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

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MUHIBBAH ENGINEERING (M) BHD

(Company No. 12737-K)
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE
PROPOSED ESTABLISHMENT OF A NEW SHARE ISSUANCE SCHEME**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser



TA SECURITIES HOLDINGS BERHAD (14948-M)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of Extraordinary General Meeting (“EGM”) of Muhibbah Engineering (M) Bhd (“MEB”) together with the Proxy Form are enclosed in this Circular. If you decide to appoint a proxy to attend and vote on your behalf at the forthcoming EGM, the Proxy Form must be completed and lodged at the Share Registrar’s office, **Tricor Investor & Issuing House Services Sdn Bhd**, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia, on or before the time and date indicated below. The lodging of the Proxy Form will 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 Proxy Form : Tuesday, 20 June 2017 at 3.45 p.m.
for the EGM

Date and time of the EGM : Thursday, 22 June 2017 at 3.45 p.m. or immediately
after the conclusion or adjournment of the Forty-Fourth
Annual General Meeting of MEB, whichever is later

Venue of the EGM : Concorde Hotel Shah Alam, Concorde II, Level 2, No. 3,
Jalan Tengku Ampuan Zabedah C9/C, 40100 Shah
Alam, Selangor Darul Ehsan

This Circular is dated 7 June 2017

DEFINITIONS

The following definitions shall apply throughout this Circular and the accompanying appendices, except where the context otherwise requires:

“Act”	: Companies Act 2016 as amended from time to time including any re-enactment thereof
“Board”	: Board of Directors of MEB
“Bursa Depository”	: Bursa Malaysia Depository Sdn Bhd
“Bursa Securities”	: Bursa Malaysia Securities Berhad
“By-Laws”	: By-laws governing the Proposed SIS, as amended, modified and supplemented from time to time
“Circular”	: This circular to shareholders of MEB dated 7 June 2017 in relation to the Proposed SIS
“Director”	: A natural person who holds a directorship in MEB, whether in an executive or non-executive capacity, and shall have the meaning given in Section 2 of the Act and Section 2(1) of the Capital Markets and Services Act, 2007
“EGM”	: Extraordinary general meeting
“Eligible Director(s)”	: Eligible executive director(s) of MEB and/or its subsidiaries (excluding dormant subsidiaries)
“Eligible Person(s)”	: An Eligible Director or Employee who fulfil the eligibility criteria for participation in the Scheme as set out in the By-Law 4
“Employee”	: A natural person which is employed by and on the payroll of any company in MEB Group (excluding dormant subsidiaries) and whose employment has been confirmed in writing and falls within any other eligibility criteria that may be determined by the Option Committee from time to time at its discretion
“EPS”	: Earnings per MEB Share
“FRS 2”	: Financial Reporting Standard 2 on Share-based Payment
“Grantee”	: An Eligible Person who has accepted an Offer in the manner indicated in the By-Law 8
“Listing Requirements”	: Main Market Listing Requirements of Bursa Securities, including any amendments, modifications and additions thereto
“LPD”	: 12 May 2017, being the latest practicable date prior to the printing of this Circular
“Market Day”	: Any day when Bursa Securities is open for trading of securities
“Maximum Allowable Allotment”	: The maximum number of new MEB Shares in respect of which Offers may be made to any Eligible Person, as provided in the By-Law 6
“MEB” or “Company”	: Muhibbah Engineering (M) Bhd
“MEB Group” or “Group”	: MEB and its subsidiaries, collectively
“MEB Shares” or “Shares”	: Ordinary shares in MEB
“NA”	: Net assets attributable to the ordinary equity holders of the Company

DEFINITIONS (*Cont'd*)

“Offer”	: An offer made in writing by the Option Committee to an Eligible Person in the manner indicated in the By-Law 5
“Offer Date”	: The date of which an Offer (including any subsequent Offers) is made by the Option Committee to an Eligible Person to participate in the Scheme in accordance with the By-Laws
“Option Committee”	: A committee to be duly appointed and authorised by the Board to administer the Scheme
“Option Period”	: A period commencing from the Offer Date for each Eligible Person and expiring on a date which the Option Committee may at its discretion decide, provided that no option period shall extend beyond the duration of the Scheme
“Proposed SIS”	: Proposed establishment of a new SIS of MEB for the granting of SIS Options to the Eligible Persons to subscribe for such number of new MEB Shares, representing up to 10% of the total number of issued shares in the Company (excluding treasury shares) at any one time during the duration of the Scheme, based on the terms and conditions of the By-Laws
“QAR”	: Qatari Riyal
“RM” and “sen”	: Ringgit Malaysia and sen, respectively
“Scheme” or “SIS”	: The share issuance scheme for the granting of SIS Options to the Eligible Persons to subscribe for new MEB Shares based on the terms as set out in the By-Laws
“SIS Option” or “Option”	: The right of a Grantee to subscribe for new MEB Share pursuant to the contract constituted by acceptance by a Grantee, in the manner as set out in the By-Law 8
“Subscription Price”	: The price payable for the new MEB Shares upon exercise of the SIS Options granted under the Proposed SIS
“TA Securities” or “Adviser”	: TA Securities Holdings Berhad

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa.

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

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NOTICE OF EGM**ENCLOSED****PROXY FORM****ENCLOSED**



MUHIBBAH ENGINEERING (M) BHD

(Company No. 12737-K)
(Incorporated in Malaysia)

Registered Office:

Lot 579 & 586, 2nd Mile
Jalan Batu Tiga Lama
41300 Klang
Selangor Darul Ehsan

7 June 2017

Board of Directors:

Tan Sri Zakaria bin Abdul Hamid (*Chairman, Senior Independent Non-Executive Director*)
Mac Ngan Boon @ Mac Yin Boon (*Group Managing Director*)
Ooi Sen Eng (*Executive Director*)
Mac Chung Jin (*Executive Director/ Deputy Chief Executive Officer*)
Lee Poh Kwee (*Group Finance Director*)
Abd Hamid bin Ibrahim (*Independent Non-Executive Director*)
Sobri bin Abu (*Independent Non-Executive Director*)
Dato' Mohamad Kamarudin bin Hassan (*Independent Non-Executive Director*)
Mazlan bin Abdul Hamid (*Non-Independent Non-Executive Director*)

To: The shareholders of MEB

Dear Sir/Madam,

PROPOSED ESTABLISHMENT OF A NEW SHARE ISSUANCE SCHEME

1. INTRODUCTION

On 9 May 2017, TA Securities announced on behalf of the Board that the Company proposed to establish and implement a new Scheme of up to 10% of the total number of issued shares in MEB (excluding treasury shares) at any one time during the duration of the Scheme for the Eligible Persons.

Bursa Securities had, vide its letter dated 2 June 2017, approved the listing of and quotation for the new MEB Shares to be issued pursuant to the exercise of the SIS Options granted under the Proposed SIS on the Main Market of Bursa Securities, subject to the conditions as set out in Section 7 of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE THE SHAREHOLDERS OF MEB WITH THE DETAILS ON THE PROPOSED SIS, TO SET OUT THE BOARD'S RECOMMENDATION ON THE PROPOSED SIS AND TO SEEK THE SHAREHOLDERS' APPROVAL FOR THE ORDINARY RESOLUTIONS PERTAINING TO THE PROPOSED SIS TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM TOGETHER WITH THE PROXY FORM ARE ENCLOSED IN THIS CIRCULAR.

SHAREHOLDERS OF MEB ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN CAREFULLY BEFORE VOTING ON THE ORDINARY RESOLUTIONS PERTAINING TO THE PROPOSED SIS TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED SIS

The Proposed SIS will involve the granting of SIS Options to the Eligible Persons which carry the right to subscribe for new MEB Shares subject to the terms and conditions of the By-Laws.

The Proposed SIS will be administered by the Option Committee. The decision as to whether or not to stagger the allocation of the SIS Options over the duration of the Scheme shall be determined by the Option Committee at a later date.

The Scheme is subject to vesting period and the details of the vesting period shall be determined by the Option Committee at a later stage.

In the event the Option Committee decides that an Offer or vesting of SIS Options is staggered, the number of SIS Options to be offered in an Offer and the timing for the vesting of these SIS Options shall be decided by the Option Committee and shall be subject to other conditions as set out by the Option Committee in the letter of offer (including but not limited to performance, assessment and appraisal or performance targets) at its sole and absolute discretion and an Offer shall be separate and independent from the others.

The salient terms and conditions of the Proposed SIS, which are governed by the By-Laws, are set out below:

2.1 Total number of MEB Shares available under the Proposed SIS

The maximum number of new MEB Shares which may be allotted and issued pursuant to the exercise of the SIS Options which are granted under the Scheme, shall not exceed in aggregate 10% of the total number of issued shares in MEB (excluding treasury shares) at any point in time during the duration of the Scheme as provided in the By-Laws.

2.2 Eligibility

Any Eligible Director and Employee shall be eligible to participate in the Scheme if, as at the Offer Date, the Eligible Person:

- (i) is a Malaysian citizen;
- (ii) has attained the age of 18 years old;
- (iii) is employed by and is on the payroll of a company within MEB Group;
- (iv) save for the Eligible Directors, is employed for a continuous period of at least 1 year in the Group from the date of confirmation of employment;
- (v) if an employee is employed by a company which is acquired by the Group during the duration of the Scheme and becomes a subsidiary upon such acquisition, the employee must have completed from the date of confirmation of employment, continuous service of at least 1 year from the date that company becomes a subsidiary;
- (vi) not be an undischarged bankrupt nor subject to any bankruptcy proceedings;
- (vii) in respect of an Eligible Director, such Eligible Director is a director named in the Register of Directors of MEB Group (excluding dormant subsidiaries);
- (viii) in respect of employment under fixed-term contract, such person must serve for a fixed duration of at least 1 year in the Group and have been continuously in service for at least 5 years in the Group prior to the Offer Date;
- (ix) the allocation of MEB Shares to the Eligible Directors must have been approved by the shareholders of MEB in a general meeting and such Eligible Directors are not prohibited or disallowed by the relevant authorities or laws from participating in the Scheme; and
- (x) fulfils any other criteria including but not limited to the performance targets, appraisals and assessments as may be set or determined by MEB Group and/or the Option Committee from time to time, at its absolute discretion.

In determining the eligibility and allocation of Eligible Persons to participate in the Scheme, the Option Committee will take into account among others, the performance appraisal(s) and past and future contributions of the Eligible Persons to the Group (excluding dormant subsidiaries), and such other factors that the Option Committee deems relevant from time to time. For avoidance of doubt, the selection of Eligible Persons for participation in the Scheme shall be at the sole and absolute discretion of the Option Committee. The decision of the Option Committee shall be final and binding.

2.3 Basis of allotment and Maximum Allowable Allotment of Shares

Subject to any adjustments which may be made under the By-Law 14, the aggregate number of new MEB Shares comprised in the SIS Options to be offered to an Eligible Person in accordance with the Scheme shall be determined at the discretion of the Option Committee after taking into consideration the Eligible Person's performance, position, seniority, responsibility and the number of years in service subject to the following:

- (i) that the aggregate number of new MEB Shares comprised in the SIS Options made available under the Scheme shall not exceed the amount stipulated in the By-Law 3.2; notwithstanding the foregoing and the Option Committee shall not be obliged in any way to offer an Eligible Person the Options for all the specified maximum number of MEB Shares that the Eligible Person is entitled to under the Scheme;
- (ii) that not more than 80%* of the new MEB Shares available under the Scheme at any point in time when an Offer shall be allocated, in aggregate, to the Eligible Directors and senior management of MEB Group (excluding dormant subsidiaries);

Note:

* *The basis in arriving at this threshold takes into account the number of Eligible Directors and senior management of MEB Group (excluding dormant subsidiaries) who are eligible to participate in the Proposed SIS and was determined after considering that the Eligible Directors and senior management are the key drivers to the growth of MEB Group's businesses. This is intended to incentivise the Eligible Directors and senior management for their contribution towards improving MEB Group's overall financial performance and enhancing the total returns, including the appreciation of share price and dividend to the shareholders. The Proposed SIS also aims to reward and retain the Eligible Directors and senior management of MEB Group (excluding dormant subsidiaries) for their attainment of higher performance, commitment, dedication and loyalty.*

- (iii) that not more than 10% of the total new MEB Shares available under the Scheme at any point in time when an Offer is made shall be granted to any individual Eligible Person who, either singly or collectively through persons connected with an Eligible Person, holds 20% or more of the total number of issued shares in MEB (excluding treasury shares); and
- (iv) the Eligible Directors and senior management of MEB Group (excluding dormant subsidiaries) do not participate in the voting, deliberation or discussion of their own allocations of Options under the Scheme.

