESOLUTION 1

PROPOSED ESTABLISHMENT OF A NEW EMPLOYEES' SHARE OPTION SCHEME ("ESOS") OF UP TO 20,000,000 NEW ORDINARY SHARES IN POWER ROOT ("POWER ROOT SHARES") FOR THE ELIGIBLE EXECUTIVE DIRECTORS AND KEY EMPLOYEES OF POWER ROOT AND ITS SUBSIDIARY COMPANIES ("POWER ROOT GROUP") ("PROPOSED NEW ESOS");

"THAT, subject to the approvals of all relevant regulatory authorities and/or parties (if required), approval and authority be and is hereby given to the Board to:

- (i) establish, implement and administer the Proposed New ESOS for the benefit of the eligible Executive Directors and key employees of the Power Root Group who meet the criteria of eligibility for participation in the Proposed New ESOS ("**Eligible Persons**") in accordance with the by-laws governing the Proposed New ESOS ("**By-Laws**"), a draft of which is set out in **Appendix I** of the Circular to the shareholders of the Company dated 24 May 2019;
- (ii) make necessary applications to Bursa Malaysia Securities Berhad ("**Bursa Securities**") and do all things necessary at the appropriate time or times for the listing of and quotation for the new Power Root Shares that may hereafter or from time to time be allotted and issued pursuant to the Proposed New ESOS;
- (iii) modify and/or amend the By-Laws from time to time as may be required provided that such modifications and/or amendments are effected and permitted in accordance with the provisions of the By-Laws;
- (iv) do all such acts and things, execute all such documents and to enter into 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 New ESOS and terms of the By-Laws; and
- (v) allot and issue the new Power Root Shares and/or procure for delivery the Power Root Shares to the Eligible Persons pursuant to the Proposed New ESOS from time to time, which may be available under the Proposed New ESOS, provided that the maximum number of Power Root Shares to be allotted and issued, acquired or delivered pursuant to the Proposed New ESOS and any other schemes involving issuance of new Power Root Shares to eligible Directors and employees which are still subsisting must not in aggregate exceed 15% of the total number of issued Power Root Shares or such other percentage of the total number of Power Root Shares 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 New ESOS;

THAT the Board be and is hereby authorised to give effect to the Proposed New ESOS with full power to assent to any conditions, modifications, variations and/or amendments in any manner as it may deem fit and/or as may be required or imposed by the relevant authorities;

AND THAT the proposed By-Laws of the Proposed New ESOS as set out in **Appendix I** of this Circular, be and is hereby approved.”

ORDINARY RESOLUTION 2

PROPOSED ALLOCATION OF ESOS OPTIONS TO WONG TAK KEONG

“**THAT**, subject to the passing of Ordinary Resolution 1 and the approvals of all relevant authorities being obtained, approval be and is hereby given to the Board to authorise the ESOS committee to offer, from time to time throughout the duration of the Proposed New ESOS, ESOS options to subscribe for new Power Root Shares under the Proposed New ESOS to Wong Tak Keong, the Managing Director and substantial shareholder of the Company, provided that not more than 10% of the Power Root Shares made available under the Proposed New ESOS is allocated to him if he, either singly or collectively through persons connected to him, holds 20% or more of the total number of issued Power Root Shares (excluding treasury shares), subject always to such terms and conditions of the By-Laws and/or any adjustments which may be made in accordance with the provisions of the By-Laws and the Main Market Listing Requirements of Bursa Securities or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.”

ORDINARY RESOLUTION 3

PROPOSED ALLOCATION OF ESOS OPTIONS TO SEE THUAN PO

“**THAT**, subject to the passing of Ordinary Resolution 1 and the approvals of all relevant authorities being obtained, approval be and is hereby given to the Board to authorise the ESOS committee to offer, from time to time throughout the duration of the Proposed New ESOS, ESOS options to subscribe for new Power Root Shares under the Proposed New ESOS to See Thuan Po, the Executive Director of the Company, provided that not more than 10% of the Power Root Shares made available under the Proposed New ESOS is allocated to him if he, either singly or collectively through persons connected to him, holds 20% or more of the total number of issued Power Root Shares (excluding treasury shares), subject always to such terms and conditions of the By-Laws and/or any adjustments which may be made in accordance with the provisions of the By-Laws and the Main Market Listing Requirements of Bursa Securities, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.”

