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TAMBUN INDAH LAND BERHAD
(Company No. 810446-U)
(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

- (I) PROPOSED RENOUNCEABLE RIGHTS ISSUE OF 88,400,000 NEW ORDINARY SHARES OF RM0.50 EACH IN TAMBUN INDAH LAND BERHAD ("TAMBUN INDAH") ("RIGHTS SHARE(S)") TOGETHER WITH 44,200,000 NEW FREE DETACHABLE WARRANTS ("WARRANT(S)") ON THE BASIS OF TWO (2) RIGHTS SHARES AND ONE (1) FREE WARRANT FOR EVERY FIVE (5) EXISTING ORDINARY SHARES OF RM0.50 EACH IN TAMBUN INDAH HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER; AND**
- (II) PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME OF UP TO FIVE PER CENTUM (5%) OF THE ISSUED AND PAID-UP SHARE CAPITAL (EXCLUDING TREASURY SHARES) OF TAMBUN INDAH FOR ELIGIBLE PERSONS OF TAMBUN INDAH AND ITS SUBSIDIARIES**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Advised By



MIDF AMANAH INVESTMENT BANK BERHAD (23878-X)

The notice of the Extraordinary General Meeting ("EGM") of Tambun Indah to be held at Salon V, Level 2, G Hotel, 168A, Persiaran Gurney, 10250 Penang, Malaysia on Friday, 6 April 2012 at 10.00 a.m. or at any adjournment thereof, together with the Proxy Form, are enclosed herein.

The Proxy Form must be lodged at the Registered Office of Tambun Indah at 51-21-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not later than forty-eight (48) hours before the time fixed for the EGM or any adjournment thereof. The lodgement of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Proxy Form : Wednesday, 4 April 2012 at 10.00 a.m.
Date and time of the EGM : Friday, 6 April 2012 at 10.00 a.m.

This Circular is dated 21 March 2012

DEFINITIONS

In this Circular and the accompanying appendices, the following abbreviations shall have the following meanings unless otherwise stated:

“Act”	: The Companies Act, 1965, as amended from time to time and any re-enactment thereof
“Articles”	: The Articles of Association of the Company including any amendment thereto that may be made from time to time
“BNM”	: Bank Negara Malaysia
“Board”	: Board of Directors of Tambun Indah
“Bursa Depository”	: Bursa Malaysia Depository Sdn Bhd (165570-W)
“Bursa Securities”	: Bursa Malaysia Securities Berhad (635998-W)
“Bylaws”	: The rules, terms and conditions of the Proposed ESOS (as may be amended, varied or supplemented from time to time) the draft of which is set out in Appendix I
“CDS”	: Central Depository System
“Central Depositories Act”	: Securities Industry (Central Depositories) Act 1991 and any subsequent amendments from time to time
“Code”	: Malaysian Code on Take-overs and Mergers, 2010, as amended from time to time and any re-enactment thereof
“Date of Offer”	: The date on which an Offer is made by the ESOS Committee to an Eligible Person in the manner provided in Bylaw 6 of the Bylaws
“Deed Poll”	: The deed poll constituting the Warrants and includes the Schedules of the Deed Poll (as the same may from time to time be modified or altered in accordance with the provisions of the Deed Poll) and any deed or document executed in accordance with the provisions of the Deed Poll (as may from time to time be modified or altered as aforesaid) and expressed to be supplemental to the Deed Poll
“Director(s)”	: A director of the Group, whether in an executive or non-executive capacity
“EGM”	: Extraordinary general meeting
“Entitled Shareholder(s)”	: Shareholder(s) of Tambun Indah whose names appear in the Record of Depositors of Tambun Indah on the Entitlement Date
“Entitlement Date”	: The date, to be determined and announced later by the Board, on which shareholders must be registered in the Record of Depositors of Tambun Indah in order to be entitled to participate in the Proposed Rights Issue with Warrants
“Eligible Person(s)”	: A Director or Employee who fulfills the conditions of eligibility stipulated in Bylaw 4 of the Bylaws. Eligible Person(s) include any Director, whether executive or non-executive
“Employee(s)”	: A natural person who is employed by and on the payroll of any company in the Group. Employees include Executive Directors
“EPS”	: Earnings per share

DEFINITIONS (Cont'd)

“ESOS”	:	Employees’ Share Option Scheme
“ESOS Committee”	:	A committee appointed by the Board to administer the Scheme, comprising such persons appointed from time to time by the Board
“ESOS Option(s)” or “Option(s)”	:	The contract constituted by acceptance by an Eligible Person in accordance with the provisions of Bylaw 7 of the Bylaws of any Offer made by the ESOS Committee
“Executive Director(s)”	:	A full time director of the Group who is on the payroll of the Group and who is involved in the day-to-day management of the Group
“Exercise Price”	:	The exercise price of the Warrants which will be determined on a price-fixing date to be determined by the Board, after taking into consideration the TERP of Tambun Indah Shares and prevailing market conditions
“Foreign Addressed Shareholders”	:	Foreign shareholders of Tambun Indah on the Entitlement Date who have not provided an address in Malaysia for the service of documents to be issued for purposes of the Proposed Rights Issue with Warrants
“FYE”	:	Financial year ended/ending
“GDP”	:	Gross domestic product
“GDV”	:	Gross development value
“Government”	:	The government of Malaysia
“Grantee”	:	An Eligible Person who has accepted an Offer in the manner provided in Bylaw 7 of the Bylaws
“Issue Price”	:	The issue price for each Rights Share which will be determined by the Board and announced closer to the implementation of the Proposed Rights Issue with Warrants
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities
“LPD”	:	16 March 2012, being the latest practicable date prior to the issuance of this Circular
“Market Day(s)”	:	A day on which the stock market of Bursa Securities is open for trading in securities
“Maximum Allowable Allotment”	:	The maximum number of Options that can be offered to an Eligible Person under the Scheme in the manner provided in Bylaw 5 of the Bylaws
“MIDF Investment”	:	MIDF Amanah Investment Bank Berhad (23878-X)
“NA”	:	Net assets
“Offer”	:	An offer made in writing by the ESOS Committee to any Eligible Person in the manner provided in Bylaw 6 of the Bylaws
“Option Price”	:	The price at which a Grantee shall be entitled to subscribe for each new Share as calculated in accordance with the provisions of Bylaw 10 of the Bylaws
“Proposals”	:	Proposed Rights Issue with Warrants and Proposed ESOS, collectively

DEFINITIONS (*Cont'd*)

“Proposed ESOS” or “Scheme”	:	Proposed establishment of an ESOS of up to five per centum (5%) of the issued and paid-up share capital (excluding treasury shares) of Tambun Indah for Eligible Persons of Tambun Indah Group in accordance with the terms set out in the Bylaws
“Proposed Rights Issue with Warrants”	:	Proposed renounceable rights issue of 88,400,000 Rights Shares at an indicative issue price of RM0.50 together with 44,200,000 new Warrants on the basis of two (2) Rights Shares and one (1) free Warrant for every five (5) existing Shares held on Entitlement Date
“Record of Depositors”	:	A record of securities holders established and maintained by Bursa Depository
“Rights Shares”	:	New Tambun Indah Shares to be issued pursuant to the Proposed Rights Issue with Warrants
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“Rules”	:	Rules of the Bursa Depository and any appendices to the same as amended or substituted from time to time and includes any modification, amendment or re-enactment thereof
“Tambun Indah” or the “Company”	:	Tambun Indah Land Berhad (810446-U)
“Tambun Indah Group” or the “Group”	:	Tambun Indah and its subsidiaries, collectively
“Tambun Indah Share(s)” or “Share(s)”	:	Ordinary share(s) of RM0.50 each in Tambun Indah or any other par value as revised from time to time
“TERP”	:	Theoretical ex-right price of Tambun Indah Shares
“Undertakings”	:	Letters of irrevocable undertaking from the Undertaking Shareholders to subscribe in full for its/his entitlements under the Proposed Rights Issue with Warrants
“Undertaking Shareholders”	:	Amal Pintas Sdn Bhd, Siram Permai Sdn Bhd, Ir. Teh Kiak Seng, Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali, Lai Fook Hoy, Teh Theng Theng and Thaw Yeng Cheong, collectively
“VWAMP”	:	Volume weighted average market price
“Warrant(s)”	:	The new free detachable warrant(s) to be issued pursuant to the Proposed Rights Issue with Warrants

All references to “we”, “us”, “our”, “ourselves” or “Tambun Indah” in this Circular are to Tambun Indah.

All references to “you” in this Circular are to the shareholders of the Company who are entitled to attend and vote at the EGM and whose names appear in the Record of Depositors at the time and on the date to be determined by the Board.

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

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 stated.

TABLE OF CONTENTS

	PAGE
LETTER TO THE SHAREHOLDERS OF TAMBUN INDAH	
1. INTRODUCTION	1
2. DETAILS OF THE PROPOSALS.....	2
3. RATIONALE AND JUSTIFICATION FOR THE PROPOSALS	15
4. UTILISATION OF PROCEEDS	16
5. INDUSTRY OVERVIEW AND FUTURE PROSPECTS	18
6. EFFECTS OF THE PROPOSALS.....	22
7. HISTORICAL SHARE PRICES	27
8. APPROVALS REQUIRED	28
9. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSON(S) CONNECTED..	29
10. ESTIMATED TIMEFRAME FOR COMPLETION	31
11. OUTSTANDING CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED	31
12. DIRECTORS' RECOMMENDATION	32
13. EGM.....	32
14. FURTHER INFORMATION.....	32
 APPENDICES	
I DRAFT BYLAWS FOR THE PROPOSED ESOS	33
II PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF TAMBUN INDAH AS AT 31 DECEMBER 2010 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON	64
III FURTHER INFORMATION	80
 NOTICE OF EGM	<i>Enclosed</i>
PROXY FORM	<i>Enclosed</i>



TAMBUN INDAH LAND BERHAD
(Company No. 810446-U)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

51-21-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang

21 March 2012

The Board of Directors

Tsai Yung Chuan (*Non-Independent Non-Executive Chairman*)
Ir. Teh Kiak Seng (*Managing Director*)
Teh Theng Theng (*Executive Director*)
Thaw Yeng Cheong (*Executive Director*)
Yeoh Chong Keat (*Independent Non-Executive Director*)
Dato' Mohamad Nadzim Bin Shaari (*Independent Non-Executive Director*)
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali (*Independent Non-Executive Director*)
Lai Fook Hoy (*Independent Non-Executive Director*)

Dear Shareholders,

- (I) **PROPOSED RIGHTS ISSUE WITH WARRANTS; AND**
 - (II) **PROPOSED ESOS**
-

1. INTRODUCTION

On 19 January 2012, MIDF Investment, on behalf of the Board, announced that the Company proposes to undertake the following:

- (i) proposed renounceable rights issue of 88,400,000 Rights Shares together with 44,200,000 new Warrants on the basis of two (2) Rights Shares and one (1) free Warrant for every five (5) existing Tambun Indah Shares held on the Entitlement Date; and
- (ii) proposed establishment of an ESOS of up to five per centum (5%) of the issued and paid-up share capital (excluding treasury shares) of Tambun Indah for eligible persons of Tambun Indah Group.

On 15 March 2012, MIDF Investment, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 15 March 2012, granted its approval-in-principle for the listing of and quotation for the Warrants, the listing of the Rights Shares and the new Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities, subject to the conditions disclosed in Section 8.1 of this Circular.

Bursa Securities had also in the same letter approved the application for the listing of and quotation for the Shares to be issued pursuant to the exercise of the Options for the Proposed ESOS on the Main Market of Bursa Securities, subject to the conditions disclosed in Section 8.2 of this Circular.

Subsequently, on 16 March 2012, MIDF Investment, on behalf of the Board, announced that the Controller of Foreign Exchange of BNM had, vide its letter dated 9 March 2012, approved the issuance of the Warrants to the entitled non-resident shareholders of Tambun Indah pursuant to the Proposed Rights Issue with Warrants.

The details of the Proposals are set out in Section 2 of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSALS AND TO SET OUT THE VIEW AND RECOMMENDATION OF THE BOARD AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM TO BE CONVENED. THE NOTICE OF THE FORTHCOMING EGM TOGETHER WITH THE PROXY FORM ARE ENCLOSED HERewith IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSALS

2.1 Proposed Rights Issue with Warrants

The Proposed Rights Issue with Warrants entails a renounceable rights issue involving 88,400,000 Rights Shares at an indicative issue price of RM0.50 together with 44,200,000 new free detachable Warrants on the basis of two (2) Rights Shares and one (1) free Warrant for every five (5) existing Shares in Tambun Indah held on the Entitlement Date.

