

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

Bursa Malaysia Securities Berhad ("Bursa Securities") has not perused the contents of this Circular relating to the Proposed Amendment to the Memorandum of Association (as defined below) prior to the issuance of this Circular as the said contents fall under the category of exempt documents pursuant to Practice Note 18 of the Main Market Listing Requirements of Bursa Securities. Bursa Securities takes no responsibility for its contents, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



AJIYA BERHAD

(Company No. 377627-W)

(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

- (I) PROPOSED SHARE SPLIT INVOLVING THE SUBDIVISION OF EVERY ONE (1) EXISTING ORDINARY SHARE OF RM1.00 EACH IN AJIYA BERHAD ("AJIYA") INTO FOUR (4) ORDINARY SHARES OF RM0.25 EACH ("SUBDIVIDED SHARES") HELD BY THE SHAREHOLDERS WHOSE NAMES APPEAR IN THE RECORD OF DEPOSITORS OF AJIYA AS AT THE CLOSE OF BUSINESS ON AN ENTITLEMENT DATE ("ENTITLED SHAREHOLDERS") TO BE DETERMINED AND ANNOUNCED LATER ("ENTITLEMENT DATE") ("PROPOSED SHARE SPLIT");**
- (II) PROPOSED BONUS ISSUE OF 152,292,242 WARRANTS IN AJIYA ("WARRANTS") ON THE BASIS OF ONE (1) WARRANT FOR EVERY TWO (2) SUBDIVIDED SHARES HELD BY THE ENTITLED SHAREHOLDERS ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER AFTER THE COMPLETION OF THE PROPOSED SHARE SPLIT ("PROPOSED BONUS ISSUE OF WARRANTS");**
- (III) PROPOSED AMENDMENT TO THE MEMORANDUM OF ASSOCIATION OF AJIYA TO FACILITATE THE IMPLEMENTATION OF THE PROPOSED SHARE SPLIT ("PROPOSED AMENDMENT TO THE MEMORANDUM OF ASSOCIATION"); AND**
- (IV) PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME FOR ELIGIBLE EMPLOYEES AND DIRECTORS OF AJIYA AND ITS SUBSIDIARIES (EXCLUDING SUBSIDIARIES WHICH ARE DORMANT) ("PROPOSED ESOS")**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser



M&A SECURITIES SDN BHD (15017-H)

(A Wholly-Owned Subsidiary of Insas Berhad)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The notice convening the Extraordinary General Meeting ("EGM") of Ajiya, which is scheduled to be held at Sapphire Hall, Level 1, VIP Hotel, Batu 1, Jalan Buloh Kasap, 85000 Segamat, Johor on Friday, 22 July 2016 together with the Form of Proxy are enclosed herein.

A member entitled to attend and vote at the EGM is entitled to appoint a proxy or proxies to attend and vote on his/her behalf. In such event, the Form of Proxy must be deposited at the Registered Office of Ajiya at c/o Symphony Corporatehouse Sdn Bhd, Suite 6.1A, Level 6, Menara Pelangi, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru, Johor on or before the date and time indicated below. The lodging of the Form of Proxy does not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Wednesday, 20 July 2016, at 11.30 a.m.

Date and time of EGM : Friday, 22 July 2016, at 11.30 a.m. or any adjournment thereof

This Circular is dated 21 June 2016

DEFINITIONS

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

"Act"	: Companies Act, 1965
"Ajiya" or the "Company"	: Ajiya Berhad (377627-W)
"Ajiya Group" or "Group"	: Collectively, Ajiya and its subsidiaries
"Ajiya Share(s)" or "Subdivided Share(s)" or "Share(s)"	: Ordinary share(s) of RM0.25 each in Ajiya after the completion of the Proposed Share Split
"Board"	: Board of Directors of Ajiya
"Bursa Depository"	: Bursa Malaysia Depository Sdn Bhd (165570-W)
"Bursa Securities"	: Bursa Malaysia Securities Berhad (635998-W)
"By-Laws"	: The by-laws constituting the Proposed ESOS to be executed by the Company
"CDS"	: Central Depository System
"Circular"	: This circular to shareholders of Ajiya dated 21 June 2016
"Deed Poll"	: The deed poll constituting the Warrants to be executed by the Company
"Director(s)"	: Has the meaning given in Section 2(1) of the Capital Markets and Services Act, 2007
"EGM"	: Extraordinary general meeting
"Eligible Person(s)"	: Eligible employee(s) and Director(s) (excluding Alternate Director(s), if any) of the Ajiya Group (excluding subsidiaries which are dormant) who meet the criteria of eligibility for participation in the Proposed ESOS as set out in the By-Laws
"Entitlement Date"	: Dates to be determined and announced later by the Board, at the close of business on which the shareholders of Ajiya must be registered as a member in the Record of Depositors of the Company in order to be entitled to participate in the Proposed Share Split and Proposed Bonus Issue of Warrants, respectively
"EPS"	: Earnings per share
"ESOS" or "Scheme"	: Employees' share option scheme
"ESOS Committee"	: A committee to be duly appointed and authorised by the Board to administer the Proposed ESOS
"FYE"	: Financial year ended/ending, as the case may be
"LPD"	: 23 May 2016, being the latest practicable date prior to the printing and despatch of this Circular
"M&A Securities"	: M&A Securities Sdn Bhd (15017-H)
"Main Market LR"	: Main Market Listing Requirements of Bursa Securities, as may be amended from time to time
"NA"	: Net assets
"Option(s)"	: ESOS option(s) granted to the Eligible Persons to subscribe for new Ajiya Shares at a specified price

DEFINITIONS (Cont'd)

"Proposals"	: Collectively, the Proposed Share Split, Proposed Bonus Issue of Warrants, Proposed Amendment and Proposed ESOS
"Proposed Amendment"	: Proposed amendment to the Memorandum of Association of Ajiya to facilitate the implementation of the Proposed Share Split
"Proposed Bonus Issue of Warrants"	: Proposed bonus issue of 152,292,242 Warrants on the basis of one (1) Warrant for every two (2) Subdivided Shares held by the Entitled Shareholders on the Entitlement Date after the completion of the Proposed Share Split
"Proposed ESOS"	: Proposed establishment of an ESOS of up to ten percent (10%) of the issued and paid up share capital (excluding treasury shares, if any) at any point in time during the duration of the Scheme for Eligible Persons of the Ajiya Group (excluding subsidiaries which are dormant)
"Proposed Share Split"	: Proposed share split involving the subdivision of every one (1) ordinary share of RM1.00 each in Ajiya into four (4) Subdivided Shares held by the Entitled Shareholders on the Entitlement Date
"Record of Depositors"	: A record of securities holders established by Bursa Depository pursuant to Chapter 24 of the Rules of Bursa Depository, as amended from time to time
"RM" and "sen"	: Ringgit Malaysia and sen, respectively
"SICDA"	: Securities Industry (Central Depositories) Act 1991, as may be amended from time to time
"Subscription Price"	: The price payable for the exercise of an Option under the Proposed ESOS
"Warrants"	: 152,292,242 new warrants to be issued pursuant to the Proposed Bonus Issue of Warrants
"5D-VWAP"	: Five (5)-day volume weighted average market price

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 gender and vice versa. References to persons shall, where applicable, 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.

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

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TABLE OF CONTENTS

	Page
LETTER TO THE SHAREHOLDERS OF AJIYA IN RELATION TO THE PROPOSALS CONTAINING:	
1. INTRODUCTION	1
2. DETAILS OF THE PROPOSALS	2
3. RATIONALE FOR THE PROPOSALS	12
4. EFFECTS OF THE PROPOSALS	13
5. INDUSTRY OUTLOOK AND PROSPECTS	15
6. APPROVALS REQUIRED/OBTAINED	18
7. HISTORICAL SHARE PRICES	19
8. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS	20
9. DIRECTORS' RECOMMENDATION	20
10. ESTIMATED TIMEFRAME FOR COMPLETION AND TENTATIVE TIMETABLE FOR IMPLEMENTATION	21
11. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION	21
12. EGM	21
13. FURTHER INFORMATION	21
APPENDIX	
I DRAFT BY-LAWS OF THE PROPOSED ESOS	23
II FURTHER INFORMATION	46
NOTICE OF EGM	ENCLOSED
FORM OF PROXY	ENCLOSED



AJIYA BERHAD

(Company No. 377627-W)

(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

Suite 6.1A, Level 6
Menara Pelangi
Jalan Kuning
Taman Pelangi
80400 Johor Bahru, Johor

21 June 2016

Board of Directors:

Dato' Dr Mohd Aminuddin bin Mohd Rouse	<i>(Independent Non-Executive Chairman)</i>
Dato' Chan Wah Kiang	<i>(Managing Director)</i>
Yeo Ann Seck	<i>(Non-Executive Director)</i>
Tan Seng Kee	<i>(Senior Independent Non-Executive Director)</i>
Dato' Theng Book	<i>(Independent Non-Executive Director)</i>
Low Peak Yih	<i>(Independent Non-Executive Director)</i>

To: The shareholders of Ajiya Berhad

Dear Sir/Madam,

- (I) PROPOSED SHARE SPLIT;**
- (II) PROPOSED BONUS ISSUE OF WARRANTS;**
- (III) PROPOSED AMENDMENT; AND**
- (IV) PROPOSED ESOS**

1. INTRODUCTION

On 24 May 2016, M&A Securities, on behalf of the Board, announced that the Company proposes to undertake the following:

- (i) proposed share split involving the subdivision of every one (1) existing ordinary share of RM1.00 each in Ajiya into four (4) Subdivided Shares held by the Entitled Shareholders on the Entitlement Date;
- (ii) proposed bonus issue of 152,292,242 Warrants on the basis of one (1) Warrant for every two (2) Subdivided Shares held by the Entitled Shareholders on the Entitlement Date after the completion of the Proposed Share Split;
- (iii) a proposed establishment of an ESOS of up to ten percent (10%) of the issued and paid-up share capital of Ajiya (excluding treasury shares, if any) at any point in time during the duration of the Scheme for the Eligible Persons; and
- (iv) proposed amendment to the Company's Memorandum of Association to facilitate the implementation of the Proposed Share Split.

On 7 June 2016, M&A Securities, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 7 June 2016 resolved to approve the following:

- (i) the Proposed Share Split;
- (ii) the admission of the Warrants to the Official List of Bursa Securities;
- (iii) the listing of and quotation for the Warrants to be issued pursuant to the Proposed Bonus Issue of Warrants; and
- (iv) the listing of and quotation for up to 152,292,242 new Ajiya Shares to be issued arising from the exercise of the Warrants and such number of additional new Ajiya Shares, representing up to 10% of the issued and paid-up share capital of Ajiya, to be issued arising from the exercise of the Options under the Proposed ESOS,

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

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT DETAILS OF THE PROPOSALS AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY. THE NOTICE OF THE FORTHCOMING EGM AND THE FORM OF PROXY ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.

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

2. DETAILS OF THE PROPOSALS

2.1 Proposed Share Split

2.1.1 Details of the Proposed Share Split

The Proposed Share Split entails the subdivision of every one (1) existing ordinary share of RM1.00 each in Ajiya into four (4) Subdivided Shares held by the Entitled Shareholders on the Entitlement Date.

As at the LPD, the issued and paid-up share capital of the Company is RM76,146,121 comprising 76,146,121 ordinary shares of RM1.00 each. Upon completion of the Proposed Share Split, the issued and paid-up share capital of Ajiya will be RM76,146,121 comprising 304,584,484 Subdivided Shares.

For illustrative purposes only, based on the closing market price of the shares in Ajiya as at the LPD of RM3.21 per share, the market price of the Subdivided Shares after the Proposed Share Split shall be theoretically adjusted as follows:

	Assumed no. of shares held	Par value (RM)	Market price per share (RM)	Total value (RM)
As at the LPD	100	1.00	3.21	321
After the Proposed Share Split	400	0.25	0.800 ⁽ⁱ⁾	320 ⁽ⁱⁱ⁾

Notes:

- (i) *Rounded downwards to RM0.80 based on the minimum bid price of RM0.005 for the market price of Ajiya Shares after the Proposed Share Split, which will be below RM1.00.*
- (ii) *Arising due to rounding of the market price per share.*

As illustrated above, the Proposed Share Split is not expected to have any material impact on the total value of the shares held in the Company.

2.1.2 Ranking of the Subdivided Shares

The Subdivided Shares shall, upon allotment and issue, rank *pari passu* in all respects with each other.

2.1.3 Listing of and quotation for the Subdivided Shares

No suspension will be imposed on the trading of shares in Ajiya on Bursa Securities for the purpose of implementing the Proposed Share Split. The Subdivided Shares will be listed and quoted on Bursa Securities on the next market day after the Entitlement Date for the Proposed Share Split.

The notice of allotment for the Subdivided Shares will be issued and despatched to the Entitled Shareholders within four (4) market days after the listing of and quotation for the Subdivided Shares on the Main Market of Bursa Securities, or such other period as may be prescribed by Bursa Securities.

As the Subdivided Shares are prescribed securities under the SICDA, the Subdivided Shares will be subjected to the SICDA and the Rules of Bursa Depository. Accordingly, the Subdivided Shares will be credited into the respective Central Depository System accounts of the Entitled Shareholders and no physical share certificate will be issued.

2.2 Proposed Bonus Issue of Warrants

2.2.1 Details of the Proposed Bonus Issue of Warrants

The Proposed Bonus Issue of Warrants will entail an issuance of 152,292,242 Warrants, on the basis of one (1) Warrant for every two (2) Subdivided Shares held by the Entitled Shareholders on the Entitlement Date after the completion of the Proposed Share Split.

The Warrants to be issued pursuant to the Proposed Bonus Issue of Warrants shall each give to its holder an option to subscribe for one (1) new Ajiya Share for each Warrant.

Fractional entitlements that may arise from the Proposed Bonus Issue of Warrants will be dealt with in such manner as the Board shall in its absolute discretion deems fit and expedient, and in the best interest of the Company.

The Proposed Bonus Issue of Warrants will not be implemented in stages over a period of time and the Warrants will be issued in registered form and constituted by the Deed Poll.

2.2.2 Capitalisation of reserves

There will not be any capitalisation of reserves arising from the issuance of the Warrants pursuant to the Proposed Bonus Issue of Warrants. Therefore, the requirement to ensure that the necessary reserves required for capitalisation of bonus issues is unimpaired by losses of the Company on a consolidated basis pursuant to Paragraph 6.30 of the Main Market LR, is not relevant with regards to the Proposed Bonus Issue of Warrants.