2.4 Acceptance of Offer and Subscription Price

Acceptance of an Offer by an Eligible Person shall be accompanied by the payment of RM1.00 or such other amount and/or in such other currency as may be determined at the discretion of the Option Committee as non-refundable consideration for the SIS Option.

Subject to any adjustment made in accordance with the By-Law 14 and pursuant to the Listing Requirements, the Subscription Price shall be based on a price to be determined by the Board upon recommendation of the Option Committee based on the volume weighted average market price of MEB Shares for the 5 Market Days immediately preceding the Offer Date, with a discount of not more than 10%.

2.5 Ranking of the new MEB Shares

The new MEB Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing MEB Shares, save and except that they will not be entitled to any dividends, rights, allotments and/or any other distributions, the entitlement date of which precedes the date of allotment and issuance of the new MEB Shares.

The SIS Options shall not carry any rights to vote at any general meeting of MEB. The Grantee shall not in any event be entitled to any dividends, rights, allotments or any other distributions that may be declared, made or paid, or other entitlements on his/her unexercised SIS Options.

2.6 Retention period

The new MEB Shares to be allotted and issued to a Grantee pursuant to the exercise of a SIS Option under the Proposed SIS will not be subject to any retention period or restriction on transfer. However, Grantees are encouraged to hold the MEB Shares as a long-term investment rather than for realisation of any immediate gain.

Notwithstanding this, a Grantee who is a Non-Executive Director of MEB shall not sell, transfer or assign the MEB Shares obtained through the options offered to him/her within 1 year from the Offer Date pursuant to the Listing Requirements or other prevailing applicable guidelines.

2.7 Effective date and duration of the Scheme

The effective date for the commencement of the Scheme shall be the date of full compliance with the Listing Requirements in relation to the Proposed SIS including the following:

- (i) receipt of approval-in-principle for the listing of and quotation for the new MEB Shares to be issued pursuant to the exercise of the SIS Options from Bursa Securities;
- (ii) receipt of approval from the shareholders of MEB for the Proposed SIS;
- (iii) submission of a final copy of the By-Laws to Bursa Securities pursuant to the Listing Requirements; and
- (iv) fulfilment of all the conditions attached to the above approvals for the Proposed SIS.

The Scheme shall be in force for a period of 5 years from the effective date of commencement of the Scheme. However, an extension to the Scheme may be effected by the Board upon recommendation of the Option Committee, subject always that the aggregate duration of the Scheme shall not exceed a duration of 10 years from the effective date of commencement.

2.8 Exercise of SIS Options

The exercise of the SIS Options will be staggered over the Option Period as determined by the Option Committee.

Where the maximum percentage of a SIS Option exercisable within a particular year of the Scheme is not fully exercised by the Grantee, the percentage unexercised shall be carried forward to the following year and the maximum percentage of the SIS Options exercisable in that year shall not exceed the aggregate of the percentage unexercised in the previous year and the exercisable percentage of that year, provided always that no SIS Option shall be carried forward beyond the Option Period.

2.9 Amendments and/or modification to the Scheme

Subject to compliance with the requirements of Bursa Securities and any other relevant authorities, the Board shall have the power, at any time and from time to time, by resolution to amend, at the recommendation of the Option Committee, all or any provisions of the Scheme. However, no such amendment shall be made which would alter to the advantage of any Eligible Person or Grantee in respect of matters prescribed under Appendix 6E of the Listing Requirements, without the prior approval of the Company's shareholders in a general meeting where such approval is required by applicable laws.

Where an amendment and/or modification is made to the By-Laws, the Company shall submit to Bursa Securities, the amendment and/or modification to the By-Laws and a confirmation letter that the amendment and/or modification complies with the provision of the guidelines on SIS as stipulated under the Listing Requirements and rules of Bursa Depository no later than 5 Market Days from the effective date of the said amendment and/or modification.

The Grantees shall be given written notice in the form prescribed by the Option Committee from time to time of any additions, amendments to and/or modifications of the By-Laws within 5 Market Days of any of the foregoing taking effect.

Further details of the Proposed SIS are set out in the By-Laws as set out in Appendix I of this Circular.

3. RATIONALES OF THE PROPOSED SIS

The rationales for the Proposed SIS are as follows:

- (i) to attract prospective skilled and experienced executives or personnel to join MEB Group as and when required and to reward and retain Eligible Persons who have contributed to the success of MEB Group, whose services have proven to be invaluable to the smooth operation and continued growth of MEB Group; and
- (ii) to create a sense of ownership in MEB Group through direct equity participation in MEB by the Eligible Persons and to provide an incentive for them to participate in the future growth of MEB Group, thereby increasing the level of motivation, commitment, dedication and loyalty amongst the Eligible Persons.

4. UTILISATION OF PROCEEDS

The gross proceeds to be raised pursuant to the exercise of the SIS Options under the Proposed SIS will depend on the number of SIS Options granted and exercised at the relevant point in time and the Subscription Price. Such proceeds will be utilised for the Group's working capital requirements within 12 months from the date when such proceeds are received.

The estimated expenses for the Proposed SIS are approximately RM100,000, which will be funded through the Group's internally generated funds.

5. EFFECTS OF THE PROPOSED SIS

5.1 Share capital

The Proposed SIS is not expected to have any immediate material effect on the share capital of MEB until such time when such SIS Options are exercised. However, the share capital of MEB will increase progressively depending on the number of new MEB Shares to be issued pursuant to the exercise of the SIS Options that may be granted under the Proposed SIS, subject to a maximum of 10% of the total number of issued shares of MEB (excluding treasury shares) at any point in time during the duration of the Scheme.

For illustrative purposes only, the proforma effects of the Proposed SIS on the share capital of MEB are set below, assuming none of the treasury shares is sold prior to the exercise of any SIS Options to be granted under the Proposed SIS:

	No. of MEB Shares ('000)	RM'000
Existing share capital as at the LPD	482,114	470,593
Less: Treasury shares	(1,783)	(5,561)
	480,331	465,032
To be issued assuming full exercise of all the SIS Options that may be granted under the Proposed SIS ⁽¹⁾	48,033	141,424 ⁽²⁾
Enlarged share capital	528,364	606,456

Notes:

- (1) Assuming the maximum grant and full exercise of the SIS Options of up to 10% of the existing number of issued shares of the Company (less 1,783,000 treasury shares held as at the LPD) pursuant to the Proposed SIS.
- (2) Indicative Subscription Price is based on the 5-day volume weighted average market price of MEB Shares of RM2.9443 as at the LPD.

5.2 NA and gearing

The Proposed SIS is not expected to have any immediate material effect on the consolidated NA, NA per Share and gearing of MEB until such time as and when the SIS Options are exercised. Any potential effect on the consolidated NA and gearing of MEB in the future would depend on, among others, the number of SIS Options granted and exercised at the relevant point in time and the Subscription Price.

5.3 Earnings and EPS

The Proposed SIS is not expected to have any immediate effect on the consolidated earnings and EPS of MEB until such time as the SIS Options are exercised. Any potential effect on the consolidated earnings and EPS of MEB in the future would depend on, among others, the number of SIS Options granted and exercised at the relevant point in time, the Subscription Price and the utilisation of proceeds arising from the exercise of the SIS Options.

In addition, pursuant to the FRS 2 as issued by the Malaysian Accounting Standards Board, which requires the recognition of an expense arising from the granting of the SIS Options under the Proposed SIS, the future consolidated earnings of MEB may be affected. However, the impact cannot be quantified at this juncture as it depends on various factors, among others, the number of SIS Options granted and accepted, the fair value of such granted Options and the number of such granted Options that are expected to be vested. The Board has taken note of the potential impact of the FRS 2 on the consolidated earnings and EPS of MEB and shall take into consideration such impact in the allocation and granting of the SIS Options.

5.4 Substantial shareholders' shareholdings

The Proposed SIS is not expected to have any immediate effect on the substantial shareholders' shareholdings until such time as and when the SIS Options that are granted are exercised. Any potential effect on the substantial shareholders' shareholdings in the future would depend on the number of SIS Options granted and exercised at the relevant point in time.

For illustration purposes only, the proforma effects of the Proposed SIS on the substantial shareholders' shareholdings in MEB are set out in the table below:

	As at the LPD				After the Proposed SIS and assuming full exercise of the SIS Options granted ⁽¹⁾			
	Direct		Indirect		Direct		Indirect	
	No. of MEB Shares		No. of MEB Shares		No. of MEB Shares		No. of MEB Shares	
	(‘000)	%*	(‘000)	%*	(‘000)	%*	(‘000)	%*
Mac Ngan Boon @ Mac Yin Boon	73,501	15.30	26,723	5.56	73,501 ⁽²⁾	13.91	26,723	5.06
Lembaga Tabung Haji	48,450	10.09	-	-	48,450	9.17	-	-

Notes:

(1) Assuming that the aggregate SIS shares to be issued pursuant to the exercise of the SIS Options under the Proposed SIS amount to 10% of the total number of issued shares of the Company as at the LPD and none of the treasury shares is sold prior to the exercise of the SIS Options.

(2) Assuming no provision has been made for the allotment of SIS Options to Mac Ngan Boon @ Mac Yin Boon as the Board has yet to decide on the quantum of SIS Options to be allocated to the Eligible Directors.

* Excluding a total of 1,783,000 MEB Shares purchased by the Company and retained as treasury shares as at the LPD.

5.5 Convertible securities

As at the LPD, the Company does not have any outstanding options, warrants or convertible securities.

6. HISTORICAL SHARE PRICES

The monthly highest and lowest transacted prices of MEB Shares for the past 12 months are as follows:

	Highest (RM)	Lowest (RM)
2016		
June	2.27	2.12
July	2.30	2.19
August	2.30	2.17
September	2.36	2.22
October	2.35	2.25
November	2.29	2.09
December	2.28	2.13
2017		
January	2.47	2.25
February	2.56	2.36
March	2.73	2.46
April	2.91	2.72
May	2.99	2.72

The last transacted market price of MEB Shares on 8 May 2017 (being the last trading date prior to the announcement dated 9 May 2017 in relation to the Proposed SIS) was RM2.98.

The last transacted market price of MEB Shares on 12 May 2017 (being the LPD) was RM2.90.

(Source: Bloomberg Finance L.P.)

7. APPROVALS REQUIRED

The Proposed SIS is subject to the following approvals being obtained:

- (i) Bursa Securities for the listing of and quotation for the new MEB Shares to be issued pursuant to the exercise of the SIS Options granted under the Proposed SIS on the Main Market of Bursa Securities, which was obtained on 2 June 2017; and
- (ii) the shareholders of MEB at the forthcoming EGM.

Bursa Securities had, vide its letter dated 2 June 2017, granted its approval for the listing of and quotation for the new MEB Shares to be issued pursuant to the Proposed SIS subject to the following conditions:

No.	Conditions imposed	Status of compliance
(a)	TA Securities is required to submit a confirmation to Bursa Securities of full compliance of the Proposed SIS pursuant to paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation together with a certified true copy of the resolution passed by the shareholders in general meeting approving the Proposed SIS;	To be complied
(b)	MEB is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of options under the Proposed SIS as at the end of each quarter together with a detailed computation of listing fees payable; and	To be complied
(c)	To incorporate the comments from Bursa Securities in the Circular.	Complied

8. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed SIS, as at the LPD, the Board is not aware of any outstanding corporate proposal which has been announced by the Company but is pending implementation or completion prior to the printing of this Circular.