The number of 88,400,000 Rights Shares and 44,200,000 free Warrants have been arrived after taking into consideration the issued and paid-up share capital of Tambun Indah as at the LPD of RM110,500,000 comprising of 221,000,000 Tambun Indah Shares. As at the LPD, Tambun Indah does not have any outstanding preference shares or other convertible securities.

The Rights Shares will be provisionally allotted and issued to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on the Entitlement Date after obtaining all the relevant approvals for the Proposed Rights Issue with Warrants.

Any fractional entitlements under the Proposed Rights Issue with Warrants will be disregarded and shall be dealt with in such manner as the Board shall in their absolute discretion think expedient or in the best interest of the Company, including, inter-alia, in a manner so as to minimise the number of odd lots of Rights Shares arising therefrom.

The Entitled Shareholders may subscribe for their respective entitlements of the Rights Shares in full or in part as the Proposed Rights Issue with Warrants is proposed to be undertaken on a renounceable basis. Warrants will only be issued to the shareholders of the Company who subscribe for the Rights Shares. The Warrants will be immediately detached from the Rights Shares upon issuance and will be separately traded. The Warrants will be issued in registered form and constituted by a Deed Poll to be executed by the Company.

Shareholders who renounce all or any part of their entitlements to the Rights Shares provisionally allotted to them under the Proposed Rights Issue with Warrants will simultaneously renounce their corresponding entitlement to the Warrants. Any unsubscribed Rights Shares with Warrants shall be offered to the other shareholders of Tambun Indah under excess Rights Shares application.

2.1.1 Basis of pricing for the Rights Shares

The indicative issue price of the Rights Share is RM0.50 each, being the par value of Tambun Indah Shares and the minimum issue price allowable under the Act.

The final Issue Price of the Rights Shares will be determined and announced closer to the implementation of the Proposed Rights Issue with Warrants. The final Issue Price of the Rights Shares will be at a discount to the TERP based on a five (5)-day VWAMP of Tambun Indah Shares preceding the price fixing date, but shall not in any event be lower than the par value of the Shares at RM0.50 each.

For illustrative purposes, the Rights Shares are assumed to be issued at an indicative issue price of RM0.50 per Rights Share. This represents a discount of approximately RM0.11 or 18.03% to the TERP of RM0.61 per Tambun Indah Share based on the five (5)-day VWAMP of Tambun Indah Shares up to and including 16 March 2012 of RM0.65.

2.1.2 Details of Warrants

The Warrants are attached to the Rights Shares without any cost and will be issued only to the shareholders and/or the renounees of Tambun Indah who subscribe for the Rights Shares under the Proposed Rights Issue with Warrants. The said Warrants are exercisable into new Tambun Indah Shares. Each Warrant will entitle its holder to subscribe for one (1) new Tambun Indah Shares at the Exercise Price.

The Exercise Price of the Warrants will be determined and announced later based on market-based principles after taking into account the five (5)-day VWAMP of the Tambun Indah Shares preceding the price fixing date, but shall not in any event be lower than the par value of the Shares at RM0.50 each.

The Warrants will be issued in registered form and constituted by a Deed Poll to be executed by the Company.

2.1.3 Ranking of the Rights Shares and new Tambun Indah Shares to be issued pursuant to the exercise of the Warrants

The Rights Shares and new Tambun Indah Shares to be issued arising from the exercise of the Warrants, if any, shall, upon allotment and issue, rank *pari passu* in all respects with the then existing issued and fully paid-up Tambun Indah Shares save and except that they will not be entitled to any dividends, rights, allotments and/or distributions, the entitlement date of which is prior to the allotment date of the Rights Shares or the new Tambun Indah Shares to be issued pursuant to the exercise of the Warrants.

2.1.4 Listing of and quotation for the Rights Shares and the Warrants

Bursa Securities had, vide its letter dated 15 March 2012, granted its approval-in-principle for the listing of and quotation for the Warrants, the listing of the Rights Shares and the new Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities. The approval of Bursa Securities is subject to the conditions disclosed in Section 8.1 of this Circular.

The listing of and quotation for the Rights Shares and Warrants are expected to be completed in second (2nd) quarter of 2012. Upon issuance, the Warrants will be detached from the Rights Shares immediately and traded separately on Bursa Securities.

2.1.5 Shareholders' undertakings and underwriting arrangement

Pursuant to the Proposed Rights Issue with Warrants, the Company has procured written irrevocable Undertakings from certain shareholders of Tambun Indah, to subscribe in full for their respective entitlements to the Rights Shares in respect of their direct shareholdings in Tambun Indah.

The details of the Undertakings are as follows:

Shareholders	Direct shareholdings as at the LPD		Entitlements of Rights Shares under the Proposed Rights Issue with Warrants		Undertaking to subscribe for Rights Shares entitlement	
	No. of Shares	% of the issued and paid-up share capital ⁽¹⁾	No. of Rights Shares	% of total Rights Shares ⁽²⁾	No. of Rights Shares	% of total Rights Shares ⁽²⁾
Amal Pintas Sdn Bhd	23,814,031	10.78	9,525,612	10.78	9,525,612	10.78
Siram Permai Sdn Bhd	89,250,001	40.38	35,700,000	40.38	35,700,000	40.38
Ir. Teh Kiak Seng	9,715,674	4.40	3,886,269	4.40	3,886,269	4.40
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	500,000	0.23	200,000	0.23	200,000	0.23
Lai Fook Hoy	2,192,476	0.99	876,990	0.99	876,990	0.99
Teh Theng Theng	123,000	0.05	49,200	0.05	49,200	0.05
Thaw Yeng Cheong	50,000	0.02	20,000	0.02	20,000	0.02
Total	125,645,182	56.85	50,258,071	56.85	50,258,071	56.85

Notes:

⁽¹⁾ Based on the issued and paid-up share capital of 221,000,000 as at the LPD.

⁽²⁾ Based on the total number of 88,400,000 Rights Shares issued pursuant to the Proposed Rights Issue with Warrants.

The Undertaking Shareholders have provided written confirmation that they have sufficient financial resources to subscribe in full for their entitlements under the Proposed Rights Issue with Warrants. As the Principal Adviser to Tambun Indah in respect of the Proposed Rights Issue with Warrants, MIDF Investment has verified the abovementioned confirmations.

MIDF Investment has been appointed as the managing underwriter to manage the underwriting of the remaining Rights Shares to be issued which are not subject to the Undertakings involving 38,141,929 Rights Shares, representing approximately 43.15% of the total Rights Shares to be issued under the Proposed Rights Issue with Warrants ("Underwritten Portion"). The underwriting arrangement for the Underwritten Portion will be finalised prior to the implementation of the Proposed Rights Issue with Warrants through an underwriting agreement to be entered into between the Company and the underwriters for the Proposed Rights Issue with Warrants upon such terms and conditions to be agreed upon. The underwriting agreement has not been entered into at this juncture. The underwriting commission will be borne by the Company based on normal commercial terms. The Undertakings together with the Underwritten Portion will constitute the full subscription level for 88,400,000 Rights Shares under the Proposed Rights Issue with Warrants.

After taking into consideration the Undertakings and the Underwritten Portion, the Company confirms that the abovementioned subscription of the Rights Shares will not give rise to any consequences of mandatory general offer obligation pursuant to the Code.

The Proposed Rights Issue with Warrants is not undertaken on a minimum subscription basis.

2.1.6 Excess application

Any unsubscribed Rights Shares shall be made available for excess application by the Entitled Shareholders and/or their renouncees.

The Board reserves the right to allot any excess Rights Shares applied for in a fair and equitable manner, as it deems fit and expedient in the best interest of the Company. As such, it is the intention of our Board to allot the excess Rights Shares in the following priority:

- (i) to minimise the incidence of odd lots; and
- (ii) for allocation to applicants who have applied for excess Rights Shares on a pro-rata basis and in board lot, calculated based on their respective shareholdings as at the Entitlement Date.

2.1.7 Foreign Addressed Shareholders

An abridged prospectus and the relevant documents to be issued pursuant to the Proposed Rights Issue with Warrants are not intended to comply with the laws of any jurisdiction other than Malaysia and will not be registered under applicable securities legislation of any overseas jurisdiction. Accordingly, the Proposed Rights Issue with Warrants will not be offered for subscription in any country other than Malaysia.

Therefore the abridged prospectus and the relevant documents relating to the Proposed Rights Issue with Warrants will not be sent to foreign shareholders who have not provided an address in Malaysia for the service of documents as at the Entitlement Date. The foreign shareholders may, prior to the Entitlement Date, provide an address in Malaysia for service of documents to their respective stockbrokers as well as the share registrar to effect the change of address. Alternatively, such foreign shareholders may collect the abridged prospectus and the relevant documents from the share registrar, in which event, the registrar shall be entitled to request for such evidence (i.e. identification or authorisation documents) as the registrar may deem necessary to satisfy itself as to the identity and authority of the person collecting the abridged prospectus and the relevant documents.

The Company will not make or be bound to make any enquiry as to whether the Entitled Shareholders have a registered address other than as stated in the Record of Depositors as at the Entitlement Date and will not accept or be deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith.

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Shareholders of the Company may only exercise their rights in respect of the Proposed Rights Issue with Warrants to the extent that it would be lawful to do so, and the Company and/or the advisers and the Directors, officers and employees of the Company would not, in connection with the Proposed Rights Issue with Warrants, be in breach of the laws of any jurisdiction that the shareholders of the Company might be subject to. The shareholders of the Company shall be solely responsible for seeking advice as to the laws of any jurisdiction that they may be subject to, and a participation by shareholders of the Company in the Proposed Rights Issue with Warrants shall be on the basis of a warranty by the shareholders that they may lawfully participate without the Company and/or the advisers and the Directors, officers and employees of the Company being in breach of the laws of any jurisdiction.

The Foreign Addressed Shareholders will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in any foreign jurisdiction they might be subject to and the Company shall be entitled to be fully indemnified and held harmless by such foreign applicants for any such payments. The Foreign Addressed Shareholders who do not provide an address in Malaysia or who are not entitled to subscribe for the Rights Share pursuant to the Proposed Rights Issue with Warrants under the laws and jurisdiction to which they are subject to, will have no claim whatsoever against the Company and/or the advisers and the Directors, officers and employees of the Company in respect of their rights entitlements or any net proceeds arising from the Proposed Rights Issue with Warrants.

Neither the Company and/or the advisers and the Directors, officers and employees of the Company shall accept any responsibility or liability in the event that any acceptance of a Foreign Addressed Shareholders of their rights in respect of the Proposed Rights Issue with Warrants is or shall become illegal, unenforceable, voidable or void.

2.1.8 Indicative salient terms of the Warrants

Issuer	:	Tambun Indah.
Number of Warrants	:	44,200,000 new Warrants to be issued in conjunction with the Proposed Rights Issue with Warrants to the Entitled Shareholders.
Form and denomination	:	The free detachable Warrants, which are issued with the Rights Shares will be immediately detached upon issue and separately traded and listed on the Main Market of Bursa Securities. The free detachable Warrants will be issued in registered form and constituted by a Deed Poll to be executed by the Company.
Board Lot	:	For the purpose of trading on Bursa Securities, each board lot of Warrants comprises 100 units of Warrants, unless otherwise revised by the relevant government agency. Accordingly, each board lot of Warrants carries the right to subscribe for 100 new Shares.
Exercise Rights	:	Rights of a warrant holder to subscribe for the number of Shares arising from his Warrant at the Exercise Price upon the terms of and subject to the conditions of the Deed Poll.