2.2.3 Basis of determining the issue price and exercise price of the Warrants

The Warrants will be issued free to the Entitled Shareholders.

The exercise price of the Warrants will be determined and fixed by the Board and announced on a later date after obtaining the approval of the shareholders of Ajiya but before the Entitlement Date, after taking into consideration, amongst others, the following:

- (i) the historical price movement of Ajiya Shares after adjusting for the Proposed Share Split;
- (ii) the 5D-VWAP of Ajiya Shares immediately preceding the price-fixing date for the Warrants;
- (iii) the trading and liquidity of Ajiya Shares;
- (iv) the potential future earnings of the Ajiya Group;
- (v) the adjusted par value of Ajiya Shares after the completion of the Proposed Share Split; and
- (vi) the Warrants will be issued at no cost to the Entitled Shareholders.

The Company will make an immediate announcement upon determining the exercise price of the Warrants on the basis and justification(s) for the pricing, including justification(s) for the quantum of premium or discount applied.

The Board has determined a range between a discount of not more than 50% and a premium of not more than 30% to the 5D-VWAP of Ajiya Shares after adjusting for the Proposed Share Split, to be applied in determining the exercise price of the Warrants. For illustrative purposes only, the indicative exercise price of the Warrants is assumed to be RM0.80 per Warrant, representing a premium of 0.29% over the 5D-VWAP of Ajiya shares up to and including the LPD and after adjusting for the Proposed Share Split of RM0.7977.

2.2.4 Listing of and quotation for the Warrants and the new Ajiya Shares to be issued arising from the exercise of the Warrants

Approval-in-principle has been obtained from Bursa Securities vide its letter dated 7 June 2016 for the admission of the Warrants to the Official List of Bursa Securities as well as for the listing of and quotation for the Warrants and new Ajiya Shares to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities, subject to the conditions as stated in Section 6 of this Circular.

The Warrants shall be listed and quoted on the Main Market of Bursa Securities two (2) market days after receipt of the listing and quotation application filed with Bursa Securities.

2.2.5 Ranking of the Warrants and the new Ajiya Shares to be issued pursuant to the exercise of the Warrants

The holders of the Warrants will not be entitled to any voting rights or participation in any form of distribution other than on winding-up, compromise or arrangement of Ajiya as set out in the Deed Poll until and unless such holders of the Warrants exercise their Warrants into new Shares.

The new Ajiya Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issue, rank *pari passu* in all respects with the existing Ajiya Shares, save and except that they will not be entitled to any dividends, rights, allotments and/or any other forms of distributions that may be declared, made or paid prior to the relevant date of allotment and issuance of the new Ajiya Shares.

2.2.6 Utilisation of proceeds arising from the exercise of the Warrants

The Proposed Bonus Issue of Warrants will not raise any funds upon its issuance as the Warrants will be issued at no cost to the Entitled Shareholders. The quantum of proceeds that may be raised by Ajiya from the exercise of the Warrants in the future would depend upon the actual number of Warrants exercised during the tenure of the Warrants as well as the exercise price of the Warrants, which will be determined at a later date.

Assuming full exercise of the Warrants at the indicative exercise price of RM0.80 per Warrant, the Company could potentially raise gross proceeds of up to RM121.83 million. Such proceeds will be utilised for the working capital requirements and/or finance costs of the Ajiya Group.

2.2.7 Indicative principal terms of the Warrants

Terms	Details
Number of Warrants	: 152,292,242 Warrants to subscribe for 152,292,242 new Ajiya Shares.
Form and denomination	: The Warrants will be issued in registered form and will be constituted by the Deed Poll.
Exercise Rights	: Each Warrant entitles the registered holder to subscribe for one (1) new Ajiya Share at the Exercise Price during the Exercise Period and shall be subject to adjustment in accordance with the provisions of the Deed Poll.
Exercise Price	: The exercise price of the Warrants shall be determined and fixed by the Board and announced at a later date, after obtaining the approval of the shareholders of Ajiya but before the Entitlement Date for the Proposed Bonus Issue of Warrants. Kindly refer to Section 2.2.3 of this Circular for the basis of determining the exercise price of the Warrants.
Exercise Period	: The Warrants may be exercised any time during the tenure of the Warrants of five (5) years including and commencing from the issue date and ending at 5.00 p.m. on the Expiry Date. Any Warrants which have not been exercised will lapse and any Warrant not exercised by then will cease to be valid for any purpose.
Expiry Date	: A date which falls on the day before the fifth (5 th) anniversary of the issue date, provided that if such day falls on a day which is not a market day, then it shall be the market day immediately preceding the said non-market day.
Mode of Exercise	: The holders of Warrants are required to lodge an exercise form with the Company's share registrar, duly completed, signed and stamped together with cash payment of the Exercise Price by banker's draft, cashier's order, money order or postal order drawn on a bank or post office operating in Malaysia.

Terms

Details

Adjustment in the Exercise Price and/or the number of Warrants in the event of alteration to the share capital : Subject to the provisions of the Deed Poll, the Exercise Price and/or the number of Warrants held by each holder of Warrants shall be adjusted by the Board in consultation with an approved adviser appointed by the Company and certification by the auditors of Ajiya in the event of alteration to the share capital of the Company.

Status of the new Ajiya Shares to be issued pursuant to the exercise of the Warrants : The new Ajiya Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issue, rank *pari passu* in all respects with the then existing Ajiya Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other forms of distributions that may be declared, made or paid prior to the relevant date of allotment and issuance of the new Ajiya Shares.

Modification of rights of holders of Warrants : Subject to the approval of any relevant authority and save and except as expressly provided for in the deed poll, any modification, alteration or abrogation of the covenants or provisions contained in the Deed Poll proposed or agreed to by the Company must be sanctioned by special resolution of the holders of the Warrants, effected by a new deed poll, executed by the Company and expressed to be supplemental and comply with the requirements of the Deed Poll.

The Company may, from time to time, without the consent or sanction of the holders of the Warrants but in accordance with the Deed Poll, modify the Deed Poll, if such modification made does not materially prejudice the interests of the holders of the Warrants or is made to correct a manifest error or to comply with prevailing laws of Malaysia, Rules of the Bursa Depository, SICDA and/or Main Market LR.

Rights of holders of Warrants : The holders of Warrants are not entitled to any voting rights in any general meeting of the Company or to participate in any distribution and/or offer of further securities in the Company until and unless such holder of Warrants are issued with new Ajiya Shares arising from their exercise of the Warrants.

Rights in the event of winding up, liquidation or an event of default : Where a resolution has been passed by the Company for a members' voluntary winding-up or there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one (1) or more companies, then:

- (a) for the purpose of such winding-up, compromise or arrangement (other than consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the holders of Warrants or some persons designated by them for such purposes by special resolution, shall be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the holders of Warrants; and

Terms

Details

(b) in any other case, every Warrant holder shall be entitled at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding up of the Company or six (6) weeks after the granting of the court order approving the compromise or arrangement, by irrevocable surrender of his Warrants together with payment of the relevant subscription monies, to elect to be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement, exercised the subscription rights represented by such Warrants to the extent specified in the exercise notice and be entitled to receive out of the assets of the Company which would be available in liquidation if he had on such date been the holder of the new Ajiya Shares to which he would have become entitled pursuant to such exercise; and the liquidator of the Company shall give effect to such election accordingly. Upon the expiry of the above six (6) weeks, all exercise rights of the Warrants shall lapse and cease to be valid for any purpose.

Board Lot	:	The Warrants are tradeable upon listing on the Main Market of Bursa Securities, separately from the existing Ajiya Shares, in board lots of 100 units carrying the right to subscribe for 100 new Ajiya Shares at any time during the Exercise Period or such other number of units as may be prescribed by Bursa Securities.
Listing	:	The Warrants will be listed on the Main Market of Bursa Securities.
Transferability	:	The Warrants are transferable by transfer prescribed by the Rules of Bursa Depository and in accordance with the provisions of SICDA and the Rules of Bursa Depository.
Governing Law	:	Laws of Malaysia.

2.3 Proposed Amendment

To facilitate the implementation of the Proposed Share Split, the Company proposes to amend the following clause in its Memorandum of Association:

	<u>Existing</u>	<u>Proposed amendment</u>
Clause 5 of Memorandum of Association	The capital of the Company is RM500,000,000.00 divided into 500,000,000 shares of RM1.00 each. The Company shall have the power to increase or reduce its capital, to consolidate or sub-divide the shares into shares of larger or smaller amounts, and to divide the shares forming the capital (original, increased or reduced) of the Company into several classes and to attach thereto respectively, preferential, deferred or special rights, privileges or conditions as	The capital of the Company is RM500,000,000.00 divided into 2,000,000,000 shares of RM0.25 each. The Company shall have the power to increase or reduce its capital, to consolidate or sub-divide the shares into shares of larger or smaller amounts, and to divide the shares forming the capital (original, increased or reduced) of the Company into several classes and to attach thereto respectively, preferential, deferred or special rights, privileges or conditions as

Existing**Proposed amendment**

may be determined by, or in accordance with the Articles for the time being of the Company and to issue additional capital with such rights, privileges or conditions as aforesaid, and any preference share may be issued on the terms that it is, or at the option of the Company is liable, to be redeemed.

may be determined by, or in accordance with the Articles for the time being of the Company and to issue additional capital with such rights, privileges or conditions as aforesaid, and any preference share may be issued on the terms that it is, or at the option of the Company is liable, to be redeemed.

2.4 Proposed ESOS

Ajiya proposes to establish and implement an ESOS of up to ten percent (10%) of the issued and paid-up share capital at any point in time during the existence of the Scheme to all Eligible Persons. The Options granted shall entitle the Eligible Persons to subscribe for new Ajiya Shares at a specified price.

The Proposed ESOS will be administered by an ESOS Committee. The decision as to whether or not to stagger the allocation of the Options over the duration of the Proposed ESOS will be determined by the ESOS Committee at a later date. The ESOS Committee shall also have the discretion in determining whether the Options granted will be subject to vesting period(s).

The Proposed ESOS shall be governed by the By-Laws, the draft of which is set out in Appendix I of this Circular. The principal features of the Proposed ESOS are as follows:

(i) Maximum number of new shares available under the Proposed ESOS

The maximum number of Ajiya Shares that may be offered under the Proposed ESOS (excluding treasury shares, if any) shall not exceed ten percent (10%) of the issued and paid-up share capital of the Company at any point of time during the existence of the Proposed ESOS.

In addition, not more than ten percent (10%) of the new Shares available under the Proposed ESOS shall be allocated to any Eligible Person, who, either singly or collectively through persons connected with him/her, holds twenty percent (20%) or more of the issued and paid-up share capital (excluding treasury shares) of the Company.

In the circumstances where the maximum allowable allotment is amended by Bursa Securities or any other relevant authority from time to time, the ESOS Committee shall have the absolute discretion to make the necessary adjustments so that the number of new Shares that may be offered to Eligible Persons shall be in accordance with the provisions of the Main Market LR and the relevant authority prevailing during the ESOS period.

In addition and subject always to the By-Laws, the number of new Shares that may be offered and allotted to any selected employees and Directors (where applicable) under the Proposed ESOS shall be at the discretion of the ESOS Committee after taking into consideration among others, their performance appraisal, position, seniority, length of service and past and future contributions and such other factors that the ESOS Committee deems relevant.

After taking into consideration the Group's employee profile structure, not more than fifty percent (50%) of the new Shares available under the Proposed ESOS shall be allocated to the Directors and senior management of the Ajiya Group (excluding subsidiaries which are dormant).

(ii) Eligibility to participate in the Proposed ESOS

Any employee or Director (excluding Alternate Directors, if any) of any company comprised in the Group (excluding subsidiaries which are dormant) shall be eligible to be considered for the offer of Options under the Proposed ESOS provided that:

- (a) the employee or Director is a Malaysian citizen and shall have attained the age of eighteen (18) years on the date of offer;
- (b) the Director (other than Non-Executive Directors) or full time employee must have been employed for a continuous period of at least one (1) year (which shall include any probation period) by the Company and/or a subsidiary within the Ajiya Group (excluding subsidiaries which are dormant) and in the case of an employee, his employment must have been confirmed on the date of offer;
- (c) if the employee or Director is employed by a company which is acquired, and becomes a subsidiary of the Company upon such acquisition during the duration of the Proposed ESOS, the employee or Director must have completed service for a continuous period of at least one (1) year (which shall include any probation period) in that subsidiary following the date that such company becomes or is deemed to be a subsidiary of the Ajiya Group (excluding subsidiaries which are dormant);
- (d) if the employee or Director, is serving the Company or a subsidiary within the Ajiya Group (excluding subsidiaries which are dormant) on a full time basis and who on the date of offer is employed under a contract for service for a term of not less than one (1) year (including any period of employment which the person has already served), the employee or Director is eligible to participate in the Proposed ESOS, subject to the provisions of the By-Laws; and
- (e) the employee or Director must fulfil such other criteria as may be determined by the ESOS Committee.

Eligibility does not confer upon the Eligible Person, a claim or right to participate in the Proposed ESOS unless an offer has been extended to the Eligible Person and the Eligible Person has accepted the offer in accordance with the By-Laws.

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

There are no performance targets which are required to be met before the Options can be granted and/or exercised by an Eligible Person, unless stated in a written offer made by the ESOS Committee from time to time in the manner indicated in the By-Laws.

(iii) Duration of the Proposed ESOS

The Proposed ESOS shall be valid for a duration of five (5) years from the effective date of the Proposed ESOS, and may if the Board deems fit, upon the recommendation of the ESOS Committee, be extended for a further five (5) years, subject to an aggregate of ten (10) years from the effective date of implementation of the Proposed ESOS.

The effective date of the Proposed ESOS shall be the date of Ajiya's compliance with the relevant requirements of the Main Market LR, including the following:

- (a) submission of the final copy of the By-Laws of the Proposed ESOS to Bursa Securities pursuant to paragraph 6.43 of the Main Market LR;
- (b) receipt of Bursa Securities' approval or approval-in-principle, as the case may be, for the issuance and listing of the Shares to be issued arising from the exercise of Options pursuant to the Proposed ESOS;
- (c) procurement of shareholders' approval for the Proposed ESOS;
- (d) receipt of the approval of any other relevant authorities (where applicable); and
- (e) fulfilment of any conditions attached to the above approvals, if any.