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

9. INTERESTS OF THE DIRECTORS, MAJOR SHAREHOLDER AND/OR PERSONS CONNECTED WITH THEM

All the Eligible Directors, namely Mac Ngan Boon @ Mac Yin Boon (who is also a major shareholder of MEB), Ooi Sen Eng, Mac Chung Jin, Lee Poh Kwee and Mazlan bin Abdul Hamid, are deemed interested in the Proposed SIS by virtue of their eligibility to participate in the Proposed SIS ("**Interested Directors**"). Accordingly, the Interested Directors have abstained and will continue to abstain from all deliberations and voting in respect of their respective potential allocations of SIS Options at the relevant board meetings. Furthermore, the Interested Directors will abstain and will also ensure that persons connected to them will abstain from voting in respect of their direct and/or indirect shareholdings in MEB on the resolutions pertaining to their respective potential allocations of SIS Options to be tabled at the forthcoming EGM.

Mac Chung Hui is the Chief Executive Officer of Favelle Favco Berhad, a subsidiary company of MEB. He is the son of Mac Ngan Boon @ Mac Yin Boon and he is eligible to participate in the Proposed SIS. Accordingly, Mac Ngan Boon @ Mac Yin Boon has abstained and will continue to abstain from all deliberations and voting in respect of the potential allocations of SIS Options to Mac Chung Hui at the relevant board meetings. He will abstain and also will ensure that persons connected to him will abstain from voting in respect of their direct and/or indirect shareholdings in MEB on the resolution pertaining to the potential allocation of SIS Options to Mac Chung Hui to be tabled at the forthcoming EGM. Mac Chung Hui will also abstain from voting in respect of his direct and/or indirect shareholdings in MEB on the resolution pertaining to his potential allocation of SIS Options to be tabled at the forthcoming EGM.

Save as disclosed above, none of the other Directors, major shareholder of MEB and/or other persons connected to them has any interest, direct or indirect, in the Proposed SIS.

The direct and indirect shareholdings of the Interested Directors as at the LPD are set out below:

	Direct		Indirect	
	No. of Shares	% *	No. of Shares	% *
Mac Ngan Boon @ Mac Yin Boon	73,501,416	15.30	26,722,500 ⁽¹⁾	5.56
Ooi Sen Eng	13,924,066	2.90	-	-
Mac Chung Jin	6,760,000	1.41	50,000 ⁽¹⁾	0.01
Lee Poh Kwee	6,046,272	1.26	650,000 ⁽¹⁾	0.14
Mazlan bin Abdul Hamid	500,000	0.10	-	-

Notes:

(1) Deemed interested by virtue of the interest of their spouse and/or children pursuant to Section 59(11) of the Act.

* Excluding a total of 1,783,000 MEB Shares purchased by the Company and retained as treasury shares as at the LPD.

10. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to the approvals from the relevant authorities being obtained and conditions met, the Proposed SIS is expected to be established by the third quarter of 2017.

11. DIRECTORS' RECOMMENDATION

The Board (save for the Interested Directors), having considered all aspects of the Proposed SIS and after careful deliberation, is of the opinion that the Proposed SIS is in the best interest of the Group and its shareholders. Accordingly, the Board (save for the Interested Directors) recommends that shareholders vote in favour of the ordinary resolutions pertaining to the Proposed SIS to be tabled at the forthcoming EGM.

12. EGM

An EGM, the notice of which is enclosed together with this Circular, will be held at 3.45 p.m. on Thursday, 22 June 2017 at Concorde Hotel Shah Alam, Concorde II, Level 2, No. 3, Jalan Tengku Ampuan Zabedah C9/C, 40100 Shah Alam, Selangor Darul Ehsan, or immediately following the conclusion or adjournment (as the case may be) of the Forty-Fourth Annual General Meeting of the Company, whichever is later, which will be held at the same place and on the same day at 2.45 p.m. for the purpose of considering, and if thought fit, passing the ordinary resolutions as set out in the Notice of EGM enclosed herein pertaining to the Proposed SIS.

If you are unable to attend and vote in person at the EGM and wish to appoint a proxy to attend and vote in your stead, you are requested to complete, sign and return the enclosed Proxy Form in accordance with the instructions provided thereon so as to arrive at the Share Registrar's office, **Tricor Investor & Issuing House Services Sdn Bhd**, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia, at least 48 hours before the time set for convening the EGM or at any adjournment thereof.

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

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13. FURTHER INFORMATION

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

Yours faithfully,
For and on behalf of the Board
MUHIBBAH ENGINEERING (M) BHD

TAN SRI ZAKARIA BIN ABDUL HAMID
Chairman, Senior Independent Non-Executive Director

1. DEFINITIONS

1.1 Except where the context otherwise requires, the following expressions in these By-Laws shall have the following meanings:

“Act”	:	The Companies Act, 2016 or any statutory modification, amendment or re-enactment thereof for the time being in force
“Adviser”	:	A person who is permitted to carry on the regulated activity of advising on corporate finance under the Capital Markets and Services Act 2007 to act as a Principal Adviser as defined in the Securities Commission Malaysia’s Principal Adviser Guidelines
“Auditor”	:	An approved company auditor as defined in Section 263 of the Act, of the Company for the time being or such other external auditors as may be nominated by the Board
“Board”	:	The board of directors of MEB
“Bursa Depository”	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
“Bursa Securities”	:	Bursa Malaysia Securities Berhad (635998-W)
“By-Laws”	:	The By-Laws governing the Scheme, as may be amended, varied or supplemented from time to time in accordance to By-Law 18 hereof
“CDS Account”	:	An account established by Bursa Depository for a depositor for the recording of deposit of securities and dealings in such securities by that depositor of securities
“CDS”	:	A Central Depository System governed under the Central Depositories Act
“Central Depositories Act”	:	The Securities Industry (Central Depositories) Act, 1991 or any statutory modification, amendment or re-enactment thereof for the time being in force
“CMSA”	:	Capital Markets and Services Act 2007 or any statutory modification, amendment or re-enactment thereof for the time being in force
“Director”	:	An executive director of MEB and/or its Subsidiaries
“Duration of the Scheme”	:	The duration of the Scheme shall be five (5) years from the effective date of the commencement of the Scheme as defined in By-Law 19 hereof unless extended in accordance with By-Law 19 hereof or terminated in accordance with By-Law 20 hereof
“Eligible Person(s)”	:	An Employee or a Director who meets the criteria of eligibility for participation in the Scheme as set out in By-Law 4 hereof
“Employee”	:	A natural person which is employed by and on the payroll of any company in the Group and whose employment has been confirmed in writing and falls within any other eligibility criteria that may be determined by the Option Committee from time to time at its discretion

APPENDIX I – DRAFT BY-LAWS (Cont'd)

“Grantee”	: An Eligible Person who has accepted an Offer in the manner indicated in By-Law 8 hereof
“Listing Requirements”	: Main Market Listing Requirements of Bursa Securities
“Market Day”	: Any day between Monday and Friday (inclusive) other than a day on which Bursa Securities is declared officially closed for trading
“Maximum Allowable Allotment”	: The maximum number of new MEB Shares in respect of which Offers may be made to Eligible Persons, as provided in By-Law 6 hereof
“MEB Group” or “the Group”	: MEB and its Subsidiaries, collectively
“MEB” or the “Company”	: Muhibbah Engineering (M) Bhd (12737-K)
“MEB Shares” or “Shares”	: Ordinary share(s) in the Company
“Offer Date”	: The date on which an Offer (including any subsequent Offers) is made by the Option Committee to an Eligible Person to participate in the Scheme in accordance with the By-Laws
“Offer”	: An offer made in writing by the Option Committee to an Eligible Person in the manner indicated in By-Law 5 hereof
“Option Committee”	: The committee to be duly appointed and authorised by the Board to administer the Scheme
“Option Period”	: A period commencing from the Offer Date for each Eligible Person and expiring on a date which the Option Committee may in its discretion decide, provided that no Option Period shall extend beyond the Duration of the Scheme
“Option”	: The rights of a Grantee to subscribe for new MEB Shares pursuant to the contract constituted by acceptance by an Grantee, in the manner as set out in By-Law 8 hereof
“RM” and “sen”	: Ringgit Malaysia and sen respectively
“Rules of Bursa Depository”	: The Rules of Bursa Depository as issued pursuant to the Central Depositories Act or any statutory modification, amendment or re-enactment thereof for the time being in force
“Scheme”	: The share issuance scheme established by the By-Laws herein for the grant of Options to Eligible Persons to subscribe for new MEB Shares subject to the terms as set out herein
“Senior Management”	: A person holding senior managerial position within the Group who is nominated at any time and shall be subject to criteria as determined by the Option Committee from time to time
“Subscription Price”	: In respect of each Option, the price per share at which a Grantee shall be entitled to subscribe for new MEB Shares by

exercising his Option as set out in By-Law 7 hereof

- “Subsidiary(ies)” : The subsidiary companies of MEB as defined under Section 4 of the Act which are not dormant. For the avoidance of doubt, the “subsidiary companies” shall include subsidiaries which are existing during the Duration of the Scheme and subsidiaries which are incorporated or acquired at any time during the Duration of the Scheme, but exclude any subsidiaries which have been divested in the manner provided under By-Law 24 hereof
- “Undue Options” : The Options which are not yet due to be exercisable into new MEB Shares under the Option Period
- “Due Options” : The unexercised Options which are due to be exercisable into new MEB Shares under the Option Period

- 1.2 For the purposes of these By-Laws, all references made to “Bursa Securities” and “Listing Requirements” shall where the context so permits and requires, include or refer to such other relevant authority(ies) and such acts, enactments, rules, regulations and guidelines currently or from time to time hereafter in force affecting the valid implementation and continuation of the Scheme in accordance with the provisions of these By-Laws.
- 1.3 The headings in these By-Laws are for ease of reference only and shall not be taken into account in the interpretation of these By-Laws.
- 1.4 References to the provisions of statutes include such provisions as amended or re-enacted from time to time, and references to statutes or listing requirements include any consolidations, replacements or revisions of the same.
- 1.5 Words importing the masculine gender shall include the feminine and neuter genders and vice versa.
- 1.6 Words importing the singular number shall include the plural number and vice versa.
- 1.7 If an event is to occur on a stipulated day, which is not a Market Day, then the stipulated day will be taken to be the first (1st) Market Day after that day.
- 1.8 Any liberty or power which may be exercised or any determination which may be made hereunder by the Option Committee shall be exercised in the Option Committee’s absolute and unfettered discretion and the Option Committee shall not be under any obligation to give any reason there for except as may be required by the relevant authorities or under law.

2. NAME OF SCHEME

This Scheme will be named the “Muhibbah Engineering (M) Bhd Share Issuance Scheme” 2017/2022.

3. MAXIMUM NUMBER OF NEW SHARES ALLOWABLE UNDER THE SCHEME

- 3.1 Each Option shall be exercisable into one (1) new Share in accordance with the provisions of these By-Laws.
- 3.2 Subject to By-Law 3.3, the maximum number of new MEB Shares which may be allotted under the Scheme shall not exceed in aggregate ten per cent (10%) of the number of issued

shares of the Company (excluding treasury shares) at any point in time during the Duration of the Scheme.

The aggregate number of new Shares available pursuant to the Scheme shall consist of:

- (i) the Options exercised by all Grantees;
- (ii) the remaining Options exercisable by all Grantees; and
- (iii) the unexpired Offers pending acceptance by all Eligible Persons,

and shall not exceed an amount equivalent to ten percent (10%) of the prevailing number of issued shares of the Company (excluding treasury shares) at any one time.

3.3 Notwithstanding the provision of By-Law 3.2 above nor any other provisions herein contained, in the event the maximum number of new MEB Shares comprised in the Options granted under the Scheme exceeds the aggregate of ten per cent (10%) of the issued share capital of the Company (excluding treasury shares) as a result of the Company:

- (a) purchasing its own Shares in accordance with the provision of Section 127 of the Act, whereby the shares so purchased in treasury will not be taken into account in calculating the number of its issued share capital;
- (b) cancelling any MEB Share purchased by MEB or reducing its issued share capital and thereby diminishing its issued share capital; or
- (c) undertaking any corporate proposal which diminishes its issued share capital,

then such Options granted prior to the adjustment of the issued share capital of the Company (excluding treasury shares) shall remain valid and exercisable in accordance with the provisions of this Scheme.