Listing status	:	<p>The Warrants will be listed on the Main Market of Bursa Securities.</p> <p>The new Tambun Indah Shares to be issued arising from the exercise of the Warrants will be listed on the Main Market of Bursa Securities.</p>
Exercise Period	:	<p>In respect of a Warrant, period commencing on and including the date of the issue of the Warrant and ending at the close of business at 5.00 p.m. in Malaysia on the Expiry Date, but excluding such period(s) during which the warrant register may be closed pursuant to paragraph 6 of the First Schedule of the Deed Poll.</p>
Expiry Date	:	<p>The date falling on the last day of the period of five (5) years commencing on and including the date of the issue of the Warrants (but if that date is not a Market Day, it shall be the immediate preceding Market Day).</p>
Exercise Price	:	<p>The exercise price of the Warrants will be determined on a price-fixing date to be determined by the Board, after taking into consideration the TERP of Tambun Indah Shares and prevailing market conditions.</p> <p>In any case the exercise price of the Warrants will not be lower than RM0.50 per Warrant, being the par value of Tambun Indah Shares.</p>
Mode of Exercise	:	<p>The registered holder of the Warrants shall pay the Exercise Price by way of Banker's Draft or Cashier's Order or Money Order or Postal Order drawn on a bank or post office in Malaysia when subscribing for new Shares.</p>
Voting Rights of Warrants	:	<p>The Warrants shall upon allotment and issue, rank pari passu in all respects with each other and they will not entitle the warrantholders to any voting rights in any general meeting of the Company or any other forms of distribution and/or offer of further securities in the Company unless otherwise resolved by the shareholders of the Company or the warrantholders (or any of them) become shareholders of the Company by exercising their Warrants.</p>
Status of new Shares arising from the exercise of the Warrants	:	<p>Shares issuable upon the exercise of the Exercise Rights represented by any Warrant must be allotted within eight (8) Market Days after the exercise date (or such other period as may be prescribed by the Bursa Securities) credited as fully paid and with effect from the relevant exercise date shall rank in all respects pari passu with the then existing Shares, save and except that they shall not be entitled to any dividends declared by the Company, rights, allotments and/or other distributions, declared or made by the Company, the record date (i.e. book closure date) of which is before the allotment of the Shares nor shall they be entitled to any distributions or entitlements for which the record date is prior to the date of exercise of the Warrants.</p>

Adjustments to the Exercise Price and number of Warrants : The Exercise Price and/or the number of Warrants held by the warrantholders must from time to time be adjusted by the Directors in consultation with the approved adviser and certified by the auditors in accordance with the provisions as contained in the Fifth Schedule of the Deed Poll, which is deemed to form part of the Conditions of the Deed Poll.

No adjustment to the Exercise Price shall be made unless it has been certified by the auditors and approval in principal has been granted by Bursa Securities for the listing of and quotation for such additional Warrants as may be issued as a result of such adjustment and such additional Share as may be issued pursuant to the exercise of any such additional Warrants.

Any adjustment to the Exercise Price and/or the number of Warrants will be effective (if appropriate, retroactively) from the day following the Entitlement Date for such issue. Whenever there is an adjustment, the Company must give notice to the warrantholders within 21 days of the effective date of such adjustment stating inter-alia, the adjusted Exercise Price or the adjusted number of Warrants and the effective date of such adjustment or determination.

Modification : Save as expressly provided in the Deed Poll, no modification, alteration to and abrogation of the provisions of the Deed Poll may be made without the passing of an ordinary resolution other than modifications which in the opinion of the Company:

- (a) are not materially prejudicial to the interest of the warrantholders; or
- (b) are to correct a manifest error or to comply with mandatory provisions of Malaysian law or to comply with the rules of the Bursa Depository, the Central Depositories Act, the Listing Requirements and/or provisions of Malaysian laws (in respect of which each warrantholder shall sign any document or do any act which the Company may reasonably require for the purpose of complying with such rules or laws).

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Rights of the holders of the Warrants in the event of winding-up, reconstruction and/or amalgamation :

If a resolution is passed for a members' voluntary winding up of the Company or where there is a compromise or arrangement between the Company and its shareholders or creditors or both in connection with a scheme for reconstruction of the Company and its undertakings or amalgamation of the Company with one (1) or more companies, then:

- (a) if such winding-up, compromise or arrangement is one in which the warrant holders, or some person designated by them for such purpose by ordinary resolution, are to be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the warrant holders;
- (b) the Company may, without requiring the consent of the warrant holders, be entitled to exchange or substitute the Warrants for warrants in the reconstructed or amalgamated entity provided that it is not materially prejudicial to the interest of the warrant holders; and
- (c) in any other case every warrant holder shall be entitled upon and subject to the Conditions of the Deed Poll at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding-up of the Company or within six (6) weeks after the granting of the court order approving the compromise or arrangement, by irrevocable surrender of his Warrant(s) to the Company by submitting the subscription form(s) duly completed, authorising the debiting of his Warrants, together with payment of the relevant subscription money to elect, be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the Exercise Rights represented by such Warrants to the extent specified in the subscription form(s) and had on such date been the holder of the 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.

The Company must give notice to the warrant holders in accordance with Condition 10 of the Deed Poll of the passing of any such resolution or the granting of such order within seven (7) days after the passing or granting of the same. Subject to the foregoing, if the Company is wound up, all Exercise Rights which have not been exercised within six (6) weeks of the passing of such resolution shall lapse and the Warrants shall cease to be valid for any purpose.

Transferability	:	Each warrantholder may transfer Warrants in the manner provided under the Central Depositories Act and the Rules. If the Bursa Depository rejects any inter-account transfer, the transferring warrantholder shall be notified of such rejection by the authorised depository agent.
Deed Poll	:	The Deed Poll, the Schedules of the Deed Poll (as the same may from time to time be modified or altered in accordance with the provisions of the Deed Poll) and any deed or document executed in accordance with the provisions of the Deed Poll (as may from time to time be modified or altered as aforesaid) and expressed to be supplemental to the Deed Poll.
Governing Law	:	The Deed Poll is governed by and shall be construed in accordance with the laws of Malaysia. The Company and the warrantholders irrevocably agree that with respect to any proceedings in Malaysia in connection with any matter or issue relating to the Deed Poll, it shall be bound by any such appeal to, or any decision, ruling or order of the Malaysian courts.

2.2 PROPOSED ESOS

The Proposed ESOS will involve the granting of ESOS Options to the Eligible Persons who meet the criteria and eligibility for the participation in the Scheme, to subscribe for new Tambun Indah Shares, in accordance with the Bylaws. The Proposed ESOS shall be administered by the Company's ESOS Committee and shall be governed by the Bylaws, a copy of which is attached as Appendix I of this Circular.

Tambun Indah does not intend to implement more than one (1) ESOS, other than the Proposed ESOS as set out in this Circular.

The salient terms and conditions of the Proposed ESOS which are consistent with the Bylaws are set out below.

For the purpose of this Section, the definitions used in the Bylaws shall apply. In the event of discrepancies arising between the terms of the Bylaws and the contents of this Circular for any reason whatsoever, the terms of the Bylaws shall prevail.

2.2.1 Total number of Shares available under the Scheme

The maximum number of new Shares which may be issued and allotted pursuant to the exercise of the Options shall not at any point in time in aggregate exceed five per centum (5%) of the issued and paid-up share capital of the Company (excluding treasury shares) at any point in time during the duration of the Scheme as provided in Bylaw 19 of the Bylaws ("Maximum Limit").

Bylaw 3.1 shall not apply where the total number of new Shares which may be issued under the Scheme exceeds five per centum (5%) of the issued and paid-up share capital of the Company at any point in time during the existence of the Scheme resulting from the cancellation of the Company's own Shares purchased by the Company in accordance with the provisions of Section 67A of the Act. In such event, the provisions as set out in Bylaw 15.4(g) of the Bylaws shall apply.

The Company will keep available sufficient unissued Shares in its authorised share capital to satisfy all outstanding Options throughout the duration of the Scheme.

2.2.2 Maximum allowable allotment and basis of allocation

Subject to Bylaw 3.1 of the Bylaws, the basis of allocation of the number of Shares which may be comprised in an Option and the Maximum Allowable Allotment shall be entirely at the discretion of the ESOS Committee after taking into consideration, amongst other factors, the job grading, length of service and performance appraisal of the Eligible Persons and such other factors that the ESOS Committee may deem relevant subject to the following:

- (a) That the number of new Shares issued pursuant to the exercise of Options granted under the Scheme shall not exceed the Maximum Limit;
- (b) The Directors and senior management of the Company do not participate in the deliberation or discussion of their own allocation;
- (c) Not more than fifty per centum (50%) (or such percentage as allowable by the relevant authorities) of the new Shares available under the Scheme shall be allocated, in aggregate, to the Directors and senior management of the Group; and
- (d) The allocation to an Eligible Person who, either singly or collectively through persons connected with the Eligible Person, holds twenty per centum (20%) or more of the issued and paid-up share capital of the Company (excluding treasury shares), does not exceed ten per centum (10%) of the total number of the new Shares to be issued under the Scheme,

Subject to Bylaw 5.1 of the Bylaws thereof and any adjustment which may be made under Bylaw 15 of the Bylaws, the maximum number of new 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 provision of the Listing Requirements on Share Issuance Scheme relating to allocation to Directors and Employees.

In the circumstances where the Listing Requirements on Share Issuance Scheme is amended by the Bursa Securities 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 any one of the Eligible Person shall be in accordance with the provisions of the Listing Requirements prevailing at any time during the duration of the Scheme.

In determining the number of Options to be offered to an Eligible Person under the Scheme, the ESOS Committee may but is not obligated to take into consideration, inter-alia, the seniority, performance and/or length of service of the Eligible Person as at the Date of Offer, subject to a minimum of one hundred (100) Options or such other units of Shares constituting one (1) board lot as may be determined by the ESOS Committee. The Options shall only be accepted in multiples of one hundred (100) Shares or such other units of Shares constituting one (1) board lot as may be determined by the ESOS Committee.

Wherein required by the Listing Requirements, the ESOS Committee shall ensure that the allocation of Options shall be verified by the audit committee of the Company, as being in compliance with the criteria as set out in Bylaws 5.1 and 5.2 of the Bylaws, at the end of each financial year of the Company. In this respect, the ESOS Committee shall ensure that a statement is made by the audit committee, verifying such allocation, is included in the Company's annual report.

2.2.3 Eligibility

A natural person who is eligible to participate in the Scheme is as follows:

- (a) An Employee or Director must be at least eighteen (18) years of age on the Date of Offer;
- (b) An Employee must be a confirmed staff (not probationary) and his employment as an Employee must have been confirmed in writing on the Date of Offer;
- (c) If an Employee is employed by a company which is acquired by the Group during the duration of the Scheme and becomes a subsidiary of the Company upon such acquisition, the Employee must continue to be employed by such subsidiary in the Group;
- (d) If an Employee is serving under an employment contract for a fixed duration, he must have been in the service for a continuous period of one (1) year in the Group; and
- (e) If an Employee is not a Malaysian citizen, he must, in addition to the conditions stipulated in Section 2.2.3 (a) to (c) above or Bylaw 4.1(a) to (c) of the Bylaws, also fulfill the following conditions:
 - (i) The Employee must be serving the Group on a full time basis; and
 - (ii) In the event that the Employee is serving under an employment contract, the contract should be for a duration of at least two (2) years.

Eligibility, however, does not confer upon the Eligible Person a claim or right to participate in the Scheme unless an Offer has been extended to the Eligible Person and the Eligible Person has accepted the Offer in accordance with the terms and conditions of the Scheme.

No Eligible Person shall participate at any time in more than one (1) ESOS implemented by any company within the Group.

Employees of dormant companies within the Group are not eligible to participate in the Scheme.

An Employee who during the duration of the Scheme becomes an Eligible Person may be eligible to a grant of an Option under the Scheme if decided by the ESOS Committee.

Subject to the Bylaws, there are no performance targets to be achieved by the Grantee before the Options can be exercised and the shares can be vested by the Grantee.

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2.2.4 Duration of the Proposed ESOS

The Scheme is conditional upon:

- (a) The approval by Bursa Securities, including the approval-in-principle (as the case may be) for the listing of the new Shares to be issued under the Scheme;
- (b) The approval by the shareholders of the Company in a general meeting;
- (c) The approvals by any other relevant authorities whose approvals are necessary in respect of the Scheme; and
- (d) Fulfilment of all conditions attached to any of the abovementioned approvals, if any;

and shall take effect from the date the adviser submits to Bursa Securities the final copy of the Bylaws of the Scheme and the letter of confirmation of full compliance required to be issued by the adviser of the Company to Bursa Securities in accordance with the Listing Requirements stating the effective date of implementation together with a certified true copy of the relevant resolution passed by the shareholders of the Company in general meeting ("Effective Date"). The Scheme shall be in force for a duration of five (5) years from the Effective Date subject to any extension for a further period of up to five (5) years at the discretion of the Board upon the recommendation of the ESOS Committee.

Offers can only be made during and not after the duration of the Scheme.