(iv) Subscription Price

Subject to any adjustments that may be made in accordance with the By-Laws, the Subscription Price shall be determined by the ESOS Committee at its discretion based on the 5D-VWAP of the underlying Shares as quoted by Bursa Securities, immediately prior to the date of offer is made by the ESOS Committee with a discount of not more than ten percent (10%), if deemed appropriate, or the par value of Ajiya Shares, whichever is higher.

The basis of determining the Subscription Price for the Proposed ESOS is in compliance with paragraph 6.39(b) of the Main Market LR.

The Subscription Price as determined by the ESOS Committee shall be conclusive and binding.

(v) Ranking of the new Shares to be issued arising from the exercise of Options pursuant to the Proposed ESOS

All new Shares to be issued arising from the exercise of the Options granted pursuant to the Proposed ESOS shall, upon allotment and issue, rank *pari passu* in all respects with the existing Ajiya Shares, save and except that they will not be entitled to any dividends, rights, allotments and/or other forms of distributions that may be declared, made or paid prior to the relevant date of the allotment and issuance of the new Ajiya Shares.

Fractional entitlements arising from the Proposed ESOS if any, will be dealt with in such manner as the Board shall in its absolute discretion deems fit and expedient, and in the best interest of the Company.

(vi) Modification, variation and/or amendment to the Proposed ESOS

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

- (a) prejudice the rights then accrued to any Eligible Person who has accepted a written offer made by the ESOS Committee to participate in the Proposed ESOS, without his prior consent or sanction;
- (b) prejudice the rights of the shareholders of the Company, without the prior approval of the Company's shareholders in a general meeting; or
- (c) alter to the advantage of the Eligible Person, who has accepted a written offer made by the ESOS Committee to participate in the Proposed ESOS, any matter which is required by the Main Market LR to be contained in the By-Laws, without the prior approval of the Company's shareholders in a general meeting,

unless otherwise allowed by the Main Market LR.

(vii) Retention period of Shares

An eligible Director (excluding Alternate Directors, if any) of the Ajiya Group (excluding subsidiaries which are dormant) who is a Non-Executive Director must not sell, transfer or assign any new Ajiya Shares obtained through the exercise of the Options granted to him pursuant to the Proposed ESOS within one (1) year from the date of grant of such Options.

(viii) Listing of Shares

Approval-in-principle was obtained from Bursa Securities vide its letter dated 7 June 2016 for the listing of and quotation for the new Shares to be issued arising from the exercise of Options pursuant to the Proposed ESOS on the Main Market of Bursa Securities.

(ix) Utilisation of proceeds

The actual proceeds to be received by the Company arising from the exercise of the Options pursuant to the Proposed ESOS will depend on, amongst others, the number of Options granted and exercised at the relevant point in time and the Subscription Price.

As such, the amount of proceeds to be received from the exercise of the Options cannot be determined at this juncture. However, the proceeds arising from the exercise of the Options will be utilised for working capital purposes and/or for finance costs of the Group, as and when the proceeds are received throughout the duration of the Proposed ESOS, as the Board may deem fit.

3. RATIONALE FOR THE PROPOSALS

3.1 Proposed Share Split

The Proposed Share Split will not have any direct impact on the market capitalisation of the Company. However, the Proposed Share Split will result in an adjustment to the market price of the ordinary shares of Ajiya, making the shares more affordable to appeal to a wider group of public shareholders and/or investors to participate in the growth of the Company.

Furthermore, the Proposed Share Split is expected to improve the trading liquidity of Ajiya Shares on the Main Market of Bursa Securities by increasing the number of shares in issue.

3.2 Proposed Bonus Issue of Warrants

The Proposed Bonus Issue of Warrants seeks to reward and provide Entitled Shareholders with an opportunity to further increase their equity participation in the Company at a pre-determined exercise price during the tenure of the Warrants and to benefit from the future prospects and growth and any potential capital appreciation arising therefrom. Furthermore, the Proposed Bonus Issue of Warrants may potentially provide additional working capital to the Company as and when the Warrants are exercised.

The Proposed Bonus Issue of Warrants will involve the issuance of Warrants without diluting the existing shareholders' equity interest assuming all shareholders fully exercise their Warrant entitlements subsequently.

3.3 Proposed Amendment

The Proposed Amendment is undertaken to facilitate the implementation of the Proposed Share Split whereby, the authorised share capital of RM500,000,000 comprising 500,000,000 ordinary shares of RM1.00 each will be amended to RM500,000,000 comprising 2,000,000,000 ordinary shares of RM0.25 each.

3.4 Proposed ESOS

The Proposed ESOS provides the Company with greater flexibility to reward and motivate the Directors and employees of the Ajiya Group (excluding subsidiaries which are dormant), after considering the following factors:

- (i) the Proposed ESOS is intended to continue to motivate, retain and reward Eligible Persons as well as attract future new Eligible Persons, who would be given the opportunity to participate in the equity of the Company and thereby, relate directly to the performance of the Ajiya Group; and
- (ii) the Proposed ESOS is designed to provide a continuing incentive to Eligible Persons without adversely affecting the cash flow of the Ajiya Group whilst at the same time, contributing positively to its continuing growth through the intended stimulation of greater commitment, productivity and efforts on the part of the Eligible Persons towards the Ajiya Group.

The Proposed ESOS is also extended to Non-Executive Directors of the Company in recognition of their contribution to the Group and to enable them to participate in its future growth.

4. EFFECTS OF THE PROPOSALS

The Proposed Amendment will not have any effect on the issued and paid-up share capital, earnings and EPS, NA per share, gearing and shareholdings of the substantial shareholders of Ajiya.

The pro forma effects of the Proposed Share Split, Proposed Bonus Issue of Warrants and Proposed ESOS on the issued and paid-up share capital, earnings, NA per share, gearing and shareholdings of the substantial shareholders of Ajiya are as set out below.

4.1 Issued and paid-up share capital

Until the Options to be granted under the Proposed ESOS are exercised, the Proposed ESOS will not have an immediate effect on the existing issued and paid-up share capital of the Company. The issued and paid-up share capital will increase as more new Shares are issued pursuant to the exercise of Options granted under the Proposed ESOS.

Assuming full exercise of the Warrants into new Shares and assuming the subsequent full exercise of the Options under the Proposed ESOS into new Shares, which constitutes ten percent (10%) of the Company's issued and paid-up share capital after the exercise of the Warrants, the pro forma effects of the Proposed Share Split, Proposed Bonus Issue of Warrants and Proposed ESOS on the issued and paid-up share capital of Ajiya are as follows:

	Par value (RM)	No. of ordinary shares	(RM)
Issued and paid-up share capital as at the LPD	1.00	76,146,121	76,146,121.00
Issued and paid-up share capital after the Proposed Share Split	0.25	304,584,484	76,146,121.00
Assuming full exercise of the Warrants	0.25	152,292,242	38,073,060.50
Issued and paid-up share capital after full exercise of Warrants		456,876,726	114,219,181.50
Assuming full exercise of the Options to be granted ⁽ⁱ⁾	0.25	45,687,672	11,421,918.00
Enlarged issued and paid-up share capital after the Proposals		502,564,398	125,641,099.50

Note:

(i) The assumption used is to show the number of Options that can be offered whereby the Warrants are first exercised into ordinary shares, and these said new shares are part of the issued and paid-up share capital.

4.2 Earnings and EPS

The Proposed Share Split and the Proposed Bonus Issue of Warrants are not expected to have any effect on the earnings of the Ajiya Group for the FYE 30 November 2016. However, there will be a corresponding dilution in the EPS of the Group as a result of the increase in the number of shares in issue upon the completion of the Proposed Share Split.

In addition, the EPS of the Group may be diluted as a result of the increase in the number of shares in issue upon completion of the Proposed Bonus Issue of Warrants, as and when the Warrants are exercised into new Ajiya Shares.

Notwithstanding the aforesaid potential dilution in EPS, the exercise of the Warrants may contribute positively to the Group's earnings through the utilisation of proceeds arising from the exercise of the Warrants.

The Proposed ESOS is expected to have an impact on the earnings and EPS of the Group in view of the adoption of Financial Reporting Standard 2 relating to Share Based Payment ("MFRS2"). According to MFRS2, the total potential cost arising from the issuance of Options will depend on, among others, the number of Options granted and the fair value of the Options at the grant date which is expected to vest. The charge will be recognised over the vesting period (i.e. the period when the Options are exercisable) as an expense in the income statement, thereby reducing the earnings of the Group. The fair value of the Options will be considered using a valuation model to be determined by the Board and would be dependent on factors such as the volatility of the Shares, the Subscription Price and the Option period.

As such, the Proposed ESOS will have a dilutive effect upon the exercise of Options granted under the Proposed ESOS and the anticipated recognition of expenses in relation to the Options to be granted under the Proposed ESOS pursuant to MFRS2. Nevertheless, the Board has taken note of the potential impact of MFRS2 on the Group's future earnings and shall take into consideration such impact in the allocation and granting of Options to Eligible Persons.

Notwithstanding the aforesaid, the exercise of the Options may contribute positively to the future earnings of the Ajiya Group through the utilisation of proceeds arising from the exercise of the Options.

4.3 NA per share and gearing

Based on the audited consolidated statements of financial position of Ajiya as at 30 November 2015, the pro forma effects of the Proposed Share Split, Proposed Bonus Issue of Warrants and assuming full exercise of Warrants on the NA per share and gearing of the Ajiya Group are as follows:

	I	II	III
	As at 30 November 2015	After Proposed Share Split	After I and Proposed Bonus Issue of Warrants
	RM'000	RM'000	RM'000
			After II and assuming full exercise of Warrants
			RM'000
Share capital	76,146	76,146	76,146
Share premium	22,732	22,732	22,732
Foreign currency translation reserve	5,375	5,375	5,375
Other reserve	729	729	729
Retained earnings	205,959	205,759 ⁽ⁱ⁾	205,759
Shareholders' fund /NA	310,941	310,741	310,741
Number of Ajiya shares in issue ('000)	76,146	304,584	304,584
Par value (RM)	1.00	0.25	0.25
NA per ordinary share (RM)	4.08	1.02	1.02
Borrowings (interest-bearing)	29,960	29,960	29,960
Gearing ratio (times)	0.10	0.10	0.10
			432,575

Notes:

- (i) After deducting estimated expenses for the Proposals of approximately RM200,000.
(ii) Assuming the exercise price of the Warrants is RM0.80 per Warrant.

The Proposed ESOS will not have any immediate effect on the consolidated NA and gearing of the Ajiya Group, until such time when the Options under the Proposed ESOS are exercised. Upon exercise of the Options, the NA per Share of the Company may increase or decrease depending on the Subscription Price of the Options, which is to be determined at the time an offer is granted and the number of new Ajiya Shares issued upon the exercise of such granted Options and the financial impact arising from the recognition of an expense upon granting of such Options pursuant to MFRS2.

Whilst the granting of the Options under the Proposed ESOS is expected to result in the recognition of a charge to the income statement of the Group pursuant to MFRS2, the recognition of such MFRS2 charge would not have any material impact on the NA of the Group as the corresponding amount will be classified as an equity reserve, which forms part of the shareholders' equity. In the event none of the Options granted are exercised within the duration of the Proposed ESOS, the amount outstanding in the said equity reserve would be transferred into the Company's retained earnings. On the other hand, if the Options are exercised, the amount outstanding in the said equity reserve would be transferred into the Company's share capital and share premium account.

4.4 Existing convertible securities

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

4.5 Substantial shareholders' shareholding

The Proposed Share Split, the Proposed Bonus Issue of Warrants and assuming full exercise of the Warrants, will not have any effect on the percentage shareholdings of the substantial shareholders of Ajiya. However, the number of Ajiya Shares held by each substantial shareholder will increase proportionately as a result of the Proposed Share Split and assuming full exercise of the Warrants.

The Proposed ESOS will not have any immediate effect on the substantial shareholders' shareholdings in the Company until such time when the Options granted under the Proposed ESOS are exercised, which would accordingly result in a proportionate dilution in their shareholdings. However, certain substantial shareholders (who are also Directors of Ajiya) namely, Dato' Chan Wah Kiang and Yeo Ann Seck are eligible to participate in the Proposed ESOS. As such, their shareholdings in the Company may increase if they exercise the Options that may be granted to them.

5. INDUSTRY OUTLOOK AND PROSPECTS

5.1 Outlook of the Malaysian economy

The international economic and financial landscape is likely to remain challenging and will be a key factor that will influence the prospects of the Malaysian economy in 2016. The strength of global economic growth and the trajectory of the global oil prices will have important implications for the growth of the Malaysian economy. The Malaysian economy also remains affected by growth prospects of its key trading partners, conditions in the financial markets and the state of investor and consumer confidence.

Nevertheless, Malaysia will face these challenges from a position of strength, afforded by the country's diversified structure, strong fundamentals and policy flexibility. Growth will continue to be anchored by domestic demand. Financial intermediation is expected to remain supportive of growth, underpinned by the strength of the financial institutions and the deep and well-developed financial markets. While subdued prices will continue to weigh on commodity exports, Malaysia's exports are expected to be supported by the gradual improvement in the advanced economies and continued growth in the regional economies.

The diversified nature of Malaysia's exports in terms of products and markets continues to accord resilience to Malaysia's trade performance.

Overall, the Malaysian economy is expected to grow by 4 – 4.5% (2015: 5.0%). Domestic demand will continue to be the principal driver of growth, sustained primarily by private sector spending. The pace of expansion in domestic demand, however, is expected to be more moderate amid ongoing adjustments by consumers and investors to the challenging economic environment. Private consumption growth is projected to trend below its long-term average, as households continue to make expenditure adjustments in response to the lingering effects of the Goods & Services Tax implementation, and changes in administered prices. Household spending will also be affected by weaker consumer sentiments due to the uncertain conditions in the labour and financial markets. These moderating effects, however, will be partially offset by continued growth in income, employment and some support from Government measures targeted at enhancing households' disposable income. In an environment of prolonged uncertainty and cautious business sentiments, private investment growth is projected to be less buoyant compared to its performance over the past five years, when it registered an average growth of 12.2%. Private sector capital spending is expected to be underpinned by the implementation of ongoing and new investment projects in the manufacturing and services sectors.