However, in such a situation, the Option Committee shall not make any further Offers, unless and until such time when the total number of Shares to be issued under the Scheme falls below ten percent (10%) of the Company's prevailing issued share capital (excluding treasury shares), at any one time throughout the duration of the Scheme as provided in By-Law 19.1.

3.4 The Company will, for the Duration of the Scheme, keep available sufficient authorised and unissued Shares to satisfy all outstanding Options, which may be exercisable from time to time.

4. ELIGIBILITY

4.1 Only Eligible Person who fulfill the following conditions on the date on which an Offer is made in writing by the Option Committee to such person to participate in the Scheme shall be eligible to participate in the Scheme:-

- (a) is a Malaysian citizen;
- (b) has attained the age of eighteen (18) years;
- (c) is employed by and is on the payroll of a company within the MEB Group;
- (d) save for a Director, is employed for a continuous period of at least one (1) year in the Group from the date of confirmation of employment;

- (e) if an employee is employed by a company which is acquired by the Group during the duration of the Scheme and becomes a Subsidiary upon such acquisition, the employee must have completed from the date of confirmation of employment, continuous service of at least one (1) year from the date that company becomes a Subsidiary;
- (f) not be an undischarged bankrupt nor subject to any bankruptcy proceedings;
- (g) in respect of the Director, such Director is a director named in the respective Register of Directors of the Group;
- (h) in respect of employment under fixed-term contract, such person must serve for a fixed duration of at least one (1) year in the Group and have been continuously in service for at least five (5) years in the Group prior to the Offer Date;
- (i) the allocation of MEB Shares to the Directors of MEB must have been approved by the shareholders of MEB in a general meeting and such Directors are not prohibited or disallowed by the relevant authorities or laws from participating in the Scheme; and
- (j) fulfils any other criteria including but not limited to the performance targets, appraisals and assessments as may be set or determined by MEB Group and/or Option Committee from time to time, at its absolute discretion.

No Offer and/or allocation of the Options under the Scheme shall be made to the following persons unless the shareholders of the Company in a general meeting approve the specific allocation and allotment to such persons:

- (i) any person who is a director, major shareholder or chief executive officer of the Company or holding company of the Company (“**Interested Party(ies)**”); or
- (ii) a person connected with any of the Interested Party(ies).

- 4.2 The Employees and Directors of the Subsidiaries of the Company which are dormant shall not be eligible to participate in the Scheme.
- 4.3 Any eligible Employee or each Director who holds more than one (1) position within the MEB Group and by holding such position is an Eligible Person, shall only be entitled to the Maximum Allowable Allotment of any one (1) category/designation of employment. The Option Committee shall be entitled at its discretion to determine the applicable category/designation of employment.
- 4.4 Eligibility under the Scheme does not confer on an Eligible Person a claim or right to participate in or any rights whatsoever under the Scheme and an Eligible Person does not acquire or have any rights over or in connection with the Options or the new MEB Shares comprised therein unless an Offer had been made by the Option Committee to the Eligible Person and the Eligible Person has accepted the Offer in accordance with the terms of the Offer and the Scheme.
- 4.5 In determining the eligibility and allocation of Eligible Person to participate in the Scheme, the Option Committee will take into account among others, the performance appraisal(s) and past and future contributions of Eligible Person to the Company and/or its Subsidiaries, and such other factors that the Option Committee deems relevant from time to time.

For avoidance of doubt, the selection of Eligible Persons for participation in the Scheme shall be at the sole and absolute discretion of the Option Committee. The decision of the Option Committee shall be final and binding.

- 4.6 A set of criteria on eligibility of the employees and criteria for allocation as determined by the Board from time to time shall be made available to the Eligible Persons. A verification of allocation of the Options pursuant to the Scheme shall be carried out by the audit committee of the Company at the end of each financial year.
- 4.7 Where an Offer is made to an Eligible Person who is a member of the Option Committee, such grant of Option shall be decided and carried out by the Option Committee PROVIDED ALWAYS that such Eligible Person and persons connected to him who are also members of the Option Committee shall abstain from all deliberations and voting in respect of the Offer proposed to be granted to him at the relevant Option Committee meetings.

5. OFFER

- 5.1 The Option Committee may at its discretion at any time and from time to time within the Duration of the Scheme as it shall deem fit make an Offer to any Eligible Person whom the Option Committee may in its sole and absolute discretion select to subscribe during the Option Period for new MEB Shares in accordance with the terms of the Scheme.
- 5.2 Each Offer shall be made in writing ("**Letter of Offer**") by the Option Committee and shall state the number of new MEB Shares which the Eligible Person shall be entitled to subscribe, the Subscription Price and the Option Period, the due period for exercisability of the Options and any other conditions imposed by the Option Committee and the closing date for acceptance of the Offer.
- 5.3 Nothing herein shall prevent the Option Committee from making more than one (1) Offer to any Eligible Person provided always that, the total aggregate number of new MEB Shares comprised in the Offers shall not be less than one thousand (1000) new MEB Shares but not more than the Maximum Allowable Allotment as set out in By-Law 6 hereof and shall always be in multiples of one thousand (1000) MEB Shares.
- 5.4 The Scheme is subject to vesting period and the details of the vesting period shall be determined by the Option Committee at a later stage.

In the event the Option Committee decides that an Offer or vesting of any number of Options is staggered, the number of Options to be offered in an Offer and the timing for the vesting of these Options shall be decided by the Option Committee and shall be subject to other conditions as set out by the Option Committee in the Letter of Offer (including but not limited to performance, assessment and appraisal or performance targets) at its sole and absolute discretion and an Offer shall be separate and independent from the others.

- 5.5 Unless otherwise approved in writing by the Option Committee in its absolute discretion, any Offer which has not been accepted in the manner set out in By-Law 8 shall automatically lapse and be null and void in the event the Eligible Person shall cease to be employed for any reason whatsoever by the Group, or in the event the Eligible Person shall have died or become a bankrupt prior to the acceptance of the Offer.

6. MAXIMUM ALLOWABLE ALLOTMENT AND THE BASIS OF ALLOTMENT

- 6.1 Subject to any adjustments which may be made under By-Law 14, the aggregate number of Shares comprised in the Options to be offered to an Eligible Person in accordance with the Scheme shall be determined at the discretion of the Option Committee after taking into consideration the Eligible Person's performance, position, seniority, responsibility and the number of years in service subject to the following:
- (a) that the aggregate number of Shares comprised in the Options made available under the Scheme shall not exceed the amount stipulated in By-Law 3.2; notwithstanding

the foregoing, the Option Committee shall not be obliged in any way to offer an Eligible Person the Options for all the specified maximum number of Shares that the Eligible Person may be / is entitled to under the Scheme;

- (b) that not more than eighty per cent (80%) of the total Shares available under the Scheme at any point in time when an Offer is made shall be allocated, in aggregate, to Directors and Senior Management;
- (c) that not more than ten per cent (10%) of the total Shares available under the Scheme at any point in time when an Offer is made shall be granted to any individual Eligible Person who, either singly or collectively through persons connected with an Eligible Person, holds twenty per cent (20%) or more of the total number of issued share in the Company (excluding treasury shares); and
- (d) the Directors and Senior Management of the Group do not participate in the voting, deliberation or discussion of their own allocations of Options under the Scheme.

The term “person connected with an Eligible Person” shall have the same meaning given in relation to persons connected with a Director or major shareholder as defined in the Listing Requirements.

7. SUBSCRIPTION PRICE

- 7.1 Subject to any adjustment in accordance with the By-Laws, the Subscription Price shall be determined based on five (5)-day weighted average market price of the Shares immediately preceding the Offer Date, with a discount of not more than ten per cent (10%).
- 7.2 The Subscription Price as determined by the Board shall be conclusive and binding on the Grantees and shall be subjected to any adjustments in accordance with By-Law 14 herein.

8. ACCEPTANCE OF THE OFFER

- 8.1 The Offer to participate in the Scheme shall be valid for acceptance for a period of thirty days (30) calendar days from the Offer Date or such longer period as may be determined by the Option Committee on a case-to-case basis at its discretion. The acceptance of an Offer shall be made by way of a written notice from the Eligible Person to the Option Committee in the form prescribed by the Option Committee from time to time. In the event that the Eligible Person fails to accept the Offer within the prescribed period and in the manner aforesaid, the Offer shall automatically lapse PROVIDED THAT the Option Committee shall not be precluded from making a new Offer to the Eligible Person subsequently.
- 8.2 Acceptance of the Offer by an Eligible Person shall be accompanied by the payment of Ringgit Malaysia One (RM1.00) or such other amount and/or in such other currency as may be determined at the discretion of the Option Committee as non-refundable consideration for Option.
- 8.3 An Option shall be personal to the Grantee and cannot be assigned, encumbered, transferred or otherwise disposed of in any manner whatsoever.

9. EXERCISE OF OPTIONS

- 9.1 Subject to By-Laws 10, 14, 19, 20 and 24 hereof and as long as the Option remains valid, an Option may be exercised by the Grantee by notice in writing to the Company by the Grantee or its authorised agent (subject that such authorised agent must be recognised by the Company) or in such other manner as may be determined by the Option Committee during

the Option Period in respect of all or any part of the new MEB Shares comprised in the Option, PROVIDED THAT where an Option is exercised in respect of a part of the new MEB Shares comprised therein, the number of new MEB Shares of which such Option may be exercised shall not be less than one thousand (1000) and shall be in multiples of one thousand (1000).

- 9.2 The exercisability of the Options will be on staggered basis over the Option Period as determined by the Option Committee.

Where the maximum percentage of an Option exercisable within a particular year of the Scheme is not fully exercised by the Grantee, the percentage unexercised shall be carried forward to the following year and the maximum percentage of the Option exercisable in that year shall not exceed the aggregate of the percentage unexercised in the previous year and the exercisable percentage of that year, provided always that no Option shall be carried forward beyond the Option Period.

- 9.3 Every such written notice referred to in By-Law 9.1 hereof must be in the form prescribed by the Option Committee from time to time and accompanied by a remittance (calculated in accordance with the provisions of By-Law 7 hereof) for the full amount of the subscription monies for the new MEB Shares in respect of which notice is given. Within eight (8) Market Days from the receipt by the Company of the aforesaid notice and remittance from the Grantee or any other period as may be prescribed by Bursa Securities, the Company shall allot such new MEB Shares to the Grantee accordingly, subject to and in accordance with the provisions of the Articles of Association of the Company, the Central Depositories Act and the Rules of Bursa Depository.

- 9.4 A Grantee who exercises his Option shall provide the Option Committee with his CDS account number or the CDS account number of his authorised nominee, as the case may be, in the notice referred to in By-Law 9.1. The new MEB Shares to be issued pursuant to the exercise of an Option will be credited into the CDS account of the Grantee or his authorised nominee, as the case may be and a notice of allotment stating the number of shares credited into such CDS account will be issued and despatched to the Grantee or the Grantee's authorised nominee with a copy to the Grantee, as the case may be, within eight (8) Market Days from the date of receipt by the Company of the written notice of the exercise of the Option together with the requisite remittance. No physical share certificate(s) will be issued.

- 9.5 No Options shall be exercisable on and after the expiry of the Option Period.

- 9.6 In the event that a Grantee is subject to disciplinary proceedings (whether or not such disciplinary proceedings will give rise to a dismissal or termination of service), the Option Committee shall have the right, in its discretion, to suspend the Grantee's Option pending the outcome of such disciplinary proceedings. The Option Committee may impose such terms and conditions as the Option Committee shall deem appropriate having regard to the nature of the charges made or brought against the Grantee PROVIDED ALWAYS THAT:

- (a) in the event that such Grantee shall subsequently be found to be not guilty of the charges which gave rise to such disciplinary proceedings, the Option Committee shall reinstate the rights of such Grantee to exercise his Option PROVIDED THAT such reinstatement is within the Option Period;
- (b) in the event the disciplinary proceedings result in a recommendation for the dismissal or termination of service of such Grantee, the Option shall immediately lapse and be null and void and of no further force and effect upon pronouncement of the dismissal or termination of service of such Grantee notwithstanding that such recommendation may be subsequently challenged by the Grantee in any other forum; and
- (c) in the event such Grantee is found guilty but no dismissal or termination of service is recommended, the Option Committee shall have the right to determine at its discretion

whether or not the Grantee may continue to exercise his Option and if so, to impose such limits, terms and conditions as it deems appropriate, on such exercise.