2.2.5 Option price

The Option Price shall be the higher of the following:

- (a) A price to be determined by the Board upon recommendation of the ESOS Committee based on the weighted average market price of the Shares for five (5) Market Days immediately preceding the Date of Offer with a discount of not more than ten per centum (10%) or such other percentage of discount as may be permitted by Bursa Securities or any other relevant authorities from time to time during the duration of the Scheme; or
- (b) The par value of the Shares.

The Option Price shall be subject to any adjustment in accordance with the provisions of the Bylaws.

2.2.6 Ranking of Tambun Indah Shares arising from the Proposed ESOS

The new Shares to be allotted upon any exercise of the Options shall upon allotment and issue, rank pari passu in all respects with the existing issued Shares of the Company except that the new Shares so issued shall NOT be entitled for any dividend, voting, rights, allotment and/or other distribution declared, made or paid to shareholders unless the new Shares so allotted have been credited to the relevant securities accounts of the shareholders maintained by the Bursa Depository before the entitlement date and will be subject to all provision of the Articles relating to the transfer, transmission and otherwise.

2.2.7 Listing and quotation of the new Tambun Indah Shares arising from the Proposed ESOS

The Company and the ESOS Committee shall not under any circumstances be held liable or responsible for any costs, losses or damages whatsoever and howsoever relating to the delay on the part of the Company in allotting or issuing the new Shares or in procuring the consent of Bursa Securities to list the Shares for which the Grantee is entitled to subscribe.

The new Shares to be allotted and issued (where applicable) to the Grantee will not be listed or quoted on Bursa Securities until the Option is exercised in accordance with the provisions of Bylaw 9 of the Bylaws whereupon the Company shall, make the necessary application to the Bursa Securities for the listing of and quotation for such shares and use its best endeavours to obtain permission for the dealing therein.

2.2.8 Termination of the Proposed ESOS

Subject to Bylaws 14.2 to 14.5 of the Bylaws, an Option which has not been exercised by the Grantee shall be automatically terminated in the following circumstances:

- (a) Termination of employment of the Grantee with the Group for any reason whatsoever, in which event the Option shall be automatically terminated on the day the Grantee's employer accepts his notice of resignation or on the day his employer notifies the Grantee of termination of his employment or on the Grantee's last day of employment, whichever is the earlier;
- (b) Bankruptcy of the Grantee, in which event the Option shall be automatically terminated on the date a receiving order is made against the Grantee by a bankruptcy court or any court of competent jurisdiction; and
- (c) Winding up or liquidation of the Company, in which event the Option shall be automatically terminated on the following date:
 - (i) In the case of a voluntary winding up:
 - (aa) The date on which a provisional liquidator is appointed by the Company; or
 - (bb) The date on which the shareholders of the Company passed a resolution to voluntarily wind-up the Company; or
 - (ii) In the case of an involuntary winding-up, the date on which an order for winding up is made against the Company;

whichever shall be applicable.

Upon the termination of Options pursuant to the above, the Grantee shall have no right for compensation, damages and/or any claim against the Company for any loss of any right, benefit, prospective right and/or benefit under the Scheme which he might otherwise have enjoyed, whether for wrongful dismissal, breach of contract, loss of office and/or otherwise howsoever arising from his ceasing to hold office, employment and/or from the suspension and/or revocation of his right to exercise his Options and/or his Options ceasing to be valid.

3. RATIONALE AND JUSTIFICATION FOR THE PROPOSALS

3.1 Proposed Rights Issue with Warrants

The Proposed Rights Issue with Warrants will enable the Company to raise immediate gross proceeds from the issuance of Rights Shares for working capital requirements and defraying the expenses incidental to the Proposals. Moreover, if and when the Warrants are exercised, such additional funds will be used to finance the Tambun Indah Group's working capital requirements and further strengthen the capitalisation of the Company as well as improve the liquidity of the Tambun Indah Shares.

After due consideration of various methods of fund raising, the Board is of the opinion that the Proposed Rights Issue with Warrants is the most appropriate avenues of fund raising after taking into consideration, amongst others, the following reasons:

- (i) to strengthen its financial position with enhanced shareholders' funds and reduced gearing level. These factors are expected to facilitate the continuing growth and expansion plans of Tambun Indah Group;
- (ii) the liquidity and marketability of Tambun Indah Shares are also expected to improve with a large capital base and hence would enable greater participation of both retail and institutional investors;
- (iii) to capitalise on further business opportunities due to its enlarged capital base. In particular, the gross proceeds to be raised would be utilised to part fund the requirements of its future development projects;
- (iv) the equity financing will strengthen the capital base to a level that commensurate with the value of its assets employed and reduce the financial risks of the Group as compared to additional borrowings;
- (v) the issuance of Rights Shares together with Warrants will mitigate the immediate substantial dilutive impact on the EPS of Tambun Indah, which would otherwise arise from a full equity issue, as the Warrants are expected to be exercised over a period of time;
- (vi) the Warrants, which are attached to the Rights Shares are intended to provide an added incentive to the Entitled Shareholders to subscribe for their Rights Shares. The Warrants would also enable the Entitled Shareholders to benefit from the future growth of the Company and any potential capital appreciation arising from the exercise of the Warrants, which would depend on the future performance of Tambun Indah Shares;
- (vii) the shareholders of the Company will be provided with the opportunity to participate in the equity of the Company at a reasonable discount. The Proposed Rights Issue with Warrants will involve the issuance of new Tambun Indah Shares without diluting the existing shareholders' equity interest (assuming the shareholders subscribe fully for their respective entitlements); and
- (viii) the Proposed Rights Issue with Warrants will enable Tambun Indah to raise funds without incurring interest cost compared to bank borrowings.

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3.2 Proposed ESOS

The establishment of the Proposed ESOS is to:

- (i) motivate and encourage Eligible Persons of the Group towards greater dedication and loyalty to the Group with an intention to enhance productivity;
- (ii) reward and retain Eligible Persons whose services are deemed essential to the Group's business, as the Proposed ESOS will allow them to participate directly in the equity of Tambun Indah and enhance their sense of belonging and ownership in the Group;
- (iii) allow Eligible Persons to participate in the equity of the Company and to relate directly to the overall performance of the Group; and
- (iv) encourage Eligible Persons by allowing them to participate as a shareholder in the Company's profitability and eventually realise capital gains arising from any appreciation in the value of the Company's Shares.

The Proposed ESOS is extended to non-executive Directors of Tambun Indah Group as they play a constructive role in contributing towards the future growth and performance of the Group. The Proposed ESOS to non-executive Directors of the Group will provide an incentive to them to provide strategic direction for Tambun Indah Group as well as to allow them to participate in the equity of the Company.

4. UTILISATION OF PROCEEDS

The gross proceeds to be raised from the Proposed Rights Issue with Warrants will be used to finance the Company's working capital requirements and to defray estimated expenses relating to the Proposals. The details of the proposed utilisation of gross proceeds to be raised from the Proposed Rights Issue with Warrants are as follows:

Proposed utilisation	Expected time frame for utilisation	RM '000
Property development expenditure ⁽¹⁾	Within 18 months	43,000
Estimated expenses for the Proposals ⁽²⁾	Within 3 months	1,200
Total ⁽³⁾		44,200

Notes:

⁽¹⁾ During the year 2011, the Company had undertaken several acquisitions of property development companies and development land to expand its land banks particularly in Penang. The Company shall undertake several new projects to develop its land banks at various locations in Penang that includes Bandar Tasek Mutiara (Pearl City), Carissa Villas, Kelisa Residence, New Juru Industrial Park and Straits Garden. The proceeds allocated for the property development expenditure are expected to be utilised for these projects which include the following:

- (a) The development of Bandar Tasek Mutiara (Pearl City) township (a mixed residential and commercial development) in phases over a ten (10)-year period with an estimated GDV of over RM2.0 billion. The initial phase of development of the Bandar Tasek Mutiara (Pearl City) comprising Pearl Square 1 & 2 and Pearl Indah 1, 2 & 3 involves the development of double storey shop offices, double storey terrace houses and double storey semi-detached houses. The Pearl Square 1 & 2 and Pearl Indah 1, 2 & 3 will be developed over a two (2)-year period with an estimated GDV of RM247.0 million.

The estimated working capital required for development of Pearl Square 1 & 2 and Pearl Indah 1, 2 & 3 is RM31.8 million out of which RM14.7 million is expected to be funded via proceeds allocated from the Proposed Rights Issue with Warrants and the remaining will be funded via internally generated funds and/or bank borrowings.

The proceeds of RM14.7 million are intended to be utilised in the following manner, including, inter alia, payments of construction costs (95%), professional fees (2%), contributions and levy (1%), and other related development costs (2%).

- (b) *The development of Carissa Villas which involves the development of double storey shop offices and three storey terrace houses. The Carissa Villas will be developed over a two (2)-year period with an estimated GDV of RM41.0 million.*

The estimated working capital required for development of Carissa Villa is RM3.5 million out of which RM3.0 million is expected to be funded via proceeds allocated from the Proposed Rights Issue with Warrants and the balance will be sourced from internally generated funds.

The proceeds of RM3.0 million are intended to be utilised in the following manner, including, inter alia, payments of construction costs (95%) and other related development costs (5%) such as compensation to illegal occupants (squatters) and demolition costs.

- (c) *The development of Kelisa Residence which involves the development of apartments and double storey semi-detached houses. The Kelisa Residence will be developed over a two (2)-year period with an estimated GDV of RM39.0 million.*

The estimated working capital required for development of Kelisa Residence is RM4.5 million whereby RM3.0 million is expected to be funded via proceeds allocated from the Proposed Rights Issue with Warrants and the remaining will be funded via internally generated funds.

The proceeds of RM3.0 million are intended to be utilised in the following manner, including, inter alia, payments of construction costs (95%), professional fees (2%), contributions and levy (1%), and other related development costs (2%).

- (d) *The development of New Juru Industrial Park which involves the development of light industrial factories. The New Juru Industrial Park will be developed over a two (2)-year period with an estimated GDV of RM36.0 million.*

The estimated working capital required for development of the New Juru Industrial Park of RM7.3 million is expected to be funded entirely via proceeds allocated from the Proposed Rights Issue with Warrants.

The proceeds of RM7.3 million are intended to be utilised solely for payments of construction costs (100%).

- (e) *The development of Straits Garden which involves the development of three (3) storey shop offices, office suites, apartments and low medium cost apartments. The Straits Garden will be developed over a three (3)-year period with an estimated GDV of RM180.0 million.*

The estimated working capital required for development of the Straits Garden is RM30.0 million whereby RM15.0 million is expected to be funded via proceeds allocated from the Proposed Rights Issue with Warrants and the balance will be funded via internally generated funds and/or bank borrowings.

The proceeds of RM15.0 million are intended to be utilised in the following manner, including, inter alia, payments of construction costs (85%), professional fees (2%), contributions and levy (10%), and other related development costs (3%).

The actual utilisation by each component of property development expenditure may differ subject to the timeline, the progress of the development as well as operating requirements of the Group at the time of utilisation.

- (2) *The breakdown of the estimated expenses are as follows:*

	RM'000
Professional fees	450
Fees to be paid to relevant authorities	50
Underwriting fees	500
Printing, postage, advertising and EGM costs	100
Miscellaneous charges	100
Total	<u>1,200</u>

Any excess or differential between the actual expenses in relation to the Proposals and the amount of the estimated expenses stated above will be allocated from the working capital of Tambun Indah Group and vice versa.

- (3) *Based on an indicative issue price of RM0.50 per Rights Share.*

In the event that the indicative Issue Price per Rights Share is revised at a later stage, the differential shall be added to the portion allocated for the property development expenditure.

The proceeds to be raised from the exercise of Warrants are dependent on the total number of Warrants exercised during the tenure of the Warrants as well as the Exercise Price which will be determined at a later date. The actual proceeds to be received by the Company pursuant to the exercise of the ESOS Option under the Proposed ESOS will depend on, the number of ESOS Options granted and exercised and the exercise price of the ESOS Options.

The proceeds to be raised from the exercise of the ESOS Options and the exercise of the Warrants shall be utilised for the working capital of Tambun Indah Group. Pending the utilisation of the proceeds by Tambun Indah, the proceeds will be placed in interest-bearing deposit accounts or investments in money markets as the Board may deem fit.

5. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

5.1 Overview and outlook of the Malaysian Economy

The global economic and financial conditions continued to experience stress in the fourth quarter of 2011, following heightened concerns over the resolution of the European sovereign debt crisis. Growth in the advanced economies was affected by high unemployment, weak housing markets and fiscal issues while growth in Asia was affected by weaker external demand. Despite the challenging external environment, the Malaysian economy expanded by 5.2% (3Q 11: 5.8%), with growth being underpinned by domestic demand. The favourable domestic demand conditions were supported by both private and public sector spending. On the supply side, the services sector recorded slower growth, while the manufacturing sector grew at a similar pace to the previous quarter, reflecting the weaker external environment amid sustained growth in domestic activity. Other sectors, however, recorded improvements during the quarter, while the agriculture sector continued to record strong growth. For the whole year, the Malaysian economy expanded by 5.1%.

Domestic demand expanded by 10.5% during the quarter (3Q 11: 9.0%), driven by the continued expansion in household and business spending, and public sector expenditure. Private consumption increased by 7.1% (3Q 11: 7.3%), supported by favourable income growth while public consumption expanded by 23.6% (3Q 11: 21.7%) following higher expenditure on emoluments and supplies and services. Gross fixed capital formation increased by 8.5% (3Q 11: 6.1%), supported by continued expansion in capital spending by the private sector and the non-financial public enterprises. The Federal Government development expenditure during the quarter was mostly channeled into the transportation, trade and industry sectors.

On the supply side, activity in the services sector moderated in the fourth quarter, while the manufacturing sector expanded at a similar pace to the previous quarter. This trend reflected the weaker external environment amid strong performance in domestic-oriented activity. The agriculture sector continued to expand on account of strong production of crude palm oil, while mining output recorded a slower contraction. The construction sector registered higher growth, supported by the implementation of major infrastructure projects.

For the Malaysian economy, the favourable growth in the fourth quarter was underpinned by sustained domestic demand amid weaker external demand. Going forward, the more challenging external environment could present greater downside risks to Malaysia's growth prospects. Nevertheless, domestic demand is expected to continue to be the key driver of growth, supported primarily by the continued expansion of private sector activity. Public sector expenditure is also expected to lend strong support to the overall growth performance.

(Source: Economic and Financial Developments in Malaysia in the Fourth Quarter of 2011, Bank Negara Malaysia)

For 2012, GDP growth in Malaysia will be largely domestic driven, due to heightened uncertainties in the global economy. While the outlook for 2012 is affected by the increasingly adverse external environment, strong economic fundamentals coupled with pragmatic macroeconomic policies and implementation of the Economic Transformation Programme will enhance domestic sources of growth. Domestic demand, in particular private sector expenditure is expected to play a more significant role in driving economic expansion in 2012. The public sector will remain supportive of growth with higher capital spending by Non-Financial Public Enterprises. The Government will continue to provide an enabling environment to facilitate private investment by implementing key initiatives under the National Key Result Areas and National Key Economic Areas.

On the external front, increased domestic demand in the region and steady intra-regional trade will provide support for Malaysia's exports. Hence, Malaysia's real GDP growth is expected to be sustained at 5% - 6% in 2012. The projection takes into consideration a modest world economic growth with sustained strong expansion in intra-regional trade, improvement in electrical and electronics exports and firm commodity prices.

(Source: Economic Performance and Prospects 2011/2012, Ministry of Finance)

5.2 Overview and prospect of the Malaysian Real Estate and Property Development Industry

The construction sector expanded by 6.4% during the quarter (3Q 11: 3.0%), driven by the residential and civil engineering sub-sectors. Growth in the residential segment improved amid higher construction activity, especially in the Klang Valley. Higher investment following the continued progress in the construction of major infrastructure projects such as Seremban-Gemas electrified double-tracking project, the Second Penang Bridge and the Sabah Oil and Gas Terminal, boosted the civil engineering sub-sector. Growth in the non-residential sub-sector continued to be underpinned by the ongoing construction of commercial properties.

(Source: Economic and Financial Developments in Malaysia in the Fourth Quarter of 2011, Bank Negara Malaysia)

In the third quarter of 2011, developers offered 5,549 new housing units to the market. A total of 1,361 units were taken up, achieving sales performance of 24.5%. The new housing units launched decreased by 49.8% from 11,048 units recorded in the previous quarter. However, the sales performance increased from 16.9%. The past four quarters saw a total of 46,932 houses launched into the market, registering a total take up rate of 14.7% (6,911 units) for the year.

As at end of third quarter of 2011, the total number of new residential units launched in the country for the past nine months was 32,307 units. This total comprised 5,549 units launched in the third quarter of 2011, 11,048 units in second quarter of 2011 and 15,710 units in first quarter of 2011. In the review quarter, number of units launched decreased substantially by 49.8% from 11,048 units recorded in second quarter of 2011 and 64.8% from 15,710 units in first quarter of 2011, respectively. From the total number of units launched within the past nine months, 12,746 units were taken-up, representing a take-up rate of 39.5%. These sold units comprised 1,361 units launched in third quarter of 2011, 4,014 units launched in second quarter of 2011 and the remaining 7,371 units were launched in first quarter of 2011. From the total number of units sold, approximately 76.3% (9,728 units) were sold within a six-month period which was inclusive of 35.8% (4,565 units) taken up within a three-month period of launching for sales.

In the review quarter, the number of residential overhang in the market decreased by 6.4% from 22,277 units (Q2 2011) to 20,841 units. Similarly, in term of value, a decrease of 8.6% from RM4.72 billion to RM4.31 billion was noted. Quarter-on-quarter analysis showed the number of overhang decreased by 11.2% from 23,481 units whilst in term of value, an increase of 6.6% from RM4.05 billion was noted. Most of the overhang had been in the market for more than 24 months after the initial sale launched (98.4%: 20,500 units). In term of pricing, 58.7% (12,243 units) of the total overhang were priced between RM150,000 and below per unit.

Across the country, two states recorded increases in the number of overhang, whilst another 11 states recorded otherwise. Perlis retained the same number recorded in the previous quarter. Putrajaya was the only state which did not record any overhang. Perak recorded a 4.2% increase from 1,097 units to 1,143 units whilst Kedah had 1.0% increase from 1,242 units to 1,254 units. Pahang had the highest decrease of 32.2% from 884 units to 599 units. Pulau Pinang and Kuala Lumpur followed with reductions of 26.7% from 303 units to 222 units and 17.6% from 2,917 units to 2,403 units, respectively.

(Source: Property Market Status Report Quarter 3, 2011)

The construction sector expanded 2.1% during the first half of 2011 (January – June 2010: 6.2%) led by the recovery in residential construction as well as increased activity in the non-residential sub-sectors. Meanwhile, growth in the civil engineering and special trade sub-sector moderated following completion of projects under the stimulus packages as well as several highway projects including the Senai – Desaru Expressway and Kuala Lumpur – Kuala Selangor Expressway. However, growth of the construction sector is expected to be supported by the acceleration of Tenth Malaysia Plan projects in the second half of 2011. The sector is thus expected to grow 3.4% in 2011 (2010: 5.1%).

Construction activity in the residential sub-sector rebounded on the back of favourable economic and business conditions, rising household income, favourable labour market conditions as well as accommodative financing. On the supply side, housing starts picked up strongly by 37.6% (January – June 2010: -15.6%) on account of the increased number of housing projects, especially in Kuala Lumpur, Pulau Pinang, Sabah and Selangor. The number of new sales and advertising permits for construction as well as approvals to build houses rose 17.1% and 22.1% (January – June 2010: 22.1%; 11.1%), respectively supported by sustained property demand. Houses priced above RM500,000 continued to dominate construction activity, accounting for 20% - 50% of total launches, especially in urban centres such as Kuala Lumpur, Pulau Pinang and Selangor. This suggests that housing developers are inclined to develop high-end properties, particularly in city areas due to rising land prices.

On the demand side, the take-up rate of newly launched residential units expanded to 13.5% (January – June 2010: 13.1%) following improved household income and better job prospects. Four (4) states recorded improved sales performance, with Johor registering a higher take-up rate of 39.7% followed by Kuala Lumpur (38.8%), Perak (38.8%) and Sarawak (34.4%). In line with the Government's programmes to encourage home ownership such as My First Home Scheme, the demand for houses priced from RM100,000 – RM250,000 increased with a take-up rate of 21% during the first half of 2011 (January – June 2010: 20%).

Total property transaction value increased to RM64.8 billion (January – June 2010: RM49.9 billion) with volume expanding 18.1% to 214,764 transactions during the first six months of 2011 (January – June 2010: 17.1%; 181,780 transactions). The residential sector accounted for 62.7% of total transactions. Residential transactions in Pulau Pinang and Perak posted a strong growth of 66.6% and 51.9%, respectively compared with the preceding year (January – June 2010: 7%; 21%). Meanwhile, residential property transactions in Kuala Lumpur, Johor and Selangor registered a growth of 17.3%, 17% and 14.5%, respectively.

(Source: Economic Performance and Prospects 2011/2012, Ministry of Finance)

5.3 Prospects of Tambun Indah Group

The Group had sold 912 units of properties valued at RM347.32 million during FYE 31 December 2011 compared to 396 units of properties sold valued at RM137.08 million in FYE 31 December 2010. As at 31 December 2011, the Group are enjoying an average take up rate of 76% on all its ongoing projects with a total GDV of RM629.28 million which will contribute to the Group's earnings for the next two (2) to three (3) years.

Currently, Tambun Indah has an undeveloped land bank size of 625 acres with a total GDV of RM2.80 billion. This will sustain the earnings growth for Tambun Indah Group for the next eight (8) to ten (10) years. Moving forward, the Group is planning to launch new projects with total GDV of approximately RM570 million in FYE 2012.

Barring unforeseen circumstances, the Group expects to record a satisfactory performance in the next financial year.

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6. EFFECTS OF THE PROPOSALS

For illustration purposes, the effects of the Proposals on the Company's issued and paid-up share capital, NA, NA per share and gearing, earnings and EPS, substantial shareholders' shareholdings and convertible securities are set out below:

6.1 Share Capital

The proforma effects of the Proposals on the issued and paid-up share capital of the Company are set out below:

	No. of Tambun Indah Shares	RM
Issued and paid-up share capital as at the LPD	221,000,000	110,500,000
To be issued pursuant to the Proposed Rights Issue with Warrants ⁽¹⁾	88,400,000	44,200,000
After subscription of Rights Shares	309,400,000	154,700,000
Upon full exercise of free Warrants	44,200,000	22,100,000
After full exercise of free Warrants	353,600,000	176,800,000
To be issued pursuant to the full exercise of the ESOS Options granted under the Proposed ESOS ⁽²⁾	17,680,000	8,840,000
Enlarged issued and paid-up share capital	371,280,000	185,640,000

Notes:

⁽¹⁾ Based on an indicative issue price of RM0.50 per Rights Share.

⁽²⁾ Assuming the Company has granted Options under the Proposed ESOS of up to five per centum (5%) of the issued and paid-up share capital of the Company after the full exercise of the Warrants.

The Warrants and ESOS Options to be issued pursuant to the Proposed Rights Issue with Warrants and the Proposed ESOS, respectively, will not have immediate effect on the issued and paid-up share capital of the Company. However, the issued and paid-up share capital of Tambun Indah will increase progressively depending on the number of new Tambun Indah Shares to be issued pursuant to the exercise of the Warrants and ESOS Options, if any.