(Source: Bank Negara Malaysia Annual Report 2015)

5.2 Outlook and prospects of the property and construction sectors in Malaysia

Value-added of the construction sector grew at a moderate pace of 7.7% during the first half of 2015 (January – June 2014: 14.5%) on slower civil engineering and residential activities. The highest share was contributed by the residential (27.7%) followed by civil engineering (27.1%), non-residential (26.4%) and specialised construction activities (18.8%) subsectors. The total value of construction work completed during the first half of 2015 expanded by 11.6% to RM56 billion with 20,056 construction projects registered (January – June 2014: 15.7%; RM50 billion; 19,649 projects). The non-residential subsector contributed 34.7% to the value of construction work; followed by civil engineering (30.4%), residential (30.2%) and specialised construction activities (4.7%) subsectors. The private sector continued to dominate construction activities with a share of 67.7% in the first half of 2015. Amid the moderate growth outlook, the construction sector is expected to expand by 8.8% in 2015 (2014: 11.8%).

The civil engineering subsector moderated to 1.3% (January – June 2014: 6.2%) following the completion of some major infrastructure projects. However, construction projects in the oil and gas industry, which started in 2015, such as piping and associated facilities at Petronas Liquefied Natural Gas Complex Bintulu, as well as Pengerang Deepwater Petroleum Terminal with marine facilities and jetty, helped to cushion the moderation in growth of the subsector. The huge land reclamation activity in Southern Johor also supported the subsector. Further, the construction of a new deep water terminal at Kuantan Port; Pan-Borneo Highway; road upgrading works including Pulau Indah Highway and Bintulu – Samalaju road; as well as Kota Kinabalu flyover and third lane project, will continue to support construction growth over the medium term.

The residential subsector expanded moderately by 9.8% (January – June 2014: 22.1%) partly due to the decline in new housing approvals which decreased by 32.9% to 66,770 units (January – June 2014: 37.3%; 99,461 units), reflecting cautious sentiment among housing developers amid a challenging environment. However, the moderation was cushioned by the steady growth in incoming supply at 13.8% (January – June 2014: 10.3%). During the first six months of the year, the Klang Valley continued to dominate the incoming supply, accounting for 29% of total supply (January – June 2014: 28.9%). Housing starts rebounded by 38% to 100,712 units (January – June 2014: -1.8%; 72,935 units), supported by service

apartments as well as condominiums/apartments which accounted for 28.3% (28,541 units) and 22.5% (22,673 units), respectively, of the total starts.

In the non-residential subsector, construction activity grew by 14.5% (January – June 2014: 14.2%) as reflected in the expansion of incoming supply, particularly in the shop, shopping complex and industrial segments at 27.8%, 11.3% and 9.6%, respectively (January – June 2014: 8.7%, 20%, 0.2%). The Purpose-Built Office segment registered a significant increase in construction starts to 251,916 square metres despite the contraction in incoming supply by 7.5% in the first half of 2015 (January – June 2014: 7,764 square metres; -16.4%).

Growth momentum in the construction sector is projected to moderate slightly to 8.4% in 2016 (2015: 8.8%), largely driven by infrastructure projects. The sector is expected to benefit particularly from civil-engineering activities such as Pan-Borneo Highway, the Mass Rapid Transit line 2 and Pengerang Integrated Complex project. In the residential subsector, the expansion is projected to remain modest amid weak housing approvals and property launches. Meanwhile, the performance in the non-residential subsector is expected to be more moderate amid slower construction activity in the industrial and commercial property segments. The overall performance of the construction sector however, will be supported by new and existing multi-year civil engineering projects, particularly in the transport and petrochemical segments.

(Source: Economic Report 2015/2016, Ministry of Finance Malaysia)

5.3 Prospects of the Ajiya Group

In the year ahead, the management of Ajiya foresees continued challenges and downside risks, spurred by continued volatility in commodity prices and the foreign exchange market. However, the management remains optimistic on the Group's performance in 2016, backed by ongoing Government projects including the development of the Economic Corridors and construction works under the Economic Transformation Programme. In addition, the Ministry of Works, through the Construction Industry Development Board, has proactively developed the Construction Industry Transformation Programme to strengthen the construction industry and facilitate its advancement into the modern era. This is expected to usher in unprecedented progress and growth in the industry, while Malaysia's own transformation into a high-income and developed nation by 2020 will also require greater interplay between key economic and social sectors, which the management believes that the Group will be able to contribute to.

The Group's metal products operations have transformed into a manufacturer for a comprehensive range of housing building components, the Ajiya Green Integrated Building Systems ("AGIBS"), which is gaining traction in the market. The AGIBS represents groundbreaking innovation in the construction industry, driven by its environmentally-friendly and systematic installation which requires less resources. AGIBS is a lightweight steel framing system specifically designed to include trussed headers and pre-punched multiple service holes metal studs and recesses dimples for easy assembly and ensure a flush finish, reinforced with expanded metal rib lath and plastering on both sides of the wall which is filled with cement to enhance performance in terms of water absorption, permeability, sound transmission and impact strength.

In view of the Government's effort to build affordable housing projects in the coming years and to elevate the performance of the Malaysian construction industry, the AGIBS housing system is expected to play a vital role in the Group's trajectory.

In the year ahead, the Group will be moving towards providing a total solution for the property and construction sectors, focusing on reducing labour requirements and construction time through technologies and quality of the Group's products.

The Group is also in the midst of expanding its production capacity as it seeks to capture more projects through the participation of more public sector-led projects such as the continuation of the Mass Rapid Transit and Light Rail Transit projects, infrastructure projects within Greater Kuala Lumpur and Klang Valley, Iskandar Development Region and the East Coast Economic Region as well as affordable housing projects.

6. APPROVALS REQUIRED/OBTAINED

The Proposals are subject to and conditional upon the following approvals being obtained:

- (i) Bursa Securities for:
 - (a) the Proposed Share Split;
 - (b) the listing of and quotation for the Warrants and new Ajiya Shares to be issued arising from the exercise of Warrants and Options on the Main Market of Bursa Securities;
 - (c) the admission of the Warrants to the Official List of Bursa Securities;
- (ii) shareholders of Ajiya, for the Proposals at the forthcoming EGM to be convened; and
- (iii) any other relevant authorities, if required.

Bursa Securities had vide its letter dated 7 June 2016, granted its approval in relation to item (i) above subject to the following conditions:

Conditions	Status of Compliance
(a) Ajiya and M&A Securities must fully comply with the relevant provisions under the Main Market LR pertaining to the implementation of the Proposals;	To be complied
(b) Ajiya and M&A Securities are to inform Bursa Securities upon the completion of the Proposals;	To be complied
(c) Ajiya is to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposals are completed;	To be complied
(d) Ajiya is to furnish Bursa Securities with the following prior to the quotation of the Subdivided Shares: <ul style="list-style-type: none"> (i) A letter of compliance in relation to the amended Memorandum and Articles of Association pursuant to Paragraph 2.12 of the Main Market LR together with a copy of the duly executed Memorandum and Articles of Association; and (ii) A certified true copy of the resolution passed by the shareholders in general meeting approving the Proposed Share Split and Proposed Amendment; 	To be complied

Conditions	Status of Compliance
(e) Ajiya or M&A Securities is required to make the relevant announcements pursuant to Paragraph 13.10(2) of the Main Market LR pertaining to the Proposed Share Split;	To be complied
(f) M&A Securities is to submit a confirmation to Bursa Securities of full compliance of the Proposed ESOS pursuant to Paragraph 6.43(1) of the Main Market LR 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 ESOS; and	To be complied
(g) Ajiya is required to furnish Bursa Securities on a quarterly basis, a summary of the total number of Shares listed pursuant to the exercise of Warrants and exercise of Options under the Proposed ESOS, respectively as at the end of each quarter together with a detailed computation of the listing fees payable.	To be complied

The Proposed Bonus Issue of Warrants is conditional upon the implementation of the Proposed Share Split and Proposed Amendment. The Proposed ESOS is conditional upon the implementation of the Proposed Share Split and Proposed Amendment. The Proposed Share Split and the Proposed Amendment are inter-conditional upon each other. Save as disclosed above, the Proposals are not conditional upon any other corporate exercise.

7. HISTORICAL SHARE PRICES

The monthly highest and lowest closing prices of Ajiya shares for the past twelve (12) months preceding the date of this Circular are as follows:

	High (RM)	Low (RM)
2015		
June	2.55	2.42
July	2.82	2.40
August	2.78	2.20
September	2.77	2.33
October	4.39	2.75
November	4.42	4.15
December	4.79	4.28
2016		
January	4.50	3.27
February	3.80	3.59
March	3.70	3.45
April	3.51	3.17
May	4.01	3.16
Last transacted market price on 23 May 2016 <i>(being the market date immediately prior to the announcement of the Proposals and the LPD prior to the printing of this Circular)</i>		3.21

(Source: M&A Securities)

8. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the Directors and major shareholders of the Company and/or persons connected to them has any interest, whether direct or indirect, in the Proposed Share Split, Proposed Bonus Issue of Warrants and Proposed Amendment, save for their respective entitlements as shareholders of the Company, which are available to all other shareholders of the Company.

All the Directors of Ajiya are eligible to participate in the Proposed ESOS and are therefore deemed interested in the Proposed ESOS to the extent of their respective allocations under the Proposed ESOS ("Interested Directors"). Accordingly, the Interested Directors have declared their interests with respect to the Proposed ESOS. They have deliberated and approved the Proposed ESOS as a whole at the relevant Board meetings.

The direct and indirect shareholdings of the interested Directors are as follows:

	As at the LPD			
	←-----Direct-----→		←---Indirect-----→	
	No. of Ajiya shares	%	No. of Ajiya shares	%
Interested Directors				
Dato' Dr Mohd Aminuddin bin Mohd Rouse	-	-	-	-
Dato' Chan Wah Kiang	13,760,410	18.07	7,743,913 ⁽ⁱ⁾	10.17
Yeo Ann Seck	10,981,986	15.86	-	-
Tan Seng Kee	-	-	-	-
Dato' Theng Book	-	-	-	-
Low Peak Yih	-	-	-	-

Note:

(i) Deemed interest by virtue of his shareholdings in Avia Kapital Sdn Bhd pursuant to Section 6A of the Act.

In view of their interest, the Interested Directors will abstain from voting in respect of their direct and/or indirect shareholdings in the Company pertaining to their respective allocations under the Proposed ESOS at the forthcoming EGM of Ajiya.

The Interested Directors will ensure that persons connected with them, if any, will abstain from voting in respect of the connected persons' direct and/or indirect shareholdings in the Company on the resolutions pertaining to the respective allocations of the Interested Directors under the Proposed ESOS at the forthcoming EGM of Ajiya.

9. DIRECTORS' RECOMMENDATION

The Board, having considered all aspects of the Proposals, including the rationale and effects as set out in Sections 3 and 4 of this Circular, is of the opinion that the Proposals are in the best interest of the Company. As such, the Board recommends that you vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM of the Company to be convened.

In view that all the Directors of Ajiya are interested in the Proposed ESOS, they have abstained and will abstain from giving any opinion or recommendation on their respective entitlements under the Proposed ESOS.

10. ESTIMATED TIMEFRAME FOR COMPLETION AND TENTATIVE TIMETABLE FOR IMPLEMENTATION

Barring unforeseen circumstances and subject to all required approvals being obtained, the Board expects the Proposals to be completed in the third quarter of 2016.

The tentative timetable for the Proposals is set out below:

Date	Events
22 July 2016	Convening of EGM to obtain the approval of shareholders of Ajiya for the Proposals
End July 2016	Announcement of the Entitlement Date for the Proposed Share Split
Early August 2016	Listing of and quotation for the Subdivided Shares on the Main Market of Bursa Securities
Mid August 2016	Announcement of the Entitlement Date for the Proposed Bonus Issue of Warrants
Early September 2016	<ul style="list-style-type: none">• Listing of and quotation for the Warrants on the Main Market of Bursa Securities• Completion of the Proposals

11. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals (which is the subject matter of this Circular), the Board confirms that there are no other outstanding corporate exercises announced by the Company, but not yet completed as at the date of this Circular.

12. EGM

The EGM, the notice of which is enclosed in this Circular, is scheduled to be held at Sapphire Hall, Level 1, VIP Hotel, Batu 1, Jalan Buloh Kasap, 85000 Segamat, Johor on Friday, 22 July 2016 at 11.30 a.m or any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modification, the resolutions to give effect to the Proposals.

If you are unable to attend and vote in person at the EGM, you may complete and return the relevant Form of Proxy in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the Registered Office of the Company at Suite 6.1A, Level 6, Menara Pelangi, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru, Johor, not later than 48 hours before the date and time fixed for the EGM or any adjournment thereof. The lodging of the Form of Proxy will not, however, preclude you from attending the EGM and voting in person should you subsequently wish to do so.

13. FURTHER INFORMATION

Please refer to the attached appendices for further information.