For the purpose of this By-Laws, a Grantee shall be deemed to be subject to “**disciplinary proceedings**” if:

- (i) the Grantee is suspended from work and pending investigation into his conduct;
- (ii) the Grantee is issued with a letter requiring him to attend an internal domestic inquiry;
- (iii) the Grantee is issued with warnings and/or show cause letters; or
- (iv) such other instances as the Option Committee may deem as being subject to disciplinary proceedings.

9.7 The Board, the Option Committee, the Company and/or any officer of the Company shall not, under any circumstances, be held liable for any costs, losses, expenses and/or damages whatsoever or howsoever arising in any event, including but not limited, to the delay on the part of the Company in allotting and issuing the new MEB Shares or in procuring Bursa Securities to list the new MEB Shares on Bursa Securities for which the Grantee is entitled to subscribe.

9.8 Unless the Option Committee shall decide otherwise, failure by the Grantee to comply with the procedure for an exercise of an Option as stipulated in By-Laws 9.1 to 9.5 herein will invalidate the purported exercise of such Option by an Eligible Person.

9.9 Every Option shall be subject to the condition that no new MEB Shares shall be issued to a Grantee pursuant to the exercise of an Option if such issue would be contrary to any law, enactment, rules and/or regulations of any legislative or non-legislative body which may be in force during the Option Period or such period as may be extended.

9.10 The Options shall not carry any right to vote at any general meeting of the Company.

10. TERMINATION OF THE OPTION

10.1 In the event of the cessation or termination of employment or appointment of a Grantee with the Group for whatever reason, including but not limited to the date of the notice or letter of termination from the Company or Subsidiary to the Grantee or the date of expiry of the fixed term contract or the date of the letter or notice of resignation by the Grantee, prior to the exercise of his Options or prior to full exercise of his Options, as the case may be, such remaining unexercised Option shall cease immediately and become null and void on the date of such cessation or date of such notice or letter of termination or date of the letter or notice of resignation by the Grantee or the date of expiry of the fixed term contract without any liability or right whatsoever to claim against the Company, Subsidiaries, Option Committee and/or the Board.

10.2 In the event of the cessation or termination of employment or appointment of a Grantee with the Group in any of the following circumstances:-

- (a) retirement on attaining the retirement age under the MEB Group's retirement policy; or
- (b) retirement before attaining the normal retirement age but with the consent of the Board; or
- (c) subjected to the disciplinary proceedings pursuant to By-Law 9.6(a); or

- (d) redundancy or retrenchment, or cessation of service pursuant to the acceptance of the Grantee of a voluntary separation scheme offered by the Company or relevant Subsidiaries; or
- (e) ill-health, injury, physical or mental disability or mental disorder; or
- (f) non-renewal of any fixed-term contract; or
- (g) death of the Grantee; or
- (h) any other circumstances which are acceptable to the Option Committee in its sole and absolute discretion,

any remaining unexercised Options (including Due Options and Undue Options) during the Option Period shall cease immediately and become null and void on the date of such cessation of or date of such notice or letter of termination or date of the letter or notice of resignation by the Grantee or the date of expiry of the fixed term contract without any liability or right whatsoever to claim against the Company, Subsidiaries, Option Committee and/or the Board.

- 10.3 If a Grantee ceases his employment or appointment with MEB Group by reason of his notice or letter of resignation, his remaining unexercised Options shall cease with immediate effect and become null and void on the effective date of such cessation.

For the avoidance of doubt, the date of a Grantee's notice or letter of resignation, shall be deemed to be the effective date when a Grantee ceases his employment or appointment with the Group.

- 10.4 Subject to By-Laws 10.1 and 10.2, where a Grantee retires and is immediately re-employed by the Company or by any Subsidiaries based on contract basis, upon his re-employment, the Option Committee may at its absolute discretion allow the Grantee to exercise his accumulated Due Options which are offered to him under the Offer made pursuant to By-Law 5, prior to his retirement within the duration of his contract only and subject to other terms and conditions that may be determined by the Option Committee and to be fulfilled by the re-employed Grantee.
- 10.5 An Option shall immediately become void and of no further effect upon the Grantee being adjudicated a bankrupt.
- 10.6 In the event of the liquidation of the Company, all unexercised or partially exercised Options shall lapse.
- 10.7 Where a Grantee dies before the expiry of the Option Period and at the time of his death holds accumulated Due Options prior to the date of his death, such Due Options shall cease immediately on the date of such death without any claim whatsoever against the Company, Subsidiaries, Option Committee and/or the Board PROVIDED ALWAYS THAT, subject to the written approval of the Option Committee in its discretion, the Due Options may be exercised by the legal or personal representatives of the Grantee after the date of his death provided that such exercise shall be within the Option Period.

11. TAKEOVER

Notwithstanding By-Law 9 hereof and subject to the provisions of any applicable statutes, rules, regulations and/or conditions issued by the relevant authorities:

- (a) in the event a take-over offer for the Company, under the Malaysian Code on Takeovers and Mergers 2016, to acquire the whole of the issued ordinary share capital of

the Company (or such part thereof not at the time held by the person making the take-over offer) (“**Offeror**”) or any person acting in concert with the Offeror, then notwithstanding By-Law 9 hereof, the Grantee shall be entitled, within such period to be determined by the Option Committee, to exercise in full or in part any Option as yet unexercised and the Board shall use its best endeavours to procure that such a general offer be extended to any new MEB Shares that may be issued pursuant to the exercise of the Options under this Clause; and

- (b) in the event a person becomes entitled or bound to exercise rights of compulsory acquisition of MEB Shares under the provisions of the Act or the CMSA and gives notice to the Grantee that it intends to exercise such rights on a specific date (“**Specific Date**”), then notwithstanding By-Law 9 hereof, the Option shall remain exercisable by the Grantee in full or in part until the expiry of the Specific Date. In the foregoing circumstance if the Grantee fails to exercise his Option or elects to exercise only part of his Option by the Specific Date, then the Option, or as the case may be the Option in relation to the balance thereof, shall automatically lapse after the Specific Date and be null and void.

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

Notwithstanding By-Law 9 hereof and subject to the discretion of the Option Committee, in the event of the court sanctioning a compromise or arrangement between the Company and its members proposed for the purposes of, or in connection with, a scheme of arrangement and reconstruction of the Company under Section 366 of the Act or its amalgamation with any other company or companies under Section 370 of the Act, then notwithstanding By-Law 9 hereof, a Grantee may be entitled to exercise all or any part of his Option or Options at any time commencing from the date upon which the compromise or arrangement is sanctioned by the court and ending with the date upon which it becomes effective PROVIDED ALWAYS THAT no Option shall be exercised after the expiry of the Option Period.

Upon the compromise or arrangement becoming effective, all Options, to the extent unexercised shall automatically lapse and shall become null and void.

13. RETENTION PERIOD

The new MEB Shares to be issued and allotted to a Grantee pursuant to the exercise of any Option or Options will not be subject to any retention period or restriction of transfer. However, the Grantees are encouraged to hold the MEB Shares as a long-term investment rather than for any speculative purpose and/or realisation or immediate gains.

A Grantee, who is a non-executive Director shall not sell, transfer or assign the new Shares obtained through the exercise of Options offered to him pursuant to the Scheme within one (1) year from the Offer Date, as per Listing Requirements or any prevailing applicable guidelines.

14. ALTERATION OF SHARE CAPITAL DURING THE OPTION PERIOD

- 14.1 In the event of any alteration in the capital structure of the Company during the Option Period, whether by way of rights issues, bonus issues, capitalisation issues, consolidation or subdivision of shares or capital reduction or any other variation of capital, or otherwise howsoever taking place:

- (i) the Subscription Price; and/ or

- (ii) the number of new MEB Shares comprised in the Option in so far as the Option has not been exercised,

may be adjusted, PROVIDED ALWAYS THAT:-

- (a) any adjustment to the Subscription Price shall be rounded down to the nearest RM0.01;
- (b) in the event that a fraction of a new Share arising from the adjustment referred to in By-Law 14 would otherwise be required to be issued, the Grantee's entitlement shall be rounded down to the nearest whole number;
- (c) upon any adjustment being made pursuant to this By-Law, the Option Committee shall, within ten (10) Market Days of the effective date of the alteration in the capital structure of the Company, notify the Grantee (or his legal or personal representatives, where applicable) in writing, informing the Grantee:
 - (i) of the adjusted Subscription Price in effect and/or the revised number of new MEB Shares to be issued on the exercise of the Option (in so far as the Option remains unexercised);
 - (ii) the effective date of such adjustment; and
 - (iii) the event giving rise to the adjustment.

Any adjustment pursuant to this clause shall be made in accordance with the formulas as set out in the Schedule A AND shall be effective on the day as set out in the Schedule A.

- 14.2 Notwithstanding anything to the contrary contained in the Scheme, in the event that a fraction of a new Share arising from the adjustments referred to in By-Law 14.1 hereof would otherwise be required to be issued upon the exercise of an Option by the Grantee, the Grantee's entitlement shall be rounded down to the nearest whole number of new Shares.
- 14.3 The provisions of this By-Law shall not apply where the alteration in the capital structure of the Company arises from:-
 - (a) an issue of new MEB Shares or any other convertible securities into new MEB Shares in consideration or part consideration for an acquisition of any other securities, assets or business;
 - (b) a special issue of new MEB Shares or any other convertible securities into new MEB Shares to Bumiputera investors nominated by the Ministry of International Trade and Industry, Malaysia and/or any other government authority to comply with Government policy on Bumiputera capital participation;
 - (c) special issue, a private placement or restricted issue of new MEB Shares or any other convertible securities into new MEB Shares, by the Company;
 - (d) a share buy-back arrangement by the Company;
 - (e) any issue of new Shares arising from the exercise of any exercise or conversion rights attached to the issue of warrants, convertible securities or other instrument; or
 - (f) an issue of new MEB Shares upon the exercise of Options pursuant to the Scheme.
- 14.4 All adjustments (other than bonus issue) must be confirmed in writing by the external Auditors of the Company (acting as experts and not as arbitrators) and such certification shall be final and binding in all respects.

15. QUOTATION OF SHARES

Upon any new Shares (if any) being allotted to the Grantee pursuant to an exercise of the Options, the Company shall make the necessary application to Bursa Securities within the stipulated timeframe as prescribed by the Listing Requirements for the listing of and quotation for such new MEB Shares and use its best endeavours to obtain permission and approval for such listing and quotation.

16. RIGHTS ATTACHING TO THE NEW MEB SHARES AND OPTIONS

The new Shares to be allotted and issued upon the exercise of the Options will upon such allotment and issuance, rank *pari passu* in all respects with the then existing Shares of the Company except that the Shares so allotted will not be entitled to any dividends, rights, allotments or other distributions, the entitlement date (namely the date as at the close of business on which shareholders must be registered in order to be entitled to any dividends, rights, allotments or other distributions) of which is prior to the date of allotment of the new Shares and will be subject to all the provisions of the Articles of Association of the Company relating to the transfer, transmission and otherwise of the Shares.