6.2 NA, NA per Share and gearing

Based on the latest audited consolidated financial statements of Tambun Indah for the FYE 31 December 2010, the proforma effects of the Proposals on the consolidated NA per Share and gearing of the Group are as follows:

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	(i)	(ii)	(iii)	(iv)	(v)	
	Audited as at 31 December 2010	After incorporating effects of listing of Tambun Indah on 18 January 2011	After (i) and the Proposed Rights Issue with Warrants	After (ii) and assuming full exercise of Warrants	After (iii) and Proposed ESOS Options	After (iv) and assuming full exercise of ESOS Options
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Share capital	94,500	110,500 ^(a)	154,700 ^(e)	176,800 ^(h)	176,800	185,640 ^(l)
Share premium	-	6,400 ^(b)	6,400	13,914 ^{(f)(j)}	13,914	16,212 ^{(m)(n)}
Warrants reserve	-	-	2,652 ^(f)	-	-	-
Share options reserve	-	-	-	-	1,414 ^(k)	-
Retained earnings	25,218	22,618 ^(c)	18,766 ^{(f)(g)}	18,766	17,352 ^(k)	17,352
Net Assets	119,718	139,518	182,518	209,480	209,480	219,204
No. of Shares ('000)	189,000	221,000	309,400	353,600	353,600	371,280
NA per Share (RM)	0.63	0.63	0.59	0.59	0.59	0.59
EPS (sen) ^(o)	13.35	11.42	8.15	7.13	7.13	6.79
Borrowings	23,069	15,969 ^(d)	15,969	15,969	15,969	15,969
Gearing (times)	0.19	0.11	0.09	0.08	0.08	0.07

Notes:

- (a) Incorporating public issue of 32,000,000 new Tambun Indah Shares of RM0.50.
- (b) After public issue of 32,000,000 Tambun Indah Shares at an issue price of RM0.70.
- (c) After deducting listing expenses relating to the initial public offering of Tambun Indah of RM2,600,000.
- (d) Due to the repayment of bank borrowings of RM7,100,000 from the listing proceeds. As at the LPD, the total borrowings of Tambun Indah Group amounts to approximately RM76,226,000.
- (e) After completion of rights issue of 88,400,000 Tambun Indah Shares based on an indicative issue price of RM0.50 per Rights Share.
- (f) After issuance of 44,200,000 free Warrants based on the fair value of RM0.06 per Warrant.
- (g) Net of estimated expenses in relation to the Proposals of approximately RM1,200,000.
- (h) After assuming full exercise of 44,200,000 Warrants into Tambun Indah Shares of RM0.50.
- (i) Assuming an indicative exercise price of RM0.61 per Warrant being the TERP of Tambun Indah Shares based on five (5)-day VWAMP up to 16 March 2012.
- (j) The transfer of the warrant reserve to share premium account of RM2,652,000 upon full exercise of 44,200,000 Warrants.
- (k) After assuming full granting of ESOS Options of 17,680,000 Tambun Indah Shares of RM0.50 at the fair value of RM0.08 per Options.
- (l) After assuming full exercise of ESOS Options of 17,680,000 Tambun Indah Shares of RM0.50.
- (m) Assuming an indicative exercise price of RM0.55 per Option being a discount of 10% to the TERP of Tambun Indah Shares of RM0.61 based on five (5)-day VWAMP up to 16 March 2012.
- (n) The transfer of the share options reserve to share premium account of RM1,414,000 pursuant to the full exercise of 17,680,000 ESOS Options.
- (o)
$$EPS = \frac{\text{Profit after tax for the FYE 31 December 2010}}{\text{Total number of Shares}}$$

The effect of the Proposed ESOS on the Group's NA would depend on factors such as the number of ESOS Options granted and the fair value of the ESOS Options after taking into account, inter-alia, the Option Price of the ESOS Option as well as any vesting conditions.

The Proposed ESOS is not expected to have any immediate effect on the NA, NA per Share and gearing of the Tambun Indah Group until such time when the ESOS Options to be granted under the Proposed ESOS are exercised. The effect on the NA, NA per Share and gearing of the Tambun Indah Group in future would depend on the number of Options granted and exercised at any point in time as well as the Option Price of such Options.

6.3 Earnings and EPS

6.3.1 Proposed Rights Issue with Warrants

The Proposed Rights Issue with Warrants is not expected to have an immediate material effect on the consolidated earnings and EPS of Tambun Indah for the FYE 31 December 2012. However, the Proposed Rights Issue with Warrants is expected to contribute positively to the earnings of the Group for the ensuing financial years, when the benefits of the utilisation of proceeds are realised.

However, the consolidated EPS of Tambun Indah is expected to be diluted as a result of the increase in the number of Shares in issue pursuant to the Proposed Rights Issue with Warrants and arising from the number of new Tambun Indah Shares to be issued upon the exercise of the Warrants. Nonetheless, the level of return generated from the utilisation of proceeds raised from the Proposed Rights Issue with Warrants would determine the eventual impact of the dilution.

6.3.2 Proposed ESOS

The Proposed ESOS is not expected to have any material effect on the earnings of Tambun Indah Group for the FYE 31 December 2012 save for the possible impact of the FRS 2 on share-based payment.

However, any potential effects on the earnings and the EPS of the Group in the future arising from the Proposed ESOS would depend on the number of Options granted and exercised at any point in time, and the Option Price payable upon the exercise of the ESOS Options as well as the impact of the FRS 2 on share based payment.

Under the FRS 2 on the share-based payment effective 1 January 2006, the cost arising from the issuance of the ESOS Options is measured by the fair value of the ESOS Options, which is expected to vest at each Date of Offer and is recognised in the income statement over the vesting period of the ESOS Options, thereby reducing the earnings of Tambun Indah Group. The fair value of the ESOS Options is determined after taking into consideration, amongst others, the historical volatility of Tambun Indah Shares, the risk free rate, the Option Price of the ESOS Options and time to maturity of the ESOS Options from the vesting date of the ESOS Options. Hence, the potential effect on the EPS of the Group, as a consequence of the recognition of the said cost, cannot be determined at this juncture.

Nevertheless, the Company has taken note of the potential impact of the FRS 2 on the Group's future earnings and shall take into consideration such impact on the allocation and granting of ESOS Options to the Eligible Persons.

6.4 Substantial Shareholders' Shareholdings

Assuming all the Entitled Shareholders subscribe for their respective entitlements, the Proposed Rights Issue with Warrants will not have any effect on the substantial shareholders' percentage of shareholding in the Company as the Rights Shares and Warrants will be allotted on a pro-rated basis to all the Entitled Shareholders. Accordingly, the number of Tambun Indah Shares held by each shareholder will be increased proportionately pursuant to the Proposed Rights Issue with Warrants.

The Proposed ESOS is not expected to have any immediate effect on the shareholdings of Tambun Indah's substantial shareholders until such time the ESOS Options granted pursuant to the Proposed ESOS are exercised, the potential effect of which is also dependent on the total issued and paid-up share capital of the Company at the relevant point in time.

For illustrative purposes, the proforma effects of the Proposals on the shareholdings of the substantial shareholders as at the LPD in Tambun Indah are as follow:

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	(I)						(II)					
	Existing as at the LPD			After the Proposed Rights Issue with Warrants			After (I) and assuming full exercise of the Warrants			After (I) and assuming full exercise of the Warrants		
	Direct No of Shares	%	Indirect No of Shares	Direct No of Shares	%	Indirect No of Shares	Direct No of Shares	%	Indirect No of Shares	Direct No of Shares	%	Indirect No of Shares
Amal Pintas Sdn Bhd	23,814,031	10.78	-	33,339,643	10.78	-	38,102,449	10.78	-	38,102,449	10.78	-
Siram Permai Sdn Bhd	89,250,001	40.38	-	124,950,001	40.38	-	142,800,001	40.38	-	142,800,001	40.38	-
Ir. Teh Kiak Seng ⁽¹⁾	9,715,674	4.40	89,250,001	13,601,943	4.40	124,950,001	15,545,077	4.40	142,800,001	15,545,077	4.40	142,800,001
Tsai Chang Hsiu-Hsiang ⁽²⁾	-	-	23,814,031	-	10.78	33,339,643	-	10.78	-	38,102,449	10.78	38,102,449
Tsai Chia Ling ⁽²⁾	-	-	23,814,031	-	10.78	33,339,643	-	10.78	-	38,102,449	10.78	38,102,449
Tsai Yung Chuan ⁽²⁾	-	-	23,814,031	-	10.78	33,339,643	-	10.78	-	38,102,449	10.78	38,102,449

(III)
After (II) and full exercise of the ESOS Options

	Direct			Indirect		
	No of Shares	%	No of Shares	No of Shares	%	No of Shares
Amal Pintas Sdn Bhd	38,102,449	10.26	-	-	-	-
Siram Permai Sdn Bhd	142,800,001	38.46	-	-	-	-
Ir. Teh Kiak Seng ⁽¹⁾	17,045,077*	4.59	142,800,001	38,102,449	10.26	159,945,078
Tsai Chang Hsiu-Hsiang ⁽²⁾	-	-	38,102,449	38,102,449	10.26	76,204,898
Tsai Chia Ling ⁽²⁾	-	-	38,102,449	38,102,449	10.26	76,204,898
Tsai Yung Chuan ⁽²⁾	500,000 [#]	0.13	38,102,449	38,102,449	10.26	78,704,898

Notes:

- ⁽¹⁾ Deemed interested by virtue of his shareholdings in Siram Permai Sdn Bhd pursuant to Section 6A of the Act.
⁽²⁾ Deemed interested by virtue of his shareholdings in Amal Pintas Sdn Bhd pursuant to Section 6A of the Act.
* For illustration purposes, assuming that 1,500,000 Options are granted to and exercised into 1,500,000 Shares by Ir. Teh Kiak Seng.
For illustration purposes, assuming that 500,000 Options are granted to and exercised into 500,000 Shares by Tsai Yung Chuan.

6.5 Convertible Securities

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

7. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of Tambun Indah Shares traded on Bursa Securities for the past twelve (12) months are as follows:

	High RM	Low RM
2011		
March	0.71	0.68
April	0.75	0.70
May	0.71	0.70
June	0.76	0.70
July	0.77	0.73
August	0.76	0.61
September	0.67	0.60
October	0.67	0.60
November	0.65	0.61
December	0.63	0.61
2012		
January	0.65	0.61
February	0.69	0.64

(Source: Bloomberg)

Last transacted market price of Tambun Indah Shares on 18 January 2012, being the day prior to the date of announcement of the Proposals	RM0.64
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Last transacted market price of Tambun Indah Shares on the LPD	RM0.65
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8. APPROVALS REQUIRED

The Proposals are subject to the following approvals:

8.1 Proposed Rights Issue with Warrants

- (i) the approval of Bursa Securities for:
 - (a) the listing of and quotation for Rights Shares to be issued pursuant to the Proposed Rights Issue with Warrants as well as the new Shares to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities; and
 - (b) the admission of the new Warrants to the Official List of Bursa Securities and listing of and quotation for Warrants on Bursa Securities,

which was obtained vide its letter dated 15 March 2012, subject to the following conditions:

Conditions imposed	Status of compliance
(i) Tambun Indah and MIDF Investment must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the proposal;	To be complied
(ii) Tambun Indah and MIDF Investment to inform Bursa Securities upon the completion of the proposal;	To be complied
(iii) Tambun Indah to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the proposal is completed; and	To be complied
(iv) Payment of listing fees. In respect of the Warrants, Tambun Indah is required to furnish Bursa Securities on a quarterly basis, a summary of the total number of shares listed (pursuant to the exercise of the Warrants), as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied

- (ii) the approval of the Controller of Foreign Exchange of BNM for the issuance of the Warrants to non-residents of Malaysia pursuant to the Proposed Rights Issue with Warrants, which was obtained vide its letter dated 9 March 2012;
- (iii) the shareholders of Tambun Indah at the forthcoming EGM;
- (iv) the SC for the registration of the abridged prospectus;
- (v) the Registrar of Companies for the lodgement of the abridged prospectus; and
- (vi) any other relevant authorities or parties, if required.

8.2 Proposed ESOS

- (i) Bursa Securities for the listing of and quotation for the new Tambun Indah Shares to be issued pursuant to the exercise of the ESOS Options under the Proposed ESOS, of which approval was obtained vide its letter dated 15 March 2012, subject to the following conditions:

Conditions imposed	Status of compliance
(a) MIDF Investment to submit a confirmation to Bursa Securities of full compliance of the ESOS pursuant to paragraph 6.43(1) of the Listing Requirements, stating the effective date of implementation;	To be complied
(b) Tambun Indah to furnish Bursa Securities on a quarterly basis, a summary of the total number of ESOS shares listed, as at the end of each quarter together with a detailed computation of listing fees payable; and	To be complied
(c) Tambun Indah to ensure its full compliance of all the requirements pertaining to the ESOS as provided under the Listing Requirements at all times.	To be complied

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

- (iii) any other regulatory authorities or parties, if required.

The Proposed Rights Issue with Warrants and the Proposed ESOS are not inter-conditional upon each other. The Proposals are not conditional upon any other proposals undertaken or to be undertaken by the Company.

9. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSON(S) CONNECTED

None of the Directors, major shareholders and/or persons connected to them have any interest, direct or indirect in the Proposed Rights Issue with Warrants, save for their respective entitlements as shareholders of the Company to the Rights Shares and Warrants pursuant to the Proposed Rights Issue with Warrants, the rights of which are also available to all other existing shareholders of Tambun Indah as at the Entitlement Date.