Yours faithfully,
for and on behalf of the Board of Directors of,
AJIYA BERHAD

DATO' DR MOHD AMINUDDIN BIN MOHD ROUSE
Independent Non-Executive Chairman

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

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

"Ajiya" or "Company"	: Ajiya Berhad
"Ajiya Group" or "Group"	: Ajiya and its non-dormant Subsidiaries, collectively
"Ajiya Shares" or "Shares"	: Ordinary share(s) of RM0.25 each in the capital of the Company
"Board"	: The Board of Directors of Ajiya
"Bursa Depository"	: Bursa Malaysia Depository Sdn Bhd
"Bursa Securities"	: Bursa Malaysia Securities Berhad
"Bursa Securities LR"	: Main Market Listing Requirements of Bursa Securities
"By-Laws"	: The By-Laws governing the Scheme, as amended from time to time
"CDS"	: Central Depository System
"Central Depositories Act"	: The Malaysian Securities Industry (Central Depositories) Act, 1991, as may be amended from time to time
"Deposited Security(ies)"	: A security standing to the credit of a Securities Account and includes a security in a Securities Account and a Securities Account that is in suspense
"Depositor"	: A holder of a Securities Account
"Director"	: A natural person who holds directorship in the Ajiya Group, whether in an executive or non-executive capacity (excluding alternate directors, if any)
"Duration of the Scheme"	: The duration of the Scheme as defined in By-Law 18 hereof unless extended in accordance with By-Law 18 hereof or terminated in accordance with By-Law 19 hereof
"Eligible Person"	: An employee or Director of the Ajiya Group who meets the criteria of eligibility for participation in the Scheme as set out in By-Law 4 hereof
"Entitlement Date"	: The date as at the close of business on which shareholders' name must appear on Ajiya's Record of Depositors in order to participate in any dividends, rights, allotments and/ or other distributions
"ESOS"	: Employees' Share Option Scheme
"ESOS Committee"	: The committee to be appointed by the Board to implement and administer the Scheme

- “Grantee” : An Eligible Person who has accepted an Offer in the manner indicated in By-Law 8 hereof
- “Market Day(s)” : Any day between Mondays and Fridays, both days inclusive, which is not a market holiday or a public holiday in Kuala Lumpur
- “Maximum Allowable Allotment” : The maximum number of new Ajiya Shares in respect of which Offers may be made to Eligible Persons, as provided in By-Law 6 hereof
- “MCD” : Malaysian Central Depository Sdn Bhd
- “Offer” : An offer made in writing by the ESOS Committee to an Eligible Person in the manner indicated in By-Law 5 hereof
- “Offer Date” : The date on which an Offer is made by the ESOS Committee to an Eligible Person to participate in the Scheme in accordance with the By-Laws
- “Option(s)” : The rights of a Grantee to subscribe for new Ajiya Shares pursuant to the contract constituted by acceptance by an Eligible Person, in the manner as set out in By-Law 8 hereof, of an Offer made to such Eligible Person pursuant to By-Law 5 hereof
- “Option Period” : A period commencing from the Offer Date and expiring on a date which the ESOS Committee may in its discretion decide provided that no Option Period shall extend beyond the Duration of the Scheme
- “Option Price” : In respect of each Option, the price per share at which a Grantee shall be entitled to subscribe for new Ajiya Shares by exercising his Option as set out in By-Law 7 hereof
- “Record of Depositors” : A record of Depositors established by Bursa Depository pursuant to Chapter 24 of the Rules of Bursa Depository
- “RM” and “sen” : Ringgit Malaysia and sen, respectively
- “Scheme” : The ESOS for Eligible Persons to subscribe for new Ajiya Shares on the terms as set out herein
- “Securities Account” : An account established by Bursa Depository for a Depositor for the recording of Deposited Securities and for dealings in such securities by the Depositor
- “Subsidiary(ies)” : A subsidiary company of Ajiya as defined in Section 5 of the Companies Act, 1965
- 1.2 In these By-Laws, unless the context requires otherwise, words denoting the singular shall include the plural and words denoting the masculine gender shall include the feminine and neuter gender.
- 1.3 The headings in these By-Laws are for convenience only and shall not be taken into account in the interpretation of these By-Laws.
- 1.4 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 next market day.

2. NAME OF SCHEME

This Scheme will be named "Ajiya Berhad Employees' Share Option Scheme".

3. MAXIMUM NUMBER OF SHARES ALLOWABLE UNDER THE SCHEME

3.1 Subject to By-Law 3.2, the maximum number of new Ajiya Shares which may be available under the Scheme (excluding treasury shares, if any) shall not exceed ten per cent (10%) of the total issued and paid-up share capital of the Company at any one time.

3.2 Notwithstanding the provision of By-Law 3.1 nor any other provisions herein contained, in the event the maximum number of new Ajiya Shares comprised in the Options granted under the Scheme exceeds the aggregate of ten per cent (10%) of the issued and paid-up share capital of the Company as a result of the Company purchasing its own shares and thereby diminishing its issued and paid-up capital, then such Options granted prior to the adjustment of the issued and paid-up capital of the Company shall remain valid and exercisable in accordance with the provisions of this Scheme.

However, no further Offer shall be made to any Eligible Person as long as the aggregate shares comprised in the number of Options offered exceeds ten per cent (10%) of the issued and paid-up share capital of the Company as a result of the Company purchasing its own shares and thereby diminishing its issued and paid-up capital.

3.3 The Company will during the Option Period keep available sufficient authorised and unissued shares to satisfy all Options, which may be exercised, in whole or in part during the Option Period.

3.4 Each Option shall be exercisable into one (1) new Ajiya Share, fully issued and paid up, in accordance with the provisions of these By-Laws.

4. ELIGIBILITY

4.1 Subject to the discretion of the ESOS Committee, any employee and Director of the Ajiya Group shall be eligible to participate in the Scheme if, as at the Offer Date, the employee and Director:

- (i) is a Malaysian citizen and shall have attained the age of eighteen (18) years;
- (ii) is a Director (other than non-executive directors), or is a full time employee who must have been employed for a continuous period of at least one (1) year (which shall include any probation period) by the Company and/or a subsidiary within the Group and in the case of an employee, his employment must have been confirmed on the Offer Date;
- (iii) if the employee or Director is employed by a company which is acquired, and becomes a subsidiary of the Company upon such acquisition during the duration of the ESOS, the employee or Director must have completed service for a continuous period of at least one (1) year (which shall include any probation period) in that subsidiary following the date that such company becomes or is deemed to be a subsidiary of the Ajiya Group;

- (iv) if the employee or Director is serving the Company or a subsidiary within the Ajiya Group on a full time basis and who on the Offer Date is employed under a contract for service for a term of not less than one (1) year (including any period of employment which the person has already served), the employee or Director is eligible to participate in the ESOS, subject to the provisions of the By-Laws; and
 - (v) must fulfil such other criteria as may be determined by the ESOS Committee.
- 4.2 Eligibility, however, does not confer on an Eligible Person, a claim or right to participate in the Scheme unless an Offer has been made in writing by the ESOS Committee to the Eligible Person under By-Law 5.
- 4.3 The selection of any Eligible Person for participation in the Proposed ESOS shall be at the discretion of the ESOS Committee and the decision of the ESOS Committee shall be final and binding. The ESOS Committee shall not be under any obligation to give any reasons therefore, except as may be required by the relevant authorities.

5. OFFER

- 5.1 The ESOS 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 during the Option Period for new Ajiya Shares in accordance with the terms of the Scheme.
- 5.2 Nothing herein shall prevent the ESOS Committee from making, more than one (1) Offer to any Eligible Person provided always that, the total aggregate number of new Ajiya Shares comprised in the Offers shall not be less than one hundred (100) new Ajiya 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 hundred (100) Ajiya Shares. In any case, any eligible Director's maximum entitlement shall be based on one sitting only irrespective of his sittings on more than one (1) board within the Group.
- 5.3 Each Offer shall be made in writing by the ESOS Committee and shall state the number of Options that are being offered, the number of new Ajiya Shares which the Eligible Person shall be entitled to subscribe for upon the exercise of the Options being offered, the Option Period, the price at which the Eligible Person is entitled to subscribe for each new Ajiya Share, the closing date for acceptance of the Offer and any other information deemed necessary by the ESOS Committee.
- 5.4 No Option shall be granted to any Director of the Company and/or persons connected to him unless specific grant of Options to that Director and/or persons connected to him shall have previously been approved by the shareholders of the Company in a general meeting.
- 5.5 With the exception to By-Law 10.1, the Offer shall automatically lapse and be null and void in the event of the Eligible Person ceasing to be employed by the Ajiya Group for any reason whatsoever prior to the acceptance of the Offer by the Eligible Person in the manner set out in By-Law 8 hereof.
- 5.6 In the event of an error on the part of the Company in stating any of the particulars referred to in By-Law 5.3, the following provisions shall apply:
- (a) Within one (1) month after discovery of the error, the Company shall issue a supplemental letter of Offer, stating the correct particulars referred to in By-Law 5.3;

- (b) In the event that the error relates to particulars other than the Option Price, the Option Price applicable in the supplemental letter of Offer shall remain as the Option Price as per the original letter of Offer; and
- (c) In the event that the error relates to the Option Price, the Option Price applicable in the supplemental letter of Offer shall be the Option Price applicable as at the date of the original letter of Offer, save and except with respect to any Options which have already been exercised as at the date of issue of the supplemental letter of Offer.

6. MAXIMUM ALLOWABLE ALLOTMENT AND BASIS OF ALLOTMENT

- 6.1 Subject to the provisions of the By-Laws herein contained, the maximum number of new Ajiya Shares that may be offered and allotted to an Eligible Person shall be determined at the discretion of the ESOS Committee, subject always to the provisions of the Bursa Securities LR relating to employees' and/or Directors' share scheme and after taking into consideration amongst others factors, the position, annual appraised performance, seniority and years of service and past and future contributions of the Eligible Persons in the Ajiya Group, or such other criteria that the ESOS Committee may in its discretion deems fit subject to the following conditions:-
- (i) the Eligible Persons shall not participate in the deliberation or discussion in respect of their own allocation;
 - (ii) the number of new Ajiya Shares to be issued pursuant to the Scheme to any Eligible Person who, either singly or collectively through persons connected with him/her, holds twenty percent (20%) or more of the issued and paid-up capital of the Company (excluding treasury shares, if any), does not exceed ten percent (10%) of the total number of new Ajiya Shares to be issued pursuant to the Scheme; and
 - (iii) not more than fifty percent (50%) of the new Shares available under the Scheme shall be allocated in aggregate to the Directors and senior management of the Ajiya Group (excluding subsidiaries which are dormant).
- 6.2 The determination of eligibility and allocation are performed by the ESOS Committee at the point of granting of the Options, after taking into consideration the above factors. Thereafter, the grantees are free to exercise the Options without further performance targets being achieved, unless stated in the Offer made by the ESOS Committee from time to time.
- 6.3 The Company shall ensure that allocation of Options pursuant to the Scheme is verified by the audit committee of the Ajiya Group at the end of each financial year as being in compliance with the criteria for allocation of Options. A statement by the Audit Committee of the Ajiya Group verifying such allocations shall be included in the annual report of the Company.

7. OPTION PRICE

Subject to any adjustments that may be made in accordance with the By-Laws, the price at which a Grantee is entitled to subscribe for each new Ajiya Share shall be determined by the ESOS Committee with a discount of not more than ten per cent (10%) or such other percentage of discount as maybe permitted by Bursa Securities from the five (5)-day weighted average market price of Ajiya Shares immediately preceding the Offer Date of the Option, if deemed appropriate, or at the par value of Ajiya Shares, whichever is higher.

The Option Price as determined by the ESOS Committee shall be conclusive and binding.

8. ACCEPTANCE OF THE OFFER

- 8.1 The Offer to participate in the Scheme shall be valid for acceptance for a period of thirty (30) days from the Offer Date or such longer period as may be determined by the ESOS 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 ESOS Committee in the form prescribed by the ESOS 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 ESOS 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) as non-refundable consideration for the Options.
- 8.3 All Options shall be personal to the Grantee and cannot be assigned, transferred or otherwise disposed of in any manner whatsoever.
- 8.4 The Options may be cancelled at the discretion of the Grantee by notice in writing to the ESOS Committee.
- 8.5 The number of Options offered in the lapsed Offer shall be deducted from the Maximum Allowable Allotment or the balance of the Maximum Allowable Allotment of the Eligible Person, and the Eligible Person shall not be entitled to be offered the number of Options offered in the lapsed Offer, in any Offers made in the future. However, Options not taken up resulting from the non-acceptance of Offers within the acceptance period of thirty (30) days from the Offer Date or such longer period as may be determined by the ESOS Committee, shall thereafter form part of the balance of Options available under the Scheme for future Offers.

9. EXERCISE OF OPTIONS

- 9.1 Subject to By-Law 9.2 hereof, an Option may be exercised by the Grantee by notice in writing to the Company in the prescribed form from time to time during the Option Period in respect of all or any part of the new Ajiya Shares comprised in the Option, provided that where an Option is exercised in respect of part therein, the number of new Ajiya Shares of which such Options may be exercised shall not be less than one hundred (100) and shall be in multiples of one hundred (100).
- 9.2 Subject to By-Law 14 hereof, the ESOS Committee may, at any time and from time to time, before or after an Option is granted, limit the exercise of the Option to a maximum number of new Ajiya Shares comprised in the Option during such periods within the Option Period and impose any other terms and/or conditions deemed appropriate by the ESOS Committee in its discretion including amending/varying any terms and conditions imposed earlier.

The partial exercise of an Option shall not preclude the Grantee from exercising the Option for the remaining duration of the Option Period in respect of the balance of the new Ajiya Shares comprised in the Option.

Any new Ajiya Shares comprised in an Option not subscribed for in any year following the date on which the Option was granted may be subscribed for in any subsequent year until and including the last year of 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 ESOS Committee from time to time and accompanied by a remittance in Ringgit Malaysia in the form of a banker's draft or cashier's order drawn and payable in Malaysia or any other mode acceptable to the ESOS Committee (calculated in accordance with the provisions of By-Law 7 hereof) for the full amount of the subscription monies for the new Ajiya 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, the Company shall allot such new Ajiya 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 ESOS 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 Ajiya 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 after the expiry of the Option Period.
- 9.6 Notwithstanding anything to the contrary herein contained in these By-Laws, the ESOS Committee shall have the right, at its absolute discretion by notice in writing to that effect to the Grantee, suspend the right of any Grantee who is being subjected to disciplinary proceedings (whether or not such disciplinary proceedings may give rise to a dismissal or termination of service of such Grantee) to exercise his Options pending the outcome of such disciplinary proceedings. In addition to this right of suspension, the ESOS Committee may impose such terms and conditions as the ESOS Committee shall deem appropriate at its sole and absolute discretion, on the Grantee's right to exercise his Options having regard to the nature of the charges made or brought against such Grantee, PROVIDED ALWAYS that:
- (a) in the event such Grantee is found not guilty of the charges which gave rise to such disciplinary proceedings, the ESOS Committee shall reinstate the right of such Grantee to exercise his Options;
 - (b) in the event the disciplinary proceedings result in a recommendation for the dismissal or termination of service of such Grantee, all unexercised and partially exercised Options of the Grantee shall immediately lapse and be null and void and of no further force and effect, without notice to the Grantee, upon pronouncement of the dismissal or termination of service of such Grantee notwithstanding that such recommendation, dismissal and/or termination of service may be subsequently challenged or disputed by the Grantee in any other forum; and
 - (c) in the event the Grantee is found guilty but no dismissal or termination of service is recommended, the ESOS Committee shall have the right to determine at its absolute discretion whether or not the Grantee may continue to exercise his Options or any part thereof and if so, to impose such terms and conditions as it deems appropriate, on such exercise rights.

- 9.7 The Board, the ESOS 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 relating to the delay on the part of the Company in allotting and issuing the new Ajiya Shares or in procuring Bursa Securities to list the new Ajiya Shares subscribed for by a Grantee or any delay in receipt or non-receipt by the Company of the notice to exercise the Options or for any errors in any Offers.
- 9.8 Any failure to comply with the procedures specified by the ESOS Committee or to provide information as required by the Company in the notice to exercise or inaccuracy in the CDS account number provided shall result in the notice to exercise being rejected at the discretion of the ESOS Committee. The ESOS Committee shall inform the Grantee of the rejection of the notice of exercise within ten (10) Market Days from the date of rejection and the Grantee shall not have deemed to have exercised his/her Option.
- 9.9 Every Option shall be subject to the condition that no new Ajiya 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.