17. ADMINISTRATION OF THE SCHEME

- 17.1 The Scheme shall be administered by the Option Committee consisting of such persons appointed by the Board from time to time. The Option Committee shall administer the Scheme in such manner as it shall in its discretion deem fit and with such powers and duties as are conferred upon it by the Board. The Option Committee shall, subject to these By-Laws administer the Scheme and regulate the Option Committee's own proceedings in such manner as it shall think fit. The decision of the Option Committee shall be final and binding.
- 17.2 Without limiting the generality of By-Law 17.1, the Option Committee may, for the purpose of administering the Scheme, do all such acts and things and enter into any transactions, agreements, deeds, documents or arrangements, and make rules, regulations or impose terms and conditions or delegate part of its power relating to the administration of the Scheme, as the Option Committee may in its discretion deem fit necessary and/or expedient for the implementation of the Scheme, including the power and right to:
- (a) 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
 - (b) determine the eligibility and/or criteria for Eligible Person under this Scheme, answering and questions of policy and expediency that may arise in the administration of the Scheme and generally exercise such powers and rights to decide and perform such acts as are deemed necessary or expedient to promote the best interests of the Company.
- 17.3 The Board shall have the discretion and power at any time and from time to time as it deems fit to approve, rescind and/or revoke the appointment of any person in the Option Committee

18. AMENDMENT AND/OR MODIFICATION TO THE BY-LAWS

Subject to the compliance with the requirements of Bursa Securities and any other relevant authorities, the Board shall have the power at any time and from time to time by resolution to amend, at the recommendation of the Option Committee, all or any part of the By-Laws, as it shall in its discretion think fit and the Board shall have the power by resolution to add to, amend or delete all or any of these By-Laws upon such recommendation subject to the Company submitting a letter of compliance to Bursa Securities for the amendment made, that the said amendment is in compliance with the provisions of the Listing Requirements pertaining to share issuance scheme and Rules of the Depository (as defined under the Listing Requirements) pursuant to Paragraphs 2.10, 2.11 and 2.12 of the Listing Requirements.

The approval of the shareholders of the Company in general meeting shall not be required for any amendments to the By-Laws PROVIDED THAT no additions or amendments to or deletions of these By-Laws shall be made which will:

- (a) prejudice any rights then accrued to any Grantee without the prior consent or sanction of that Grantee;
- (b) increase the number of Shares available under the Scheme beyond the maximum imposed by By-Law 6.1; or
- (c) alter to the advantage to the Grantee any provisions of the Scheme.

For the purpose of complying with the provisions of Appendix 6E of the Listing Requirements, no such amendment shall be made which would alter to the advantage of any Eligible Person or Grantee, without the prior approval of the Company's shareholders in a general meeting where such approval is required by applicable laws/regulations.

Where an amendment and/or modification is made to the By-Laws of the Scheme, the Company shall submit to Bursa Securities, the amendment and/or modification to the By-Laws of the Scheme and a confirmation letter that the amendment and/or modification complies with the provision of the guidelines on Scheme as stipulated under the Listing Requirements and Rules of Bursa Depository no later than five (5) Market Days from the effective date of the said amendment and/or modification.

19. EFFECTIVE DATE AND DURATION OF THE SCHEME

19.1 The effective date of the commencement of the Scheme ("**Effective Date**") shall be the date of full compliance with the Listing Requirements including the following:

- (a) receipt of approval-in-principle for the listing of and quotation for the new Shares to be issued pursuant to the exercise of the Options from Bursa Securities;
- (b) receipt of approval of the shareholders' for the Scheme;
- (c) submission of a final copy of the By-Laws to Bursa Securities pursuant to the Listing Requirements; and
- (d) fulfilment of all the conditions attached to the above approvals for the Scheme.

The Adviser of the Company shall submit a confirmation letter to Bursa Securities of full compliance pursuant to Paragraph 2.12 of the Listing Requirements stating the Effective Date of the Scheme together with a certified true copy of the relevant resolution passed by the shareholders of the Company in a general meeting. The confirmation or compliance letter

must be submitted to Bursa Securities no later than five (5) Market Days after the Effective Date.

The Scheme shall be in force for a period of five (5) years from the Effective Date, provided always that on or before the expiry thereof, the Board shall have the absolute discretion, without the approval of the Company's shareholders in a general meeting, to extend the duration of the Scheme (as the Board may deem fit) for up to a further five (5) years provided that the Company shall serve appropriate notices on each Grantee and/or make the necessary announcements to Bursa Securities (if required) at least thirty (30) days prior to the expiry of the original Scheme. Any extended Scheme under this provision shall be implemented in accordance with the terms of the By-Laws, subject however to any revisions and/or changes to the relevant laws and/or regulations then in force.

For avoidance of doubt, the duration of the Scheme shall not in aggregate exceed ten (10) years or such other period as may be prescribed by Bursa Securities or any other relevant authorities from the Effective Date.

- 19.2 Subject to the approval of the relevant authorities and the shareholders, the Company may establish a new share issuance scheme after the expiry of the current Scheme or if the current Scheme has been terminated during the Duration of the Scheme provided that the aggregate number of Shares available under all Schemes does not breach the maximum limit prescribed in the prevailing guidelines issued by Bursa Securities, the Listing Requirements or any other relevant authorities as amended from time to time. An Eligible Person who has been granted Options under the earlier Scheme may be allowed to participate in this new scheme, subject to the then by-laws of the new scheme.

20. TERMINATION OF THE SCHEME

- 20.1 Notwithstanding the provisions of By-Law 19, and subject always to compliance with Bursa Securities and any other regulatory authorities' requirements, guidelines or directives, the Scheme may be terminated at any time during the duration of the Scheme by the Option Committee upon approval of the Board without obtaining the consents from the Grantees or approvals from the shareholders of the Company provided that the Company makes an announcement which shall include the effective date of termination ("**Termination Date**"), number of Options exercised or Shares vested and reasons for termination immediately to Bursa Securities pursuant to the Listing Requirements.

- 20.2 Upon termination of the Scheme, the following shall apply:

- (a) the Option Committee shall make no further Offers;
- (b) all Offers which have yet to be accepted by the Eligible Persons shall automatically lapse on the Termination Date; and
- (c) all outstanding Options which have yet to be exercised by the Grantees shall be automatically terminated and be null and void on the Termination Date.

For the avoidance of doubt, Options which have been exercised but where the new Shares have yet to be issued or registered in the name of the Eligible Person or his estate as at the date of the resolution to terminate the Scheme shall remain effective and the Company shall issue and register the new Shares accordingly.

21. GOVERNING LAW AND MULTIPLE JURISDICTIONS

The Scheme shall be governed by and construed in accordance with the laws of Malaysia. The Grantee, by accepting the Options in accordance with the By-Laws and terms of the Scheme, irrevocably submits to the exclusive jurisdiction of the courts of Malaysia.

In order to facilitate the making of any grant under this Scheme, the Board may provide for such special terms to Eligible Persons who are employed by the Company or any Subsidiary in a particular jurisdiction as the Board may consider necessary or appropriate to accommodate differences in local law, tax, policy or custom of that jurisdiction. The Board may further approve such supplements to or amendments, restatements or alternative versions of the Scheme as it may consider necessary or appropriate for such purposes without thereby affecting the terms of the Scheme as in effect for any other purpose, and the appropriate officer of the Company may certify any such document as having been approved and adopted in the same manner as this Scheme. No such special terms, supplements, amendments or restatements, however, shall include any provisions that are inconsistent with the terms of this Scheme, as then in effect, unless this Scheme has been amended to eliminate such inconsistency. Notwithstanding the above, any Offer made to such Eligible Persons pursuant to the Scheme shall be valid strictly in Malaysia only unless specifically mentioned otherwise by the Option Committee in the Offer.

22. NO COMPENSATION

- 22.1 An Eligible Person or Grantee who ceases to hold office or employment or under contract basis shall not be entitled to any compensation for the loss of any right or benefit or prospective right or benefit under the Scheme which he might otherwise have enjoyed whether such compensation is claimed by way of damages for wrongful dismissal or other breach of contract or by way of compensation for loss of office or non-renewal of contract of employment.
- 22.2 No Eligible Person or Grantee or legal or personal representatives shall bring any claim, action or proceeding against the Company or the Option Committee or any other party for compensation, loss or damages whatsoever and howsoever arising from the suspension of his rights to exercise his Option or his Option ceasing to be valid pursuant to the provisions of these By-Laws, as may be amended from time to time in accordance with By-Law 18 hereof.

23. TRANSFERS/RECRUITMENT FROM OTHER COMPANIES TO THE GROUP

In the event that:

- (a) an employee or a director who was employed in a company related to MEB pursuant to Section 7 of the Act (being a company that is not a subsidiary of the Company) and is subsequently transferred/employed from such company to any company within the Group; or
- (b) an employee or a director who was in the employment of a company which subsequently becomes a subsidiary of the Company as a result of a restructuring or acquisition or otherwise involving the Company and/or any company within the Group;

(the first mentioned company in each of (a) and (b) is hereinafter referred to as the “**Previous Company**”), such an employee or a director of the Previous Company (the “**Affected Employee**”) will, if the Affected Employee satisfies all the conditions of these By-Laws, be eligible to be considered for the Offer of Options under the Scheme for the remaining Duration of the Scheme and subject to all the terms and conditions of these By-Laws. The Affected Employee shall also be entitled to continue to exercise all such unexercised option(s) which were granted to him under the share issuance scheme (if any) in which he was participating (the “**Previous Scheme**”) whilst the Affected Employee was in the employment of the Previous Company in accordance with the by-laws of such Previous Scheme but he shall not, upon such transfer or restructuring or acquisition as the case may be, be eligible to participate for further options of such Previous Scheme unless the Affected Employee also remains eligible to participate in Previous Scheme as stipulated in the by-laws of the Previous Company.

24. DIVESTMENT FROM THE GROUP

If a Grantee who was in the employment with a company in the Group which was subsequently divested wholly or in part from the Group, resulting in such company being no longer a subsidiary of MEB Group pursuant to Section 4 of the Act, then such Grantee:

- (a) may be entitled to continue to exercise all such unexercised Options which were granted to him under the Scheme within a particular time frame determined within the Option Period at the discretion of the Option Committee, failing which the right of such Grantee to subscribe for that number of new MEB Shares or any part thereof granted under such unexercised Options shall automatically lapse and be null and void and of no further force and effect; and
- (b) shall not be eligible to participate for further Options under the Scheme.

25. COSTS AND EXPENSES

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

26. SCHEME NOT A TERM OF EMPLOYMENT

This Scheme does not form part nor shall it in any way be construed as part of the terms and conditions of employment of any Eligible Person of the Group.

27. ARTICLES OF ASSOCIATION

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

28. INSPECTION OF THE AUDITED FINANCIAL STATEMENTS

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

29. WINDING UP

All outstanding Options shall be automatically terminated in the event that a resolution is passed or a court order is made for the winding up of the Company.

30. DECISION OF THE OPTION COMMITTEE

Any decision and/or determination made by the Option Committee under these By-Laws or any matters with regards or related to this Scheme shall, in the absence of any manifest error, be final and binding.

31. TAXES

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

32. NOTICE

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

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

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

32.2 Any certificate, notification or other notice required to be given to the Company or the Option Committee shall be properly given if sent by registered post or delivered by hand to the Company at its registered address at Lot 586 and 579, 2 Mile Jalan Batu Tiga Lama, 41300 Klang, Selangor Darul Ehsan or any other business address which may be notified in writing by the Option Committee from time to time.

THE SCHEDULE A

(pursuant to By-Law 14.1)

**ADJUSTMENT TO THE SUBSCRIPTION PRICE
OR THE NUMBER OF SHARES**

The Subscription Price and/or the number of Shares to be comprised in an Option in respect of the right to subscribe for new Shares as yet unexercised to which a Grantee may be entitled shall from time to time be adjusted, calculated or determined by the Option Committee and confirmed in writing by the external auditors (other than adjustments made pursuant to bonus issues) for the time being of the Company (acting as experts and not as arbitrators) in accordance with the following relevant provisions:

- (a) If and whenever the Shares by reason of any consolidation or subdivision or conversion of Shares, the Subscription Price and the additional Shares comprised in the Options as yet unexercised ("**Additional Shares Under Options**") shall be adjusted, calculated or determined in the following manner:

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

$$\begin{array}{l} \text{Additional Shares} \\ \text{Under Options} \end{array} = \frac{B}{A} \times T$$

where:

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

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

S = existing Subscription Price.

T = existing number of Shares comprised in the Options in respect of the right to subscribe for new Shares as yet unexercised.

Each such adjustment will be effective from the close of business of the Market Day next following the date on which the consolidation or subdivision or conversion becomes effective (being the date on which the Shares are traded on Bursa Securities) or such other date as may be prescribed by Bursa Securities.