All Directors of Tambun Indah are entitled to participate in the Proposed ESOS and are therefore deemed interested in their respective entitlements under the Proposed ESOS. Notwithstanding this, the Directors have deliberated on the Proposed ESOS, and have agreed to present the Proposed ESOS to the shareholders of Tambun Indah for their consideration and approval at the forthcoming EGM. The allocation of ESOS Options (if any) to be made to the Directors and persons connected with the Directors and/or major shareholders would also be presented to the shareholders of Tambun Indah for their consideration and approval.

All Directors will accordingly abstain from all Board deliberation and voting. In addition, the Directors will also abstain from voting in respect of their direct and/or indirect shareholdings as well as the entitlements of the persons connected to them, if any, at the EGM to be convened in respect of the resolutions to be tabled for their respective proposed allocation, if any. In addition, the Directors have undertaken that they will ensure that persons connected to them, if any, will abstain from voting on the resolution pertaining to the Proposed ESOS in respect of their direct and/or indirect shareholdings, if any, in the Company at the EGM to be convened.

The major shareholders of Tambun Indah who are Eligible Persons pursuant to the Proposed ESOS ("Interested Major Shareholders") will abstain from voting in respect of their direct and/or indirect shareholdings, if any, as well as the entitlements of the persons connected to them, if any, on the resolution pertaining to the Proposed ESOS to be tabled at the EGM to be convened. The Interested Major Shareholders have undertaken that they will ensure that persons connected to them, if any, will abstain from voting on the resolution pertaining to the Proposed ESOS in respect of their direct and/or indirect shareholdings in the Company at the EGM to be convened.

The shareholdings of the Directors in the Company as at the LPD are set out below:

Name of Directors	Direct		Indirect	
	No. of Shares held	%	No. of Shares held	%
Tsai Yung Chuan	-	-	23,814,031 ⁽¹⁾	10.78
Ir. Teh Kiak Seng	9,715,674	4.40	89,250,001 ⁽²⁾	40.38
Teh Theng Theng	123,000	0.06	-	-
Thaw Yeng Cheong	50,000	0.02	-	-
Yeoh Chong Keat	-	-	-	-
Dato' Mohamad Nadzim Bin Shaari	-	-	-	-
Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali	500,000	0.23	-	-
Lai Fook Hoy	2,192,476	0.99	-	-

Notes:

⁽¹⁾ Deemed interested by virtue of his shareholdings in Amal Pintas Sdn Bhd pursuant to Section 6A of the Act.

⁽²⁾ Deemed interested by virtue of his shareholdings in Siram Permai Sdn Bhd pursuant to Section 6A of the Act.

The major shareholders' shareholdings in the Company as at the LPD are set out below:

Major shareholders	Direct		Indirect	
	No. of Shares held	%	No. of Shares held	%
Amal Pintas Sdn Bhd	23,814,031	10.78	-	-
Siram Permai Sdn Bhd	89,250,001	40.38	-	-
Ir. Teh Kiak Seng	9,715,674	4.40	89,250,001 ⁽¹⁾	40.38
Tsai Yung Chuan	-	-	23,814,031 ⁽²⁾	10.78
Tsai Chang Hsiu-Hsiang	-	-	23,814,031 ⁽²⁾	10.78
Tsai Chia Ling	-	-	23,814,031 ⁽²⁾	10.78

Notes:

⁽¹⁾ Deemed interested by virtue of his shareholdings in Siram Permai Sdn Bhd pursuant to Section 6A of the Act.

⁽²⁾ Deemed interested by virtue of his/her shareholdings in Amal Pintas Sdn Bhd pursuant to Section 6A of the Act.

Save as disclosed above, there are no other Directors or major shareholder and/or person(s) connected to them has any interest, direct or indirect, in the Proposed ESOS.

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10. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposals are expected to be completed by the second (2nd) quarter of 2012. The tentative timeline for the implementation of the Proposals are as follows:

Events	Tentative Month
EGM	Early April 2012
Announcement of book closure date for Rights Shares	Mid April 2012
Issuance of abridged prospectus	Early May 2012
Closing of application for the Rights Shares	Mid May 2012
Listing of and quotation for the Rights Shares and Warrants on the Main Market of Bursa Securities	Early June 2012

11. OUTSTANDING CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

Save as disclosed below and the Proposals (which are the subject matter of this Circular), the Board confirms that there is no other outstanding corporate proposals announced but not completed by the Company as at the date of this Circular:

- (i) a land acquisition made by the Company's subsidiary, Palmington Sdn Bhd via a sale and purchase agreement dated 4 May 2011 together with a supplemental agreement relating thereto dated 19 September 2011 with Pembangunan Bandar Mutiara Sdn Bhd for the acquisition of Parcels R1, R2, R3, C and Amenities Lands (more particularly defined therein), all within the locality of Simpang Ampat, Mukim 15, Province Wellesley South, Penang for a cash consideration of RM233,223,021 of which the acquisition of Parcels R2, R3, C and Amenities Lands have yet to be completed ("Proposed Land Acquisition"); and
- (ii) On 29 August 2011, the Company acquired 250,000 ordinary shares of RM1.00 each, representing the entire issued and paid up share capital of Premcourt Development Sdn. Bhd. ("Premcourt") for a total cash consideration of RM5.50 million, in the manner of RM5.0 million only shall be paid to the Messrs. Siram Permai Sdn Bhd and Tah-Wah Sdn Bhd (collectively, referred to as the "Premcourt Vendors") in accordance with the Premcourt Vendors' respective shareholding proportions, on the completion date and the balance of RM0.50 million only shall be paid to the Premcourt Vendors in accordance with the Premcourt Vendors' respective shareholding proportions within seven (7) days from the date the planning permission and/or development order is obtained by Premcourt in respect of the project ("Proposed Premcourt Acquisition").

In the event Premcourt fails to obtain the planning permission and/or development order for the project for any reason whatsoever within one (1) year from the date of the sales and purchase agreement or such other extended period as may be agreed by Tambun Indah, the parties agree that the purchase consideration for the sale shares shall be only RM5.00 million. In such event, Tambun Indah shall not be obliged to pay to Premcourt Vendors the sum of RM0.50 million and such amount shall be treated as a discount given by the Premcourt Vendors to Tambun Indah for the purchase of the sale shares.

The Company completed the Proposed Premcourt Acquisition on 22 September 2011. The payment of RM0.50 million to Premcourt Vendors had yet to become unconditional pending fulfillment of conditions precedent.

The Board also confirms that the Proposals are not conditional upon the aforementioned Proposed Land Acquisition, Proposed Premcourt Acquisition or any other corporate exercise/scheme undertaken or to be undertaken by the Company.

12. DIRECTORS' RECOMMENDATION

The Board, after taking into consideration all aspects of the Proposed Rights Issue with Warrants including but not limited to the rationale and utilisation of proceeds, is of the opinion that the Proposed Rights Issue with Warrants is in the best interests of the Company and accordingly, the Board recommends that you vote in favour of the resolution pertaining to the Proposed Rights Issue with Warrants to be tabled at the forthcoming EGM.

The Board is deemed interested in the Proposed ESOS and therefore has abstained from expressing an opinion and making any recommendation in respect of the Proposed ESOS. In addition, the Board has also abstained from expressing an opinion and giving any recommendation in respect of the proposed allocation of Options to the Directors and persons connected to them under the Proposed ESOS.

Accordingly, the Board is presenting the ordinary resolutions pertaining to the Proposed ESOS and the proposed allocation of Options to the Directors and persons connected to them under the Proposed ESOS for consideration and approval of the shareholders of Tambun Indah at the forthcoming EGM.

13. EGM

An EGM, the notice of which is enclosed together with this Circular, will be held at Salon V, Level 2, G Hotel, 168A, Persiaran Gurney, 10250 Penang, Malaysia on Friday, 6 April 2012 at 10.00 a.m. or at 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 are requested to complete, sign and return the enclosed Proxy Form for the EGM in accordance with the instructions printed therein as soon as possible, so as to arrive at the registered office of Tambun Indah at 51-21-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not later than forty-eight (48) hours before the time set for the EGM or any adjournment thereof. The lodgement of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

14. FURTHER INFORMATION

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

Yours faithfully,
For and on behalf of the Board of Directors
TAMBUN INDAH LAND BERHAD

IR. TEH KIAK SENG
Managing Director

DRAFT BYLAWS FOR THE PROPOSED ESOS

TAMBUN INDAH LAND BERHAD**BYLAWS OF THE PROPOSED ESOS****1. NAME OF SCHEME**

This Scheme shall be called the “Tambun Indah Land Berhad’s Employees’ Share Option Scheme” and for the purposes of these Bylaws, it shall be referred to as the “ESOS” or the “Scheme”.

2. DEFINITIONS AND INTERPRETATION

2.1 In these Bylaws unless the context otherwise requires, the following terms and expression shall have the following meanings:-

“Act”	The Companies Act, 1965 as amended from time to time and includes every statutory modification or re-enactment thereof for the time being in force
“Articles”	The Articles of Association of the Company including any amendment thereto that may be made from time to time
“Board”	The Board of Directors of Tambun Indah
“Bursa Depository”	Bursa Malaysia Depository Sdn Bhd (165570-W)
“Bursa Securities”	Bursa Malaysia Securities Berhad (636998-W)
“Bylaws”	The rules, terms and conditions of the ESOS
“CDS”	Central Depository System
“Date of Acceptance”	The date an Offer is accepted by an Eligible Person within the Offer Period accompanied by the requisite payment in accordance with Bylaw 7.1
“Date of Offer”	The date on which an Offer is made by the ESOS Committee to an Eligible Person in the manner provided in Bylaw 6
“Director(s)”	A natural person who holds a directorship in the Group, whether in an executive or non-executive capacity
“Effective Date”	The date on which the Scheme comes into force as provided in Bylaw 19.1
“Eligible Person(s)”	A Director or Employee who fulfills the conditions of eligibility stipulated in Bylaw 4. Eligible Persons include any Director, whether executive or non-executive
“Employee(s)”	A natural person who is employed by and on the payroll of any company in the Group. Employees include Executive Directors

APPENDIX I

“ESOS” or “Scheme”	The scheme for the grant of Options to Eligible Persons to subscribe for new Shares upon the terms set out herein and such scheme to be known as the “Tambun Indah Land Berhad’s Employees’ Share Option Scheme
“ESOS Committee”	A committee appointed by the Board to administer the Scheme, comprising such persons appointed from time to time by the Board
“Executive Director(s)”	A full time director of the Group who is on the payroll of the Group and who is involved in the day-to-day management of the Group
“Grantee(s)”	An Eligible Person who has accepted an Offer in the manner provided in Bylaw 7
“Listing Requirements”	The Main Market Listing Requirements of Bursa Securities including any amendment thereto that may be made from time to time
“Market Day”	Any day between Monday and Friday (both days inclusive) which is not a public holiday and on which the Bursa Securities is opened for trading of securities
“Maximum Allowable Allotment”	The maximum number of Options that can be offered to an Eligible Person under the Scheme in the manner provided in Bylaw 5
“Offer”	An offer made in writing by the ESOS Committee to any Eligible Person in the manner provided in Bylaw 6
“Offer Period”	The period stipulated in Bylaw 6.3
“Option(s)”	The contract constituted by acceptance by an Eligible Person in accordance with the provisions of Bylaw 7 of any Offer made by the ESOS Committee
“Option Period”	The period commencing from the Date of Acceptance and expiring five (5) years from the Effective Date or upon the date of expiry or termination of the Scheme as provided in Bylaw 19, whichever is the earlier
“Option Price”	The price at which a Grantee shall be entitled to subscribe for each new Share as calculated in accordance with the provisions of Bylaw 10
“Other Schemes”	Employees’ share option schemes implemented by companies in the Group other than the Scheme, if any

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| “Record Date” | In relation to any of the transactions (including but not limited to any consolidation, subdivision, conversion or issue of Shares and capital distribution to shareholders) described in Bylaw 15 shall mean the date as at the close of business on which persons must be registered as shareholders in order to participate in such transactions |
| “Share(s)” | Ordinary share(s) in the Company having a par value of RM0.50 each or any other par value in the event of alteration in the capital of the Company, if applicable |
| “Tambun Indah” or the “Company” | Tambun Indah Land Berhad (810446-U) a public limited company incorporated in Malaysia under the Act |
| the “Group” | Tambun Indah and its subsidiaries as defined in Section 5 of the Act. Subsidiaries include subsidiaries which are existing as at the Effective Date and subsidiaries which are incorporated or acquired at any time during the duration of the Scheme but exclude subsidiaries which are dormant. |
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- 2.2 For the purposes of these Bylaws, all references made to “Bursa Securities” and “Listing Requirements” shall where the context so permits and requires, include or refer to such other relevant authority(ies) and such acts, enactments, rules, regulations and guidelines currently or from time to time hereafter in force affecting the valid implementation and continuation of the Scheme in accordance with the provisions of the Bylaws.
- 2.3 Headings are for ease of reference only and do not affect the meaning of a Bylaw.
- 2.4 References to the provisions of statutes include such provision as amended or re-enacted from time to time and references to statutes include any consolidation, replacement or revision of the same.
- 2.5 Words importing the masculine gender shall include the feminine and neuter genders and vice versa.
- 2.6 Words importing the singular number shall include the plural number and vice versa.
- 2.7 Any liberty or power which may be exercised or any determination which may be made hereunder by the ESOS Committee shall be exercised in the ESOS Committee’s absolute and unfettered discretion and the ESOS Committee shall not be under any obligation to give any reason therefore except as may be required by the relevant authorities.
- 2.8 If an event is to occur on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day.
- 2.9 Any reference to a time of day in these Bylaws shall be reference to Malaysian time, unless otherwise stated.