10. TERMINATION OF THE OPTION

- 10.1 In the event of cessation or termination of employment of a Grantee by the management of Ajiya with the Ajiya Group for whatever reason prior to the exercise of his Option or prior to full exercise of his Option, such Option or the balance thereof shall forthwith lapse and cease to be valid immediately on the date of such cessation or termination without any claim whether direct, indirect, special or consequential (including but not limited to loss of profits due to the non-exercise of the Options) whatsoever against the Company PROVIDED ALWAYS THAT subject to the written approval of the ESOS Committee in its discretion if such termination occurs by reason of:
- (i) retirement on attaining the retirement age under the Ajiya Group's policy;
 - (ii) retirement before attaining the normal retirement age but with the consent of the management of Ajiya;
 - (iii) redundancy or any voluntary separation scheme;
 - (iv) ill-health, injury, physical or mental disability; or
 - (v) any other circumstances which are acceptable to the ESOS Committee, such Option shall remain exercisable during the Option Period.
- 10.2 If the Grantee ceases his employment with the Ajiya Group by reason of his resignation, his remaining unexercised Options shall cease with immediate effect on the date of such cessation.
- 10.3 An Option shall immediately become void and of no further effect upon the Grantee being adjudicated a bankrupt.
- 10.4 In the event of the liquidation of the Company, all unexercised or partially exercised Options shall lapse and cease to be valid and be null and void.

10.5 Where a Grantee dies before the expiry of the Option Period and at the time of his death held unexercised Options, such Options shall cease immediately on the date of such death without any claim against the Company.

11. TAKEOVER

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

- (i) in the event a takeover offer being made for the Company by a general offer or otherwise and such offer becoming or being declared unconditional, the Grantee shall be entitled within three (3) months from the date of which such offer becomes or is declared unconditional, to exercise in full or in part any Option as yet unexercised within the Option Period, after which the Option shall automatically lapse and be null and void; and
- (ii) If during the said period of three (3) months, the offeror becomes entitled or bound to exercise his rights of compulsory acquisition of the Ajiya Shares under the provisions of the Companies Act, 1965 or the Capital Markets Services Act, 2007 and gives notice to the Grantee that it intends to exercise such rights on a specific date ("Specified Date"), the Options shall remain exercisable by the Grantee until the expiry of the said period of three (3) months or on the Market Day immediately preceding the Specified Date whichever is the earlier. In the foregoing circumstance, if the Grantee fails to exercise his Option or elects to exercise only part of his Option by the expiry of the said period of three (3) months or on the Specified Date, whichever is earlier, then the Option, or as the case may be, the Options in relation to the balance thereof shall automatically lapse after the expiry of the said period of three (3) months or on the Specified Date, whichever is the earlier and be null and void.

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

Notwithstanding By-Law 9 hereof and subject to the discretion of the ESOS Committee, in the event of the court sanctioning a compromise or arrangement between the Company and its members for the purposes of, or in connection with, a scheme of arrangement and reconstruction of the Company under Section 176 of the Companies Act, 1965 or its amalgamation with any other company or companies under Section 178 of the Companies Act, 1965, a Grantee may be entitled to exercise all or any part of his 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 such compromise or arrangement becomes effective PROVIDED ALWAYS THAT no Option shall be exercised after the expiry of the Option Period.

13. RETENTION PERIOD

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

An eligible Director of the Ajiya Group who is a non-executive Director, must not sell, transfer or assign any new Ajiya Shares obtained through the exercise of Options granted to him within one (1) year from the date of grant of such Options.

14. ALTERATION OF SHARE CAPITAL DURING THE OPTION PERIOD

14.1 Subject to By-Law 14.6 hereof, in the event of any alteration in the capital structure of the Company during the Option Period, whether by way of a rights issue, bonus issue or other capitalisation issue, consolidation or subdivision of Shares or reduction of capital or otherwise howsoever, the Company shall cause such adjustment to be made to:

- (a) The number of Options granted to each Grantee (excluding Options already exercised); and/or
- (b) The Exercise Price

for purposes of ensuring that the capital outlay to be incurred by a Grantee in subscribing for the same proportion of the issued capital of the Company as that to which he was entitled prior to the event giving rise to such adjustment (i.e. not taking into account Options already exercised) shall remain unaffected.

Any adjustment (other than an adjustment pursuant to a bonus issue) must be confirmed in writing by the Auditors.

14.2 The following provisions shall apply in relation to an adjustment which is made pursuant to By-Law 14.1:

- (a) Any adjustment to the Exercise Price shall be rounded down to the nearest one (1) sen and in no event shall the Exercise Price be reduced to an amount which is below the par value of the Ajiya Shares; and
- (b) In determining a Grantee's entitlement to subscribe for Ajiya Shares, any fractional entitlements will be disregarded.

14.3 Subject to By-Law 14.2, the Exercise Price and the number of new Ajiya Shares relating to the Options so far unexercised shall from time to time be adjusted in accordance with the following relevant provisions in consultation with the auditor of the Company:

- (a) If and whenever a Ajiya Share by reason of any consolidation or subdivision or conversion shall have a different par value, the Exercise Price shall be adjusted by multiplying it by the revised par value and dividing the result by the former par value and the additional number of new Ajiya Shares relating to the Options to be issued shall be calculated in accordance with the following formula:

$$\text{Number of additional Shares} = T \times \left(\frac{\text{Former Par Value} - T}{\text{Revised Par Value}} \right)$$

Where T = existing number of Ajiya Shares relating to an Option.

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

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

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

and the additional number of new Ajiya Shares relating to the Options to be issued shall be calculated as follows:

$$\text{Number of additional Shares} = \left\{ T \times \left(\frac{A+B}{A} \right) \right\} - T$$

Where:

A = the aggregate number of issued and fully paid-up Ajiya Shares immediately before such bonus issue or capitalisation issue;

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

T = T as in By-Law 14.3(a) above.

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

(c) If and whenever the Company shall make:

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

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

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

and in respect of the case referred to in By-Law 14.3(c)(2) hereof, the number of additional new Ajiya Shares comprised in the Option to be issued shall be calculated as follows:

$$\text{Number of additional Shares} = \left\{ T \times \left(\frac{C}{C-D^*} \right) \right\} - T$$

Where:

T = T as in By-Law 14.3(a) above;

- C = the prevailing market price of each Ajiya Share on the Market Day immediately preceding the date on which the Capital Distribution or, as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing any such announcement) immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation; and
- D = (aa) in the case of an offer or invitation to acquire or subscribe for new Ajiya Shares under By-Law 14.3(c)(2) above or for securities convertible into or with rights to acquire or subscribe for new Ajiya Shares under By-Law 14.3(c)(3) above, the value of rights attributable to one (1) existing Ajiya Share (as defined below); or
- (bb) in the case of any other transaction falling within By-Law 14.3(c) hereof, the fair market value as determined (with the concurrence of the auditor) by the adviser of the Company (a merchant bank or universal broker) of that portion of the Capital Distribution attributable to one (1) existing Ajiya Share.

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

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

Where:

- C = C as in By-Law 14.3(c) above;
- E = the subscription price for one (1) additional Ajiya Share under the terms of offer or invitation or one (1) additional security convertible into Ajiya Shares or one (1) additional security with rights to acquire or subscribe for Ajiya Shares;
- F = the number of existing Ajiya Shares which is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Ajiya Shares or security convertible into Ajiya Shares or right to acquire or subscribe for Ajiya Shares; and
- D* = The value of rights attributable to one (1) existing Ajiya Share (as defined below).

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

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

Where:

- C = C as in By-Law 14.3(c) above;
- E* = the subscription price for one (1) additional Ajiya Share under the terms of offer or invitation; and

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

For the purpose of By-Law 14.3(c) hereof, "Capital Distribution" shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of new Ajiya Shares (not falling under By-Law 14.3(b) hereof) or other securities credited as fully or partly paid-up by way of capitalisation of profits or reserves of the Company (whether of a capital or income nature and including any share premium account and capital redemption reserve fund).

Any dividend charged or provided for in the audited accounts of the Company for 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 profit and loss accounts of the Company.

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

- (d) If and whenever the Company makes any allotment to its shareholders as provided in By-Law 14.3(b) above and also makes any offer or invitation to its shareholders as provided in By-Law 14.3(c)(2) or (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 Exercise Price shall be adjusted by multiplying it by the following fraction:

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

and where the Company makes any allotment to its shareholders as provided in By-Law 14.3(b) above and also makes any offer or invitation to its shareholders as provided in By-Law 14.3(c)(2) 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 number of additional new Shares relating to the Options to be issued shall be calculated as follows:

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

Where:

G = the aggregate number of issued and fully paid-up Shares on the Entitlement Date;

C = C as in By-Law 14.3(c) above;

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

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

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

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

B = B as in By-Law 14.3(b) above; and

T = T as in By-Law 14.3(a) above.

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

- (e) If and whenever the Company makes any offer or invitation to its shareholders to acquire or subscribe for Shares as provided in By-Law 14.3(c)(2) above together with an offer or invitation to acquire or subscribe for securities convertible into or rights to acquire or subscribe for shareholders as provided in By-Law 14.3(c)(3) above, the Exercise Price shall be adjusted by multiplying it by the following fraction:

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

and the number of additional new Shares relating to the Options to be issued shall be calculated as follows:

$$\text{Number of additional Shares} = \left(T \times \frac{(G + H^*) \times C}{(G \times C) + (H^* \times I^*)} \right) - T$$

Where:

G = G as in By-Law 14.3(d) above;

C = C as in By-Law 14.3(c) above;

H = H as in By-Law 14.3(d) above;

H* = H* as in By-Law 14.3(d) above;

I = I as in By-Law 14.3(d) above;

I* = I* as in By-Law 14.3(d) above;

J = the aggregate number of Shares to be issued to its shareholders upon conversion of such securities or exercise of such rights to 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 = T as in By-Law 14.3(a) above.

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

- (f) If and whenever the Company makes an allotment to its shareholders as provided in By-Law 14.3(b) above and also makes an offer or invitation to acquire or subscribe for Shares to its shareholders as provided in By-Law 14.3(c)(2) above, together with rights to acquire or subscribe for securities convertible into or with rights to acquire or subscribe for Shares as provided in By-Law 14.3(c)(3) above, and the Entitlement Date for the purpose of allotment is also the Entitlement Date for the purpose of the offer or invitation, the Exercise Price shall be adjusted by multiplying it by the following fraction:

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

and the number of additional new Shares relating to the Options to be issued shall be calculated as follows:

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

Where:

G = G as in By-Law 14.3(d) above;

C = C as in By-Law 14.3(c) above;

H = H as in By-Law 14.3(d) above;

H* = H* as in By-Law 14.3(d) above

I = I as in By-Law 14.3(d) above;

I* = I* as in By-Law 14.3(d) above

J = J as in By-Law 14.3(e) above;

T = T as in By-Law 14.3(a) above;

K = K as in By-Law 14.3(e) above; and

B = B as in By-Law 14.3(b) above.

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

- (g) If and whenever (otherwise than pursuant to a rights issue available to all shareholders and requiring an adjustment under By-Laws 14.3(c)(2), (c)(3), (d), (e) or (f) above), the Company shall issue either any Shares or any security convertible into Shares or any 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 percent (90%) of the Average Price for one (1) Share (as defined below) or, as the case may be, the price at which the Shares will be issued upon conversion of such securities or exercise of such rights is determined, the Exercise Price shall be adjusted by multiplying it by the following fraction:

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

Where:

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

For the purpose of By-Law 14.3(g), "Total Effective Consideration" shall be determined by the Board with the concurrence of the auditor and shall be:

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

in each case without any deduction of any commission, discount or expense 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 new Shares issued as aforesaid or, in the case of securities convertible into new Shares or securities with rights to acquire or subscribe for new Shares, by the maximum number of new Shares issuable on full conversion of such securities or on exercise in full of such rights.

For the purpose of By-Law 14.3(g), "Average Price" of a Share shall be the average market price of one (1) Share as derived from the last traded prices for one 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.

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

- (h) For the purpose of By-Law 14.3(c), (d), (e) and (f), the current market price in relation to one (1) existing Share for any relevant day shall be the average of the last traded prices for the five (5) consecutive Market Days before such date or during such other period as may be determined in accordance with any guidelines issued, from time to time, by the relevant authorities.

Such adjustments must be confirmed in writing by the auditors of the Company for the time being (acting as experts and not as arbitrators), upon reference to them by the ESOS Committee, to be in their opinion, fair and reasonable, PROVIDED ALWAYS THAT:

- (a) no adjustment to the Exercise Price shall be made which would result in the new Shares to be issued on the exercise of the Option being issued at a discount to par value, and if such an adjustment would but for this provision have so resulted, the Exercise Price payable shall be the par value of the new Shares;
- (b) upon any adjustment being made pursuant to this By-Law, the ESOS Committee shall, within thirty (30) 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 him of the adjusted Exercise Price thereafter in effect and/or the revised number of new Shares thereafter to be issued on the exercise of each Option; and
- (c) any adjustments made must be in compliance with the provisions for adjustment as provided in these By-Laws .

Notwithstanding the foregoing, any adjustments to the Exercise Price and/or the number of new Shares comprised in each Option so far as unexercised arising from bonus issues, need not be confirmed in writing by the auditors of the Company.

- 14.4 The adjustment pursuant to this By-Law shall be made on the day immediately following the books closure date for the event giving rise to the adjustment.
- 14.5 Save as expressly provided for herein, the auditors must confirm in writing that the adjustments are in their opinion fair and reasonable. The opinion of the auditors shall be final, binding and conclusive.
- 14.6 The provisions of this By-Law 14 shall not be applicable where an alteration in the capital structure of the Company arises from any of the following:
 - (a) An issue of Shares pursuant to the exercise of Options under the Scheme; or
 - (b) An issue of securities as consideration for an acquisition; or
 - (c) An issue of securities as a private placement; or

- (d) An issue of securities as a special issue approved by the relevant governmental authorities; or
- (e) A restricted issue of securities; or
- (f) An issue of further Options to Eligible Persons under these By-Laws; or
- (g) An issue of warrants, convertible loan stocks or other instruments by the Company which give a right of conversion into Shares arising from the conversion of such securities with a right of conversion into Shares including warrants and convertible loan stocks; or
- (h) A purchase by the Company of its own Shares pursuant to Section 67A of the Companies Act, 1965. In this event, the following provisions shall apply:
 - (i) If the number of Shares in respect of Options granted by the Company as at the date of designation of the Shares so purchased as treasury Shares or cancellation of such Shares is greater than ten percent (10%) of the issued and paid-up capital of the Company after such designation or cancellation, the ESOS Committee shall not make any further Offers up-till such time, if any (occurring during the remainder of the Option Period), as the provisions of By-Law 3.2 above are once again satisfied; and
 - (ii) If the number of Shares in respect of Options granted by the Company as at the date of designation of the Shares so purchased as treasury shares or cancellation of such Shares is less than ten percent (10%) of the issued and paid-up capital of the Company after such designation or cancellation, the ESOS Committee may make further Offers only until the total number of Shares in respect of Options granted by the Company is equivalent to ten percent (10%) of the issued and paid-up capital of the Company after such designation or cancellation.