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

$$\text{New Subscription Price} = S \times \left[\frac{A}{A + B} \right]$$

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

$$\begin{array}{l} \text{Additional Shares} \\ \text{Under Options} \end{array} = T \times \left[\frac{A + B}{A} \right] - T$$

Where:

S = as S above;

A = the aggregate number of issued Shares on the entitlement date (namely the date as at the close of business on which shareholders must be registered in order to be entitled to any dividends, rights, allotments or other distributions) immediately before such capitalisation issue;

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

T = existing number of Shares comprised in the Options in respect of the right to subscribe for new Shares as yet unexercised.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the entitlement date for such issue.

(c) If and whenever the Company shall make:

- (1) a Capital Distribution (as defined below) to shareholders whether on a reduction of capital or otherwise (save and except any capital reduction involving the cancellation of capital which is lost or unrepresented by available assets); or
- (2) any offer or invitation to shareholders whereunder they may acquire or subscribe for Shares by way of rights; or
- (3) any offer or invitation to 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 Subscription Price shall be adjusted in the following manner:

$$\text{New Subscription Price} = S \times \left[\frac{C - D}{C} \right]$$

and in respect of the case referred to in paragraph (c)(2) hereof, the Additional Shares Under Options shall be adjusted, calculated or determined in the following manner:

$$\begin{array}{l} \text{Additional Shares} \\ \text{Under Options} \end{array} = T \times \left[\frac{C}{C - D^*} \right] - T$$

Where:

S = as S above;

T = as T above;

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 to Bursa Securities or (failing such announcement), immediately preceding the date of announcement of the entitlement date of the Capital Distribution or, as the case may be, of the offer or invitation (where appropriate), or any relevant date as may be determined by the Company in consultation with the external auditors of the Company; and

D = (aa) in the case of an offer or invitation to acquire or subscribe for Shares or securities convertible into Shares or with rights to acquire or subscribe for

Shares under paragraphs (c)(2) and (c)(3) above, the value of rights attributable to one (1) Share (as defined below); or

- (bb) 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 external Auditors of the Company, of that portion of the Capital Distribution attributable to one (1) Share.

For the purpose of sub-paragraph (aa) 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 = as C above;

E = the subscription consideration for one (1) additional Share under the terms of such offer or invitation to acquire or subscribe for Shares, the conversion value paid for conversion into one (1) additional Share, or the exercise price paid in connection with the rights to acquire or subscribe for one (1) additional Share;

F = the number of Shares which is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share or to acquire or subscribe for securities convertible into one (1) additional Share or rights to acquire or subscribe for one (1) additional Share; and

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

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

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

where:

C = as C above;

E* = the subscription consideration for one (1) additional Share under the terms of the offer or invitation; and

F* = the number of Shares which is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share.

For the purpose of this paragraph (c), “Capital Distribution” shall (without prejudice to the generality of that expression) include distributions in cash or specie (other than dividends) or by way of issue (not falling under paragraph (b) above) of Shares or other securities credited as fully or partly paid up by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account or capital redemption reserve fund). Any dividend charged or provided for in the accounts of any period shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the shareholders as shown in the audited consolidated profit and loss accounts of the Company.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the entitlement date for such issue.

- (d) If and whenever the Company makes any allotment to its shareholders as provided in paragraph (b) above and also makes any offer or invitation to its shareholders as provided in paragraph (c)(2) or paragraph (c)(3) above and the entitlement date for the purposes of the allotment is also the entitlement date for the purpose of the offer or invitation, the Subscription Price shall be adjusted in the following manner:

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

and in respect of each case referred to in paragraph (b) and paragraph (c)(2) above, the Additional Shares Under Options shall be calculated in the following manner:

$$\begin{array}{l} \text{Additional Shares} \\ \text{Under Options} \end{array} = T \times \left[\frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

Where:

S = as S above;

B = as B above;

C = as C above;

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

H = the aggregate number of new Shares 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 securities with rights to acquire or subscribe for Shares, as the case may be;

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

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

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

T = as T above.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the date next following the entitlement date for such issues.

- (e) If and whenever the Company makes any offer or invitation to the shareholders as provided in paragraph (c)(2) above together with an offer or invitation to the shareholders as provided in paragraph (c)(3) above, the Subscription Price shall be adjusted in the following manner.

$$\text{New Subscription Price} = S \times \left[\frac{(G \times C) + (H^* \times I^*) + (J \times K)}{(G + H^* + J) \times C} \right]$$

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

$$\begin{array}{l} \text{Additional Shares} \\ \text{Under Options} \end{array} = T \times \left[\frac{(G + H^*) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

Where:

S = as S above;

C = as C above;

G = as G above;

H* = as H* above;

I* = as I* above;

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

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

T = as T above.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the entitlement date for the above transactions.

- (f) If and whenever the Company makes an allotment to its shareholders as provided in paragraph (b) above and also makes an offer or invitation to its shareholders as provided in paragraph (c)(2) above together with an offer or invitation to its shareholders as provided in paragraph (c)(3) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of the offer or invitation, the Subscription Price shall be adjusted in the following manner:

$$\text{New Subscription Price} = S \times \left[\frac{(G \times C) + (H^* \times I^*) + (J \times K)}{(G + H^* + J + B) \times C} \right]$$

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

$$\begin{array}{l} \text{Additional Shares} \\ \text{Under Options} \end{array} = T \times \left[\frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

Where:

S = as S above;

B = as B above;

C = as C above;

G = as G above;

H* = as H* above;

I* = as I* above;

J = as J above;

K = as K above; and

T = as T above

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the date next following the entitlement date for the above transactions.

- (g) If and whenever (otherwise than pursuant to a rights issue available to all the shareholders alike and requiring an adjustment under paragraphs (c)(2), (c)(3), (d), (e) or (f) above), the Company shall issue any Shares, any securities convertible into Shares or securities 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 (as defined in paragraph (h) 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, then the Subscription Price shall be adjusted in the following manner:

$$\text{New Subscription Price} = S \times \left[\frac{L + M}{L + N} \right]$$

where:

S = as S above;

L = the aggregate 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 aggregate number of Shares which the Total Effective Consideration (as defined below) would have purchased at such Current Market Price (exclusive of expenses); and

N = the aggregate number of Shares so issued or, in the case of securities convertible into Shares or securities 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

For the purposes of this paragraph (g), the “Total Effective Consideration” shall be as determined by the Directors of the Company in consultation with the external Auditors and shall be:

- (1) in the case of the issue of Shares, the aggregate consideration receivable by the Company on payment in full for such Shares; or
- (2) 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
- (3) in the case of the issue by the Company of securities with rights to acquire or subscribe for Shares, the aggregate consideration attributable to the issue of such rights together with the total amount receivable by the Company upon full exercise of such rights;

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

Each such adjustment will be effective (if appropriate, retroactively) from the close of the Market Day immediately preceding the date on which the aforesaid Shares, or securities

convertible into Shares or securities with rights to acquire or subscribe for Shares are issued, as the case may be.

- (h) For the purpose of paragraphs (c), (d), (e) and (f), the “Current Market Price” in relation to each Share shall be the volume weighted average market price of the Shares as transacted on Bursa Securities for the five (5) consecutive Market Days preceding such relevant date.

For the purpose of paragraph (g), the “Average Price” means the average price of one (1) Share as derived from the last dealt price for one (1) or more board lots of 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.

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APPENDIX II – FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board who individually and collectively accepts full responsibility for the accuracy of the information contained in this Circular and confirms 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 and information the omission of which would make any statement herein false or misleading.

2. CONSENT

TA Securities, being the Adviser for the Proposed SIS, 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.

3. DECLARATION OF CONFLICT OF INTERESTS

TA Securities has confirmed that it is not aware of any conflict of interests which exists or is likely to exist in its role as the Adviser for the Proposed SIS.

4. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

Save as disclosed below, as at the LPD, MEB Group is not engaged in any other material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of MEB Group and the Board is not aware of any proceedings, pending or threatened, or of any facts likely to give rise to any other proceedings, which might materially and adversely affect the business or financial position of MEB Group:

(i) Eisenmann Anlagenbau GmbH & Co. KG ("EIS") and Envac Scandinavia A.B. ("Envac") vs. MEB

EIS and Envac, nominated subcontractors for Hamad International Airport, had on 25 July 2016 and 14 November 2016 respectively filed arbitration proceedings against the Company for an aggregated alleged claims of approximately QAR70.1 million. The Company is disputing the claims through counter claims. The next hearing dates are yet to be determined by the arbitration tribunal.

5. MATERIAL COMMITMENT

Save as disclosed below, as at the LPD, the Board is not aware of any other material commitment incurred or known to be incurred by the Group, which upon being enforced, may have a material impact on the financial position of the Group:

	(RM'000)
Capital expenditure in respect of purchase of property, plant and equipment	
- contracted for	6,067

6. CONTINGENT LIABILITIES

Save as disclosed below, as at the LPD, the Board is not aware of any other contingent liability incurred or known to be incurred by the Company, which upon becoming enforceable, may have a material impact on the financial position of the Company:

	(RM'000)
Corporate guarantees to licensed banks for credit facilities and bank guarantees utilised by subsidiaries	118,182

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of MEB at Lot 579 & 586, 2nd Mile, Jalan Batu Tiga Lama, 41300 Klang, Selangor Darul Ehsan, Malaysia, during normal business hours from 8.30 a.m. to 5.30 p.m. from Mondays to Fridays (excluding public holidays) for the period commencing from the date of this Circular up to and including the date of the forthcoming EGM:

- (i) the Constitution of MEB;
- (ii) the audited consolidated financial statements of MEB for the past 2 financial years ended 31 December 2015 and 31 December 2016 as well as the latest unaudited quarterly results for the 3-month period ended 31 March 2017;
- (iii) the letter of consent and declaration of conflict of interests as referred to in Sections 2 and 3 above;
- (iv) the draft By-Laws as set out in **Appendix I** of this Circular; and
- (v) the relevant cause papers in respect of the material litigation as referred to in Section 4 above.

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MUHIBBAH ENGINEERING (M) BHD

(Company No. 12737-K)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting (“EGM”) of Muhibbah Engineering (M) Bhd (“MEB” or the “Company”) will be held at Concorde Hotel Shah Alam, Concorde II, Level 2, No. 3, Jalan Tengku Ampuan Zabedah C9/C, 40100 Shah Alam, Selangor Darul Ehsan on Thursday, 22 June 2017 at 3.45 p.m. or immediately after the conclusion or adjournment (as the case may be) of the Forty-Fourth Annual General Meeting of MEB, whichever is later, which will be held at 2.45 p.m. on the same day at the same venue, for the purpose of considering and if thought fit, passing the following ordinary resolutions with or without modifications:

ORDINARY RESOLUTION 1

PROPOSED ESTABLISHMENT OF A NEW SHARE ISSUANCE SCHEME (“SIS”) OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES IN MEB (EXCLUDING TREASURY SHARES) AT ANY ONE TIME DURING THE DURATION OF THE SCHEME FOR THE ELIGIBLE DIRECTORS AND EMPLOYEES OF MEB AND ITS SUBSIDIARIES (EXCLUDING DORMANT SUBSIDIARIES) (“MEB GROUP”) (“PROPOSED SIS”)

“THAT subject to and conditional upon the provisions under the Companies Act 2016 and the approvals of the relevant authorities being obtained for the Proposed SIS, approval be and is hereby given to the Board of Directors of MEB (“**Board**”) to:

- (a) establish and administer a new SIS of MEB, for the benefit of the eligible Executive Directors and employees of MEB Group as defined in the by-laws of the Proposed SIS (“**By-Laws**”) (“**Eligible Persons**”), the salient terms of which are described in Section 2 of the circular to shareholders dated 7 June 2017 (“**Circular**”) and in accordance with the provisions of the By-Laws as set out in Appendix I of the Circular, under which options (“**SIS Options**”) may be granted to the Eligible Persons giving the right to subscribe for new ordinary shares in MEB (“**MEB Shares**”) and to give full effect to the Proposed SIS with full power to assent to any modification or amendment as may be made or required by the relevant authorities or as the Board may in their absolute discretion deem fit, including any revision to the allocation of the SIS Options to the Eligible Persons;
- (b) offer and grant the SIS Options as required to be granted under the Proposed SIS and to allot and issue from time to time such number of new MEB Shares as may be required to be issued pursuant to the exercise of the SIS Options under the Proposed SIS provided that the total number of new MEB Shares to be issued under the Proposed SIS shall not exceed 10% of the total number of issued shares in MEB at any one time during the duration of the scheme and that such new MEB Shares will, upon allotment and issuance, rank *pari passu* in all respects with then existing MEB Shares except that the MEB Shares so allotted will not be entitled to any dividend, rights, allotments or other distributions, the entitlement date of which is prior to the date of allotment of the new MEB Shares and will be subject to all the provisions of the Articles of Association of the Company relating to the transfer, transmission and otherwise of the MEB Shares. For the purpose hereof, the entitlement date means the date as at the close of business on which shareholders must be registered in the Record of Depositors with Bursa Malaysia Depository Sdn Bhd in order to be entitled to any dividends, rights, allotments and/or other distributions;
- (c) make the necessary applications to Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and take whatever necessary actions at the appropriate time or times for permission to deal in and for the listing of and quotation for the new MEB Shares which may from time to time be allotted and issued pursuant to the exercise of the SIS Options to be granted under the Proposed SIS; and
- (d) modify and/or amend the By-Laws from time to time provided that such modifications and/or amendments are effected in accordance with the provisions of the By-Laws relating to modifications and/or amendments.