BY ORDER OF THE BOARD

NORIAH BINTI MD YUSOF (LS 0009298)
ROKIAH BINTI ABDUL LATIFF (LS 0000194)
Company Secretaries
Johor Bahru
24 May 2019

Notes:

- (1) Only depositors whose name appears in the Record of Depositors as at 3 June 2019 shall be regarded as member of the Company entitled to attend, speak and vote at this Meeting or appoint proxy(ies) to attend, speak and vote in his stead.*
- (2) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and a proxy appointed to attend, speak and vote at a meeting shall have the same rights as the member to speak at the meeting.*
- (3) A member may appoint not more than 2 proxies to attend and vote at the same meeting.*
- (4) Where a member appoints 2 proxies, he shall specify the proportion of his holdings to be represented by each proxy. Otherwise, the appointment shall be invalid.*
- (5) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least 1 proxy but not more than 2 proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
- (6) Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus accounts it holds.*
- (7) Where a member or the authorised nominee or an exempt authorised nominee appoints 2 or more proxies, the proportion of the shareholdings to be presented by each proxy must be specified in the instrument appointing the proxies.*
- (8) Where the Form of Proxy is executed by a corporation, it must be either under its Common Seal or under the hand of an officer or attorney duly authorised.*
- (9) The Form of Proxy must be deposited at the Registered Office of the Company, located at 31-04, Level 31, Menara Landmark, No. 12 Jalan Ngee Heng, 80000 Johor Bahru, Johor Darul Takzim not less than 48 hours before the time set for the meeting or any adjournment thereof.*



POWER ROOT BERHAD

(Company No. 733268-U)
(Incorporated in Malaysia)

FORM OF PROXY

I/We.....
(FULL NAME AND NRIC/PASSPORT NO./COMPANY NO.)

of.....
(ADDRESS)

being a member/members of Power Root Berhad, hereby appoint

.....
(FULL NAME AND NRIC/PASSPORT NO./COMPANY NO.)

of.....
(ADDRESS)

or failing him/her, the Chairman of the meeting as *my/our proxy to attend and vote for *me/us and on *my/our behalf at the **Extraordinary General Meeting** of the Company to be held at No. 1, Jalan Sri Plentong, Taman Perindustrian Sri Plentong, 81750 Masai, Johor Darul Takzim on Monday, 10 June 2019 at 2.00 p.m., or at any adjournment thereof.

*My/our proxy/proxies is/are to vote as indicated below:

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
1.	Proposed New ESOS		
2.	Proposed ESOS Options to Wong Tak Keong		
3.	Proposed ESOS Options to See Thuan Po		

* strike out whichever not applicable

(Please indicate with an "X" in the appropriate space above how you wish your votes to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

Dated this _____ day of _____ 2019.

NUMBER OF SHARES HELD	CDS ACCOUNT NO.

Signature / Seal of Shareholders: _____

Notes:

- (1) Only depositors whose name appears in the Record of Depositors as at 3 June 2019 shall be regarded as members of the Company entitled to attend, speak and vote at this Meeting or appoint proxy(ies) to attend, speak and vote in his stead.
- (2) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and a proxy appointed to attend, speak and vote at a meeting shall have the same rights as the member to speak at the meeting.
- (3) A member may appoint not more than 2 proxies to attend and vote at the same meeting.
- (4) Where a member appoints 2 proxies, he shall specify the proportion of his holdings to be represented by each proxy. Otherwise, the appointment shall be invalid.
- (5) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least 1 proxy but not more than 2 proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (6) Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus accounts it holds.
- (7) Where a member or the authorised nominee or an exempt authorised nominee appoints 2 or more proxies, the proportion of the shareholdings to be presented by each proxy must be specified in the instrument appointing the proxies.
- (8) Where the Form of Proxy is executed by a corporation, it must be either under its Common Seal or under the hand of an officer or attorney duly authorised.
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AFFIX
STAMP

THE COMPANY SECRETARIES
POWER ROOT BERHAD (733268-U)

The Company Secretary
31-04, Level 31, Menara Landmark
No. 12 Jalan Ngee Heng
80000 Johor Bahru
Johor Darul Takzim
Malaysia

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