14.7 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Part VII of the Companies Act, 1965, By-Law 14.1 shall be applicable in respect of such part of the scheme which involves any alteration in the capital structure of the Company to which By-Law 14.1 is applicable, but By-Law 14.1 shall not be applicable in respect of such part of the scheme which involves any alteration in the capital structure of the Company to which By-Law 14.1 is not applicable as described in By-Law 14.6.

14.8 An adjustment pursuant to By-Law 14.1 shall be made according to the following terms:

- (a) In the case of a rights issue, bonus issue or other capitalisation issue, on the Market Day immediately following the Entitlement Date in respect of such issue; or
- (b) In the case of a consolidation or subdivision of Shares or reduction of capital, on the Market Day immediately following the date of allotment of new shares of the Company in respect of such consolidation, subdivision or reduction.

15. RANKING OF NEW AJIYA SHARES

The new Ajiya Shares to be issued arising from the exercise of the Options granted shall, upon allotment and issue, rank *pari passu* in all respects with the existing Ajiya Shares, save and except that they will not be entitled to any dividends, rights, allotments and/or other forms of distributions that may be declared, made or paid prior to the date of allotment and issuance of the new Ajiya Shares. The new Shares will be subject to the provisions of the Articles of Association of the Company. The Options shall not carry any right to vote at any general meeting of the Company.

16. ADMINISTRATION

The Scheme shall be administered by the ESOS Committee consisting of such persons appointed by the Board. The ESOS Committee shall administer the Scheme in such manner as it shall in its discretion deem fit. For the purpose of administering the Scheme, the ESOS Committee may 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 ESOS Committee may in its discretion deem fit, necessary and/or expedient for the implementation of the Scheme.

The Board shall have the discretion as it deems fit to approve, rescind and/or revoke the appointment of any person in the ESOS Committee.

17. MODIFICATION, VARIATION AND/OR AMENDMENT TO THE SCHEME

17.1 Subject to the compliance with the Bursa Securities LR and requirements of any other relevant authorities, the ESOS Committee may at any time and from time to time recommend to the Board any additions, modifications or amendments to or deletions of these By-Laws as it shall in its discretion, thinks fit and the Board shall have the power at any time and from time to time by resolution to add to, amend, modify and/or delete all or any of these By-Laws upon such recommendation PROVIDED THAT no additions, modifications 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; or
- (b) Prejudice any rights of the shareholders of the Company without the prior approval of the Company's shareholders in a general meeting; or
- (c) Alter to the advantage to the Grantee, any matter which is required by the Bursa Securities LR to be contained in the By-Laws without the prior approval of the Company's shareholders in general meeting;

unless otherwise allowed by the Bursa Securities LR.

17.2 Any amendments/modifications to the By-Laws shall not contravene any of the provisions of the guidelines on employee share option schemes as stipulated under the Bursa Securities LR and/or any other relevant regulatory authority in relation to ESOS.

17.3 Upon amending and for modifying all or any of the provisions of the Scheme, the Company shall within five (5) market days after the effective date of the amendments caused to be submitted to Bursa Securities, the amended By-Laws and a confirmation letter that the said amendment and/or modification complies and does not contravene any of the provisions of the Bursa Securities LR on ESOS.

17.4 The Grantees shall be given written notices prescribed by the ESOS Committee from time to time of any conditions, amendments to and/or modifications of these By-Laws within fourteen (14) Market Days of any of the foregoing taking effect.

18. DURATION OF THE SCHEME

18.1 The Scheme shall commence from the date the advising merchant bank for the Scheme confirms in writing to Bursa Securities that the Company has:

- (i) Submitted the final copy of the By-Laws of the Scheme to Bursa Securities;
- (ii) Obtained the approval or approval-in-principle, as the case may be, for the listing of and quotation for the new Ajiya Shares to be issued under the Scheme;
- (iii) Obtained other relevant approvals for the ESOS and has fulfilled any conditions imposed therein;
- (iv) Obtained the shareholders' approval for the ESOS;
- (v) Fulfilled all the conditions attached to the above approvals, if any,

and shall be in force for a period of five (5) years from the date of commencement ("the Initial Period") subject however to any extension or renewal for a further period of five (5) years commencing from the day after the date of expiry of the original five (5) year period.

18.2 No further Options will be granted upon the expiry of the Initial Period unless the Company extends the Scheme pursuant to By-Law 18.1 hereof. Such extended Scheme shall be implemented in accordance with the terms of the By-Laws set out herein, save for any amendments and/or changes to the relevant statutes, guidelines and/or regulations currently in force and shall be valid and binding without further obtaining the approvals of the shareholders of the Company and/or any other relevant authorities or the Grantees provided that the Company shall serve appropriate notices on each Grantee and/or make the necessary announcements to any and/or all the aforementioned parties within thirty (30) days prior to the expiry of the Scheme and that Bursa Securities shall be informed of such extended Scheme.

19. TERMINATION OF THE SCHEME

Save for any amendments and/or changes to the relevant statutes, guidelines and/or regulations currently in force, the Scheme may be terminated by the Company at any time during the Duration of the Scheme provided that the Company announces to Bursa Securities:

- (a) the effective date of termination;
- (b) the number of Options exercised or shares vested; and
- (c) the reasons for termination.

20. DISPUTES

In the event of any dispute or difference between the ESOS Committee and an Eligible Person or Grantee as to any matter or thing of any nature arising hereunder, the ESOS Committee shall determine such dispute or difference by a written decision (without any obligation to give any reasons therefore) given to the Eligible Person or Grantee, as the case may be, PROVIDED THAT where the dispute is raised by a member of the ESOS Committee, the said member shall abstain from voting in respect of the decision of the ESOS Committee in that instance. The said decision shall be final and binding on the parties unless the Eligible Person or Grantee, as the case may be, shall dispute the decision by written notice to the ESOS Committee within fourteen (14) days of the receipt of the written decision, in which case such dispute or difference shall be referred to the decision of the external auditors of the Company for the time being, acting as experts and not as arbitrators, whose decision shall be final and binding in all respects. In the event that the external auditors are unable to reach a decision in respect of the dispute, such dispute shall be referred to a court of law of competent jurisdiction in Malaysia, whose decision shall be final and binding in all respects.

21. COMPENSATION

21.1 An Eligible Person or Grantee who ceases to hold office or employment shall not be entitled to any compensation for the loss of any right or benefit or prospective right or benefit under the Scheme which he 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.

21.2 No Eligible Person or Grantee or legal or personal representatives shall bring any claim, action or proceeding against the Company or the ESOS Committee or any other party for compensation, loss or damages whatsoever and howsoever arising from the suspension of his rights to exercise his Option or his Option ceasing to be valid pursuant to the provisions of these By-Laws.

22. TRANSFERS FROM OTHER COMPANIES TO THE GROUP

In the event that:

- (i) an employee who was employed in a company or a Director of a company which is:
 - (a) a corporation which is related to the Company pursuant to Section 6 of the Companies Act, 1965 (but excluding any subsidiaries of the Company); or
 - (b) a corporation which is an associated company of the Company; or
 - (c) a corporation in which the Company is an associated company; or
 - (d) a corporation which is a subsidiary of the first mentioned corporation referred to in By-Law 22(i)(c) above,and is subsequently transferred from such corporation to any company within the Group;
or
- (ii) an employee who was in the employment of a corporation referred to in By-Law 22(i) above or a Director of a corporation referred to in By-Law 22(i) above which subsequently becomes a member of the Group as a result of a restructuring or divestment exercise or otherwise involving the Company and/or any company within the Group;

(the corporation in By-Laws 22(i) and 22(ii) above are 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 participate in the Scheme PROVIDED THAT the Affected Employee:

- (i) may be entitled to exercise all such unexercised or partially exercised Options which were granted to him under the ESOS (if any) which he was participating (hereinafter referred to as "Previous Company ESOS") whilst the Affected Employee was in the employment of the Previous Company, if the same is provided for under the By-Laws of such Previous Company ESOS but he shall not, upon such transfer or restructuring or other exercise as the case may be, be eligible to participate for further Options of such Previous Company ESOS; and
- (ii) will only be eligible to participate in the Scheme for its remaining duration; and
- (iii) if the Affected Employee has participated in the Previous Company ESOS, the number of such new Ajiya Shares to be offered to such Affected Employee under the Scheme shall be subject to the discretion of the ESOS Committee.

23. 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 which resulted in a subsequent holding of fifty percent (50%) or less by the Group, then such Grantee:

- (i) shall not be eligible to exercise all such unexercised Options which were granted to him under the Scheme and shall not be eligible to participate for further Options under the Scheme from the date of such divestment; and
- (ii) shall not be eligible to participate for further Options under the Scheme.

24. 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 allotment and issue of the new Ajiya Shares arising from the exercise of any Option shall be borne by the Company. Notwithstanding this, the Grantee shall bear any fees, costs and expenses incurred in relation to his acceptance and exercise of the Option.

25. 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 employee.

26. ARTICLES OF ASSOCIATION

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

27. INSPECTION OF THE AUDITED FINANCIAL STATEMENTS

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

28. TAXES

All taxes (including income tax), if any, arising from the transfer, allotment and issue of Ajiya Shares under the Scheme shall be borne by the Grantee.

29. NOTICES

Any notice which under the Scheme is required to be given or served upon the ESOS Committee by an Eligible Person, Affected Employee or Grantee or any communication from an Eligible Person, Affected Employee or Grantee to the ESOS Committee, shall be in writing and shall be delivered by hand or sent to the registered office of the Company by registered mail.

Any notice which under the Scheme is required to be given to or served upon the Eligible Person, Affected Employee or Grantee shall be in writing and shall be deemed to be sufficiently given if delivered by hand or sent by registered mail to the Eligible Person, Affected Employee or Grantee at his place of employment or at his last address known to the Company.

30. SEVERABILITY

Any term, condition, stipulation or provision in these By-Laws which is illegal, void, prohibited or unenforceable shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability without invalidating the remaining provisions hereof, and any such illegality, voidness, prohibition or unenforceability shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation or provision herein contained.

31. GOVERNING LAW AND JURISDICTION

31.1 These By-Laws shall be governed and construed in accordance with the laws of Malaysia and the Eligible Person and/or Grantee shall submit to the exclusive jurisdiction of the courts of Malaysia in all matters connected with the obligations and liabilities of the parties hereto under or arising out of these By-Laws.

31.2 Any proceeding or action shall be instituted or taken in Malaysia and the Eligible Person and/or Grantee irrevocably and unconditionally waives any objection on the ground of venue or forum non- convenience or any other grounds.

FURTHER INFORMATION**1. DIRECTORS' RESPONSIBILITY STATEMENT**

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

2. CONSENT AND DECLARATION

M&A Securities, being the Adviser has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereon in the form and context in which they appear. M&A Securities has given its confirmation that no conflict of interest exists or is likely to exist in relation to its role as the Adviser for the Proposals.

3. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, to the best knowledge of the Board, neither Ajjiya nor its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board has no knowledge of any proceedings pending or threatened against the Ajjiya Group or of any facts likely to give rise to any proceeding which may materially and adversely affect the financial position or business of the Ajjiya Group.

4. MATERIAL COMMITMENTS

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

	USD'000	AUD'000	RM'000 equivalent
Capital expenditure:			
Approved and contracted for:			
- Property, plant and equipment	52	998	3,156

Notes:

AUD: Australian Dollar; based on an exchange rate of AUD1.00 : RM2.9494 as at the LPD

USD: United States Dollar; based on an exchange rate of USD1.00 : RM4.083 as at the LPD

5. CONTINGENT LIABILITIES

As at the LPD, the Board is not aware of any contingent liabilities, incurred or known to be incurred, which upon becoming enforceable, may have a substantial impact in the ability of the Group to meet its obligations as and when they fall due.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of the Company at Suite 6.1A, Level 6, Menara Pelangi, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru, Johor during normal business hours (except public holidays) from the date of this Circular up to and including the date of the EGM:

- (i) Memorandum and Articles of Association of Ajiya;
- (ii) The audited consolidated financial statements of Ajiya for the two past (2) FYE 30 November 2014 and 30 November 2015 and the latest unaudited consolidated financial statements of Ajiya for the three (3)-month financial period ended 28 February 2016;
- (iii) Letter of consent and conflict of interest referred to in Section 2 above;
- (iv) The draft Deed Poll constituting the Warrants;
- (v) The draft By-Laws governing the Scheme; and
- (vi) The draft amendment to the Memorandum of Association of Ajiya.

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AJIYA BERHAD

(Company No. 377627-W)

(Incorporated in Malaysia under the Companies Act, 1965)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting ("EGM") of Ajiya Berhad ("Ajiya" or the "Company") will be held at Sapphire Hall, Level 1, VIP Hotel, Batu 1, Jalan Buloh Kasap, 85000 Segamat, Johor on Friday, 22 July 2016 at 11.30 a.m. or any adjournment thereof, for the purpose of considering and, if thought fit, passing the following resolutions, with or without modifications:

SPECIAL RESOLUTION

PROPOSED AMENDMENT TO THE MEMORANDUM OF ASSOCIATION OF AJIYA TO FACILITATE THE PROPOSED SHARE SPLIT ("PROPOSED AMENDMENT TO THE MEMORANDUM OF ASSOCIATION")

"THAT subject to the passing of Ordinary Resolution 1, the Memorandum of Association of the Company be amended as follows to facilitate the implementation of the Proposed Share Split:

<u>Existing</u>	<u>Proposed amendment</u>
Clause 5 of the Memorandum of Association	The capital of the Company is RM500,000,000.00 divided into 500,000,000 shares of RM1.00 each. The Company shall have the power to increase or reduce its capital, to consolidate or sub-divide the shares into shares of larger or smaller amounts, and to divide the shares forming the capital (original, increased or reduced) of the Company into several classes and to attach thereto respectively, preferential, deferred or special rights, privileges or conditions as may be determined by, or in accordance with the Articles for the time being of the Company and to issue additional capital with such rights, privileges or conditions as aforesaid, and any preference share may be issued on the terms that it is, or at the option of the Company is liable, to be redeemed.
	The capital of the Company is RM500,000,000.00 divided into 2,000,000,000 shares of RM0.25 each. The Company shall have the power to increase or reduce its capital, to consolidate or sub-divide the shares into shares of larger or smaller amounts, and to divide the shares forming the capital (original, increased or reduced) of the Company into several classes and to attach thereto respectively, preferential, deferred or special rights, privileges or conditions as may be determined by, or in accordance with the Articles for the time being of the Company and to issue additional capital with such rights, privileges or conditions as aforesaid, and any preference share may be issued on the terms that it is, or at the option of the Company is liable, to be redeemed..