AND THAT the Board be and are hereby authorised to take all such steps and do all acts, deeds and things and execute, sign and deliver on behalf of MEB all necessary documents to give full effect to and for the purpose of completing or implementing the Proposed SIS with full power to assent to any condition, revaluation, modification, variation and/or amendment in any manner as may be required by any relevant authorities.”

ORDINARY RESOLUTION 2

PROPOSED GRANTING OF SIS OPTIONS TO MAC NGAN BOON @ MAC YIN BOON

“THAT contingent upon the passing of Ordinary Resolution 1 above, and subject to the approval and in compliance with any conditions as may be imposed by the relevant authorities, the Company hereby authorises, at any time and from time to time during the existence of the Proposed SIS, to offer and to grant to Mac Ngan Boon @ Mac Yin Boon, the Group Managing Director of the Company, options to subscribe for new MEB Shares and if such options are accepted and exercised, to allot and issue such number of new MEB Shares as may be required to be issued to him under the Proposed SIS, in accordance with the provisions of the By-Laws as set out in Appendix I of the Circular, provided that:

- (a) not more than 80% of the new MEB Shares which are available for subscription under the Proposed SIS shall be allotted, in aggregate, to the eligible Directors and senior management of MEB Group; and
- (b) not more than 10% of the total new MEB Shares which are available for subscription under the Proposed SIS shall be allotted to Mac Ngan Boon @ Mac Yin Boon, as long as Mac Ngan Boon @ Mac Yin Boon either singly or collectively through persons connected to him, as defined in the Main Market Listing Requirements of Bursa Securities (“**Listing Requirements**”), holds 20% or more of the total number of issued shares in MEB (excluding treasury shares),

subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws.”

ORDINARY RESOLUTION 3

PROPOSED GRANTING OF SIS OPTIONS TO OOI SEN ENG

“THAT contingent upon the passing of Ordinary Resolution 1 above, and subject to the approval and in compliance with any conditions as may be imposed by the relevant authorities, the Company hereby authorises, at any time and from time to time during the existence of the Proposed SIS, to offer and to grant to Ooi Sen Eng, the Executive Director of the Company, options to subscribe for new MEB Shares and if such options are accepted and exercised, to allot and issue such number of new MEB Shares as may be required to be issued to him under the Proposed SIS, in accordance with the provisions of the By-Laws as set out in Appendix I of the Circular, provided that not more than 80% of the new MEB Shares which are available for subscription under the Proposed SIS shall be allotted, in aggregate, to the eligible Directors and senior management of MEB Group, subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws.”

ORDINARY RESOLUTION 4

PROPOSED GRANTING OF SIS OPTIONS TO MAC CHUNG JIN

“THAT contingent upon the passing of Ordinary Resolution 1 above, and subject to the approval and in compliance with any conditions as may be imposed by the relevant authorities, the Company hereby authorises, at any time and from time to time during the existence of the Proposed SIS, to offer and to grant to Mac Chung Jin, the Executive Director/ Deputy Chief Executive Officer of the Company, options to subscribe for new MEB Shares and if such options are accepted and exercised, to allot and issue such number of new MEB Shares as may be required to be issued to him under the Proposed SIS, in accordance with the provisions of the By-Laws as set out in Appendix I of the Circular, provided that:

- (a) not more than 80% of the new MEB Shares which are available for subscription under the Proposed SIS shall be allotted, in aggregate, to the eligible Directors and senior management of MEB Group; and

- (b) not more than 10% of the total new MEB Shares which are available for subscription under the Proposed SIS shall be allotted to Mac Chung Jin, as long as Mac Chung Jin either singly or collectively through persons connected to him, as defined in the Listing Requirements, holds 20% or more of the total number of issued shares in MEB (excluding treasury shares),

subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws.”

ORDINARY RESOLUTION 5

PROPOSED GRANTING OF SIS OPTIONS TO LEE POH KWEE

“THAT contingent upon the passing of Ordinary Resolution 1 above, and subject to the approval and in compliance with any conditions as may be imposed by the relevant authorities, the Company hereby authorises, at any time and from time to time during the existence of the Proposed SIS, to offer and to grant to Lee Poh Kwee, the Group Finance Director of the Company, options to subscribe for new MEB Shares and if such options are accepted and exercised, to allot and issue such number of new MEB Shares as may be required to be issued to her under the Proposed SIS, in accordance with the provisions of the By-Laws as set out in Appendix I of the Circular, provided that not more than 80% of the new MEB Shares which are available for subscription under the Proposed SIS shall be allotted, in aggregate, to the eligible Directors and senior management of MEB Group, subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws.”

ORDINARY RESOLUTION 6

PROPOSED GRANTING OF SIS OPTIONS TO MAZLAN BIN ABDUL HAMID

“THAT contingent upon the passing of Ordinary Resolution 1 above, and subject to the approval and in compliance with any conditions as may be imposed by the relevant authorities, the Company hereby authorises, at any time and from time to time during the existence of the Proposed SIS, to offer and to grant to Mazlan bin Abdul Hamid, the Non-Independent Non-Executive Director of the Company, options to subscribe for new MEB Shares and if such options are accepted and exercised, to allot and issue such number of new MEB Shares as may be required to be issued to him under the Proposed SIS, in accordance with the provisions of the By-Laws as set out in Appendix I of the Circular, provided that not more than 80% of the new MEB Shares which are available for subscription under the Proposed SIS shall be allotted, in aggregate, to the eligible Directors and senior management of MEB Group, subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws.”

ORDINARY RESOLUTION 7

PROPOSED GRANTING OF SIS OPTIONS TO MAC CHUNG HUI, BEING A PERSON CONNECTED TO MAC NGAN BOON @ MAC YIN BOON (THE GROUP MANAGING DIRECTOR OF MEB)

“THAT contingent upon the passing of Ordinary Resolution 1 above, and subject to the approval and in compliance with any conditions as may be imposed by the relevant authorities, the Company hereby authorises, at any time and from time to time during the existence of the Proposed SIS, to offer and to grant to Mac Chung Hui, the Managing Director/ Chief Executive Officer of Favelle Favco Berhad, a subsidiary of the Company, who is also a person connected to Mac Ngan Boon @ Mac Yin Boon, the Group Managing Director of the Company, by virtue of the Companies Act 2016, options to subscribe for new MEB Shares and if such options are accepted and exercised, to allot and issue such number of new MEB Shares as may be required to be issued to him under the Proposed SIS, in accordance with the provisions of the By-Laws as set out in Appendix I of the Circular, provided that:

- (a) not more than 80% of the new MEB Shares which are available for subscription under the Proposed SIS shall be allotted, in aggregate, to the eligible Directors and senior management of MEB Group; and
- (b) not more than 10% of the total new MEB Shares which are available for subscription under the Proposed SIS shall be allotted to Mac Chung Hui, as long as Mac Chung Hui either singly or collectively through persons connected to him, as defined in the Listing Requirements, holds 20% or more of the total number of issued shares in MEB (excluding treasury shares),

subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws.”

BY ORDER OF THE BOARD

IRENE CHOE MEE KAM @ IRENE CHOW MEE KAM (MIA 16775)

LIM SUAK GUAK (MIA 19689)

TIA HWEI PING (MAICSA 7057636)

Company Secretaries

Selangor Darul Ehsan

7 June 2017

Notes:

1. *A member entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend, speak and vote in his/her stead. Each proxy appointed, shall represent a minimum of one hundred (100) shares. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his/her shareholdings to be represented by each proxy.*
2. *A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.*
3. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or if the appointor is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised.*
4. *Where a Member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (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.*
5. *Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
6. *The duly completed Proxy Form must be deposited at the Share Registrar's office, Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia, not less than forty-eight (48) hours before the time set for the holding of the EGM or any adjournment thereof.*
7. *Pursuant to Paragraph 8.29A(1) of the Listing Requirements, all resolutions set out in this Notice will be put to vote by way of poll.*



MUHIBBAH ENGINEERING (M) BHD

(12737-K)

Number of Shares Held
CDS Account Number

Proxy Form

*I/*We _____ NRIC No./Passport No./Company No. _____
(Full name as per NRIC/Certificate of Incorporation in Capital Letters)

of _____
(Full address)

being a member/members of **Muhibbah Engineering (M) Bhd**, hereby appoint Mr/Ms _____

_____ NRIC No./Passport No. _____

of _____

OR failing whom, Mr/Ms _____ NRIC No./Passport No. _____

of _____

OR failing whom, the Chairman of the Meeting as *my/*our proxy to vote for *me/*us and on *my/*our behalf at the Extraordinary General Meeting of the Company to be held at Concorde Hotel Shah Alam, Concorde II, Level 2, No. 3, Jalan Tengku Ampuan Zabedah C9/C, 40100 Shah Alam, Selangor Darul Ehsan on **Thursday, 22 June 2017 at 3.45 p.m.** or immediately after the conclusion or adjournment of the Forth-Fourth Annual General Meeting of the Company, whichever is later.

The Proportion of *my/*our holding to be represented by *my/*our proxies are as follows:

Proxy 1	%	Proxy 2	%	100%
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*My/*Our proxy(ies) is/are to vote as indicated below:

	RESOLUTIONS	FOR	AGAINST
Ordinary Resolution 1	Proposed SIS		
Ordinary Resolution 2	Proposed Granting of SIS Options to Mac Ngan Boon @ Mac Yin Boon		
Ordinary Resolution 3	Proposed Granting of SIS Options to Ooi Sen Eng		
Ordinary Resolution 4	Proposed Granting of SIS Options to Mac Chung Jin		
Ordinary Resolution 5	Proposed Granting of SIS Options to Lee Poh Kwee		
Ordinary Resolution 6	Proposed Granting of SIS Options to Mazlan bin Abdul Hamid		
Ordinary Resolution 7	Proposed Granting of SIS Options to Mac Chung Hui		

Please indicate with (X) on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.

Dated this _____ day of _____ 2017

[* Delete if not applicable]

[Signature/Common Seal of Shareholder(s)]

Notes:

1. A member entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend, speak and vote in his/her stead. Each proxy appointed, shall represent a minimum of one hundred (100) shares. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his/her shareholdings to be represented by each proxy.
2. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or if the appointor is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised.
4. Where a Member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (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.
5. Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The duly completed Proxy Form must be deposited at the Share Registrar's office, Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia, not less than forty-eight (48) hours before the time set for the holding of the EGM or any adjournment thereof.
7. Pursuant to Paragraph 8.29A(1) of the Listing Requirements, all resolutions set out in this Notice will be put to vote by way of poll.



Fold this flap for sealing

Then fold here

AFFIX
STAMP

Muhibbah Engineering (M) Bhd (12737-K)
Share Registrar
Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Wilayah Persekutuan
Malaysia

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