AND THAT the Directors be and are hereby authorised to sign and execute all documents to give effect to the Proposed Amendment to the Memorandum of Association with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Amendment to the Memorandum of Association."

ORDINARY RESOLUTION 1

PROPOSED SHARE SPLIT INVOLVING THE SUBDIVISION OF EVERY ONE (1) EXISTING ORDINARY SHARE OF RM1.00 EACH IN AJIYA INTO FOUR (4) ORDINARY SHARES OF RM0.25 EACH ("SUBDIVIDED SHARE(S)" OR "AJIYA SHARE(S)") HELD BY THE SHAREHOLDERS WHOSE NAMES APPEAR IN THE RECORD OF DEPOSITORS OF THE COMPANY AS AT THE CLOSE OF BUSINESS ON AN ENTITLEMENT DATE ("ENTITLED SHAREHOLDERS") TO BE DETERMINED AND ANNOUNCED LATER ("ENTITLEMENT DATE") ("PROPOSED SHARE SPLIT")

"THAT subject to the passing of the Special Resolution and conditional upon the approvals of all relevant regulatory authorities for the listing of and quotation for the Subdivided Shares on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"), approval be and is hereby given to the Directors to subdivide each of the existing ordinary share of RM1.00 each into four (4) ordinary shares of RM0.25 each in the Company held by the Entitled Shareholders on the Entitlement Date for the Proposed Share Split;

THAT the Subdivided Shares will upon allotment and issue, rank *pari passu* in all respects with each other;

AND THAT the Directors be and are hereby authorised to sign and execute all documents to give effect to the Proposed Share Split with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Share Split."

ORDINARY RESOLUTION 2

PROPOSED BONUS ISSUE OF 152,292,242 WARRANTS IN AJIYA ("WARRANT(S)") ON THE BASIS OF ONE (1) WARRANT FOR EVERY TWO (2) SUBDIVIDED SHARES HELD BY THE ENTITLED SHAREHOLDERS ON THE ENTITLEMENT DATE AFTER THE COMPLETION OF THE PROPOSED SHARE SPLIT ("PROPOSED BONUS ISSUE OF WARRANTS")

"THAT subject to the passing of the Special Resolution and Ordinary Resolution 1 as well as the approvals of all relevant regulatory authorities for the listing of and quotation for the Warrants as well as the new ordinary shares in Ajiya to be allotted and issued arising from the exercise of the Warrants on the Main Market of Bursa Securities being obtained, the Directors are hereby authorised to issue 152,292,242 Warrants, on the basis of one (1) Warrant for every two (2) Subdivided Shares held by the Entitled Shareholders on the Entitlement Date for the Proposed Bonus Issue of Warrants and enter into and execute a deed poll ("Deed Poll") and to do all acts, deeds and things as he may deem fit or expedient, in order to implement, finalise and give full effect to the aforesaid Deed Poll;

THAT fractional entitlements of the Warrants, if any, shall be dealt with in such manner as the Board shall in its absolute discretion deems fit and expedient and in the best interest of the Company;

THAT the Company shall allot and issue such appropriate number of new Ajiya Shares arising from the exercise by the holders of Warrants in accordance with the provisions in the Deed Poll, respectively;

THAT the new Ajiya Shares will upon allotment and issue, rank *pari passu* in all respects with the existing Ajiya Shares, save and except that they will not be entitled to any dividends, rights, allotments and/or other forms of distributions that may be declared, made or paid prior to the relevant date of allotment and issuance of the new Ajiya Shares;

AND THAT the Directors be and are hereby authorised to sign and execute all documents to give effect to the Proposed Bonus Issue of Warrants with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Bonus Issue of Warrants.”

ORDINARY RESOLUTION 3

PROPOSED ESTABLISHMENT OF AN EMPLOYEES’ SHARE OPTION SCHEME FOR THE ELIGIBLE EMPLOYEES AND DIRECTORS OF AJIYA AND ITS SUBSIDIARIES (EXCLUDING SUBSIDIARIES WHICH ARE DORMANT) (“AJIYA GROUP”)(“PROPOSED ESOS”)

“THAT subject to the passing of the Special Resolution and Ordinary Resolution 1 as well as the approvals of all relevant regulatory authorities, for the listing of and quotation for the new ordinary shares in Ajiya to be allotted and issued arising from the exercise of options granted pursuant to the proposed establishment of an employees’ share option scheme, the terms of which are set out in the Circular, being obtained, the Directors be and are hereby authorised to:

- (i) establish, implement and administer an employees’ share option scheme to be known as the Proposed ESOS for the benefit of all eligible employees and Directors (excluding Alternate Directors, if any) of the Company and all its subsidiaries (excluding subsidiaries which are dormant)(“Eligible Persons”) in accordance with the provisions of the By-Laws of the Proposed ESOS as set out in Appendix I of the Circular, under which, options will be granted to such Eligible Persons to subscribe for new Ajiya Shares;
- (ii) do all things necessary and make the necessary applications at the appropriate time or times to Bursa Securities for the listing of and quotation for the Ajiya Shares which may, from time to time be allotted and issued pursuant to the Proposed ESOS;
- (iii) allot and issue from time to time such number of Ajiya Shares as may be required to be issued pursuant to the exercise of the options pursuant to the Proposed ESOS provided that the total number of new Ajiya Shares to be issued pursuant to the Proposed ESOS shall not exceed in aggregate ten percent (10%) of the total issued and paid-up share capital of the Company (excluding treasury shares) at any point or any limit prescribed by any guidelines, rules and regulations of the relevant authorities during the duration of the Proposed ESOS and that such new Ajiya Shares will, upon allotment and issue, rank *pari passu* in all respects with the existing Ajiya Shares save and except that they will not be entitled to any dividends, rights, allotments and/or other forms of distributions declared, made or paid prior to the relevant date of allotment and issuance of the new Ajiya Shares to be issued under the Proposed ESOS and shall be subject to the provisions of the Articles of Association of the Company and the Main Market Listing Requirements of Bursa Securities relating to transfer, transmission and otherwise; and
- (iv) extend the Proposed ESOS, if the Directors deem fit, for up to a maximum period of an additional five (5) years (“Proposed ESOS Extension”),

AND THAT the Directors be and are hereby authorised to sign and execute all documents to give effect to the Proposed ESOS and Proposed ESOS Extension with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed ESOS and Proposed ESOS Extension.”

ORDINARY RESOLUTION 4

PROPOSED GRANTING OF OPTIONS TO DATO' DR MOHD AMINUDDIN BIN MOHD ROUSE

"THAT, contingent upon the passing of Special Resolution, Ordinary Resolution 1 and Ordinary Resolution 3 and for so long as this approval remains in force, approval be and is hereby given for the Company to offer and to grant to Dato' Dr Mohd Aminuddin Bin Mohd Rouse, the Independent Non-Executive Chairman of the Company, options to subscribe for such number of ordinary shares of the Company pursuant to the Proposed ESOS;

AND subject always to such terms and conditions of the Proposed ESOS as may from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws governing and constituting the Proposed ESOS."

ORDINARY RESOLUTION 5

PROPOSED GRANTING OF OPTIONS TO DATO' CHAN WAH KIANG

"THAT, contingent upon the passing of Special Resolution, Ordinary Resolution 1 and Ordinary Resolution 3 and for so long as this approval remains in force, approval be and is hereby given for the Company to offer and to grant to Dato' Chan Wah Kiang, the Managing Director, options to subscribe for such number of ordinary shares of the Company pursuant to the Proposed ESOS;

AND subject always to such terms and conditions of the Proposed ESOS as may from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws governing and constituting the Proposed ESOS."

ORDINARY RESOLUTION 6

PROPOSED GRANTING OF OPTIONS TO YEO ANN SECK

"THAT, contingent upon the passing of Special Resolution, Ordinary Resolution 1 and Ordinary Resolution 3 and for so long as this approval remains in force, approval be and is hereby given for the Company to offer and to grant to Yeo Ann Seck, the Non-Executive Director, options to subscribe for such number of ordinary shares of the Company pursuant to the Proposed ESOS;

AND subject always to such terms and conditions of the Proposed ESOS as may from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws governing and constituting the Proposed ESOS."

ORDINARY RESOLUTION 7

PROPOSED GRANTING OF OPTIONS TO TAN SENG KEE

"THAT, contingent upon the passing of Special Resolution, Ordinary Resolution 1 and Ordinary Resolution 3 and for so long as this approval remains in force, approval be and is hereby given for the Company to offer and to grant to Tan Seng Kee, the Senior Independent Non-Executive Director, options to subscribe for such number of ordinary shares of the Company pursuant to the Proposed ESOS;

AND subject always to such terms and conditions of the Proposed ESOS as may from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws governing and constituting the Proposed ESOS."

ORDINARY RESOLUTION 8

PROPOSED GRANTING OF OPTIONS TO DATO' THENG BOOK

"**THAT**, contingent upon the passing of Special Resolution, Ordinary Resolution 1 and Ordinary Resolution 3 and for so long as this approval remains in force, approval be and is hereby given for the Company to offer and to grant to Dato' Theng Book, the Independent Non-Executive Director, options to subscribe for such number of ordinary shares of the Company pursuant to the Proposed ESOS;

AND subject always to such terms and conditions of the Proposed ESOS as may from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws governing and constituting the Proposed ESOS."

ORDINARY RESOLUTION 9

PROPOSED GRANTING OF OPTIONS TO LOW PEAK YIH

"**THAT**, contingent upon the passing of Special Resolution, Ordinary Resolution 1 and Ordinary Resolution 3 and for so long as this approval remains in force, approval be and is hereby given for the Company to offer and to grant to Low Peak Yih, the Independent Non-Executive Director, options to subscribe for such number of ordinary shares of the Company pursuant to the Proposed ESOS;

AND subject always to such terms and conditions of the Proposed ESOS as may from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws governing and constituting the Proposed ESOS."

BY ORDER OF THE BOARD

CHONG WUI KOON (f) MAICSA NO. 7012363
LEONG SIEW FOONG (f) MAICSA NO. 7007572
ZARINA BINTI AHMAD (f) LS NO. 0009964
Company Secretaries

Johor Bahru
21 June 2016

Notes:

- 1. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.*
- 2. Where a member of the company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") 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 accounts it holds. Where a member is an authorised nominee as defined under SICDA, it may appoint one (1) proxy in respect of each Securities Account it holds with ordinary shares of the company standing to the credit of the said Securities Account.*
- 3. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting and where the member appoints two (2) proxies to attend and vote at the same meeting, such appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy. A proxy appointed to attend and vote at a meeting of a company shall have the same rights as the member to speak at the meeting.*
- 4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Suite 6.1A, Level 6, Menara Pelangi, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru, Johor not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.*

FORM OF PROXY



I/We, _____ (NRIC No. _____)
of _____ being a member/members of AJIYA BERHAD,
hereby appoint*(1)Mr/Ms _____ (NRIC No. _____)
of _____ or failing whom, _____
(NRIC No. _____) of _____
(the next name and address should be completed where it is desired to appoint two proxies)

*(2)Mr/Ms _____ (NRIC No. _____)
of _____ or failing whom, _____
(NRIC No. _____) of _____

or failing the abovenamed proxy/proxies, the CHAIRMAN OF THE MEETING as *my/our *proxy/proxies to vote for *me/us and *my/our behalf at the Extraordinary General Meeting of the Company to be held at Sapphire Hall, Level 1, VIP Hotel, Batu 1, Jalan Buloh Kasap, 85000 Segamat, Johor on Friday, 22 July 2016 at 11.30 a.m. or any adjournment thereof for the purpose of considering and if thought fit, passing the following resolutions, with or without modification:

No. of Shares held :	
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The proportion of *my/our proxies are as follows:
(This paragraph should be completed only when two proxies are appointed)

First Proxy (1) _____ % Second Proxy (2) _____ %

Special Resolution	FOR	AGAINST
Proposed Amendment to the Memorandum of Association		

Ordinary Resolutions	FOR	AGAINST
1 Proposed Share Split		
2 Proposed Bonus Issue of Warrants		
3 Proposed ESOS		
4 Proposed granting of options to Dato' Dr Mohd Aminuddin Bin Mohd Rouse		
5 Proposed granting of options to Dato' Chan Wah Kiang		
6 Proposed granting of options to Yeo Ann Seck		
7 Proposed granting of options to Tan Seng Kee		
8 Proposed granting of options to Dato' Theng Book		
9 Proposed granting of options to Low Peak Yih		

Please indicate with an "X" in the spaces provided on how you wish your vote to be cast. If no specific instruction is given on the voting, the proxy/proxies may vote or abstain from voting on the resolution at his/her discretion.

As witness my hand this _____ day of _____ 2016

Signatures of shareholder(s)

Common Seal of Shareholder
(if the appointer is a corporation)

Notes:

- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
- Where a member of the company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") 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 accounts it holds. Where a member is an authorised nominee as defined under SICDA, it may appoint one (1) proxy in respect of each Securities Account it holds with ordinary shares of the company standing to the credit of the said Securities Account.
- A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting and where the member appoints two (2) proxies to attend and vote at the same meeting, such appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy. A proxy appointed to attend and vote at a meeting of a company shall have the same rights as the member to speak at the meeting.
- The instrument appointing a proxy must be deposited at the Registered Office of the Company at Suite 6.1A, Level 6, Menara Pelangi, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru, Johor not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.



Fold this flap for sealing

Then fold here

AFFIX
STAMP

SYMPHONY CORPORATEHOUSE SDN BHD (476777-A)
Suite 6.1A, Level 6
Menara Pelangi
Jalan Kuning, Taman Pelangi
80400 Johor Bahru, Johor

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