3. TOTAL NUMBER OF SHARES AVAILABLE UNDER THE SCHEME

- 3.1 The maximum number of new Shares which may be issued and allotted pursuant to the exercise of the Options shall not at any point in time in aggregate exceed five percentum (5%) of the issued and paid-up share capital of the Company (excluding treasury shares) at any point in time during the duration of the Scheme as provided in Bylaw 19 ("Maximum Limit").
- 3.2 Bylaw 3.1 shall not apply where the total number of new Shares which may be issued under the Scheme exceeds five percentum (5%) of the issued and paid-up share capital of the Company at any point in time during the existence of the Scheme resulting from the cancellation of the Company's own Shares purchased by the Company in accordance with the provisions of Section 67A of the Act. In such event, the provisions as set out in Bylaw 15.4(g) shall apply.
- 3.3 The Company will keep available sufficient unissued Shares in its authorised share capital to satisfy all outstanding Options throughout the duration of the Scheme.

4. ELIGIBILITY

- 4.1 A natural person who is eligible to participate in the Scheme is as follows:-
- (a) An Employee or Director must be at least eighteen (18) years of age on the Date of Offer;
 - (b) An Employee must be a confirmed staff (not probationary) and his employment as an Employee must have been confirmed in writing on the Date of Offer;
 - (c) If an Employee is employed by a company which is acquired by the Group during the duration of the Scheme and becomes a subsidiary of the Company upon such acquisition, the Employee must continue to be employed by such subsidiary in the Group;
 - (d) If an Employee is serving under an employment contract for a fixed duration, he must have been in the service for a continuous period of one (1) year in the Group;
 - (e) If an Employee is not a Malaysian citizen, he must, in addition to the conditions stipulated in Bylaw 4.1(a) to (c) above, also fulfill the following conditions:-
 - (i) The Employee must be serving the Group on a full time basis; and
 - (ii) In the event that the Employee is serving under an employment contract, the contract should be for a duration of at least two (2) years; and
- Eligibility, however, does not confer upon the Eligible Person a claim or right to participate in the Scheme unless an Offer has been extended to the Eligible Person and the Eligible Person has accepted the Offer in accordance with the terms and conditions of the Scheme.
- 4.2 No Eligible Person shall participate at any time in more than one (1) ESOS implemented by any company within the Group.

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

- (a) An Eligible Person who is eligible to participate in any of the Other Schemes and is subsequently transferred to Tambun Indah or any company within the Group which does not have its own employees' share option scheme, may be eligible to participate in the Scheme, provided that he duly fulfills the criteria set out in Bylaw 4.1 and provided further that he shall have exercised all Options granted to him under any of the Other Schemes or he shall have elected in writing to forego participation in any of the Other Schemes and surrendered all unexercised Options under any of the Other Schemes within the time frame stipulated by his employer and thereafter all the unexercised Options surrendered by him under any of the Other Schemes shall become null and void.
- (b) An Eligible Person who is subsequently transferred to any company within the Group which has its own employees' share option scheme is subject to the following:-
 - (i) If the said Eligible Person has already exercised all of the Options granted to him under the Scheme, he may be eligible to participate in any of the Other Schemes subject to the Bylaws of the Other Schemes;
 - (ii) If the said Eligible Person has exercised part of or has not exercised any Options granted to him under the Scheme, he shall be entitled to either:-
 - (aa) Elect in writing to continue to participate in the Scheme, in which event he shall not be eligible to participate in any of the Other Schemes until he shall have exercised all Options granted to him under the Scheme; or
 - (bb) Elect in writing to participate in the Other Schemes if he is eligible for the same, in which event he shall cease to be eligible to participate in the Scheme and shall surrender all unexercised Options under the Scheme and notwithstanding anything to the contrary herein contained, all the unexercised Options granted to him under the Scheme shall become null and void.

If no election is made by the said Eligible Person in writing, within the timeframe stipulated by such employer of the said Eligible Person, then he shall be deemed to have elected to continue to participate in the Scheme and to forego participation in the Other Schemes until he shall have exercised all Options granted to him under the Scheme.

- 4.4 Employees of dormant companies within the Group are not eligible to participate in the Scheme.
- 4.5 An Employee who during the duration of the Scheme becomes an Eligible Person may be eligible to a grant of an Option under the Scheme if decided by the ESOS Committee.
- 4.6 The grant of Options under Bylaw 4.5 shall be from the balance of the Options available under the Scheme subject to the provisions of Bylaws 3.1 and 5.1. The ESOS Committee has the discretion not to make additional grant in the event the balance of the Options is inadequate to make a meaningful additional allotment.
- 4.7 Subject to these Bylaws, there are no performance targets to be achieved by the Grantee before the Options can be exercised and the Shares can be vested by the Grantee.

5. MAXIMUM ALLOWABLE ALLOTMENT AND BASIS OF ALLOCATION

- 5.1 Subject to Bylaw 3.1 hereof, the basis of allocation of the number of Shares which may be comprised in an Option and the Maximum Allowable Allotment shall be entirely at the discretion of the ESOS Committee after taking into consideration, amongst other factors, the job grading, length of service and performance appraisal of the Eligible Persons and such other factors that the ESOS Committee may deem relevant subject to the following:
- (a) That the number of new Shares issued pursuant to the exercise of Options granted under the Scheme shall not exceed the Maximum Limit;
 - (b) The Directors and senior management of the Company do not participate in the deliberation or discussion of their own allocation;
 - (c) Not more than fifty percentum (50%) (or such percentage as allowable by the relevant authorities) of the new Shares available under the Scheme shall be allocated, in aggregate, to the Directors and senior management of the Group; and
 - (d) The allocation to an Eligible Person who, either singly or collectively through persons connected with the Eligible Person, holds twenty per centum (20%) or more of the issued and paid-up share capital of the Company (excluding treasury shares), does not exceed ten per centum (10%) of the total number of the new Shares to be issued under the Scheme,

Provided Always That it is in accordance with any prevailing guidelines, the Listing Requirements or any other relevant authorities as amended from time to time.

For the purposes of these Bylaws, unless the context otherwise requires, “persons connected with an Employee” or “persons connected with a Director” shall have the meaning given in relation to persons connected with a Director or major shareholder as defined in paragraph 1.01 of the Listing Requirements.

- 5.2 Subject to Bylaw 5.1 hereof and any adjustment which may be made under Bylaw 15 hereof, the maximum number of new 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 provision of the Listing Requirements on Share Issuance Scheme relating to allocation to Directors and Employees.

In the circumstances where the Listing Requirements on Share Issuance Scheme is amended by the Bursa Securities 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 any one of the Eligible Person shall be in accordance with the provisions of the Listing Requirements prevailing at any time during the duration of the Scheme.

In determining the number of Options to be offered to an Eligible Person under the Scheme, the ESOS Committee may but is not obligated to take into consideration, inter-alia, the seniority, performance and/or length of service of the Eligible Person as at the Date of Offer, subject to a minimum of one hundred (100) Options or such other units of Shares constituting one (1) board lot as may be determined by the ESOS Committee. The Options shall only be accepted in multiples of one hundred (100) Shares or such other units of Shares constituting one (1) board lot as may be determined by the ESOS Committee.

- 5.3 Notwithstanding anything to the contrary herein contained, the ESOS Committee shall not in any way obliged to allocate or to grant an Option to any Eligible Person.

- 5.4 (a) In the event that an Eligible Person is redesignated or promoted to a higher category, his Maximum Allowable Allotment shall be increased at the discretion of the ESOS Committee.
- (b) In the event that an Eligible Person is redesignated or demoted to a lower category, the following provisions shall apply:-
- (i) His Maximum Allowable Allotment shall be reduced in accordance with the category corresponding to his new grade;
- (ii) In the event that the total number of Options which has been accepted by him up to the date he is redesignated or demoted to a lower category is greater than his Maximum Allowable Allotment under such lower category, he shall be entitled to continue to hold and to exercise all unexercised Options held by him on such date but he shall not be entitled to accept any outstanding Offers or to be offered any further Options unless and until he is subsequently moved to a higher category so that his Maximum Allowable Allotment is increased to an amount greater than the total number of Options which has been accepted by him; and
- (iii) In the event that the total number of Options which has been accepted by him up to the date he is redesignated or demoted to the lower category is less than his Maximum Allowable Allotment under such lower category, he shall be entitled to continue to hold and to exercise all unexercised Options held by him on such date and, subject to Bylaw 5.2, to be offered or granted further Options up to his Maximum Allowable Allotment under such lower category.
- 5.5 The ESOS Committee may make an offer to a Director in respect of his holdings as a Director in only one (1) company within the Group, notwithstanding that he is a Director of more than one (1) company within the Group.
- 5.6 Wherein required by the Listing Requirements, the ESOS Committee shall ensure that the allocation of Options shall be verified by the audit committee of the Company, as being in compliance with the criteria as set out in Bylaws 5.1 and 5.2, at the end of each financial year of the Company. In this respect, the ESOS Committee shall ensure that a statement is made by the audit committee, verifying such allocation, is included in the Company's annual report.
- 6. OFFER**
- 6.1 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 select and make an Offer in writing to any Eligible Person to subscribe for new Shares in accordance with the terms of this Scheme PROVIDED ALWAYS that any such Offer by the ESOS Committee to the Eligible Person shall not be less than one hundred (100) new Shares or such other units of Shares constituting one (1) board lot as may be determined by the ESOS Committee, and shall be in multiples of one hundred (100) new Shares or such other units of Shares constituting one (1) board lot as may be determined by the ESOS Committee.
- 6.2 The ESOS Committee shall state the following particulars in the letter of offer:-
- (a) The criteria for the allocation of Options;
- (b) The number of Options that are being offered to the Eligible Person;

- (c) The number of new Shares which the Eligible Person shall be entitled to subscribe for upon the exercise of the Options being offered;
 - (d) The Option Period;
 - (e) The Option Price in accordance with Bylaw 10;
 - (f) The closing date for acceptance of the Offer; and
 - (g) Any other information deemed necessary by the ESOS Committee.
- 6.3 An Offer shall be valid for acceptance for a period of thirty (30) days from the Date of Offer or such longer period as may be determined by the ESOS Committee on a case-by-case basis at its discretion.
- 6.4 No Offer shall be made to any Director and/or major shareholder of the Company or persons connected with any Director and/or major shareholder who are Eligible Persons unless such Offer and the related allotment of new Shares have previously been approved by the shareholders of the Company in a general meeting. For the purpose of this Bylaw, “persons connected with a Director and/or major shareholder” shall have the meaning given in relation to persons connected with a Director or major shareholder as defined in paragraph 1.01 of the Listing Requirements.
- 6.5 For the avoidance of doubt, there shall be no legal, equitable or other obligation whatsoever on the part of the ESOS Committee to consider making, or to make, any Offer to any or all of the Eligible Persons.
- 6.6 Nothing herein shall prevent the ESOS Committee from making more than one (1) Offer to an Eligible Person PROVIDED ALWAYS THAT the total aggregate number of Options offered to such Eligible Person (inclusive of Options previously offered under the Scheme) during the duration of the Scheme shall not exceed the Maximum Allowable Allotment as set out in Bylaws 5.1 and 5.2.
- 6.7 Notwithstanding anything to the contrary, in the event of any error or mistake on the part of the ESOS Committee in stating the particulars referred to in Bylaw 6.2 in the letter of offer to the Eligible Person, the ESOS Committee shall be entitled to amend, revise or revoke the letter of offer irregardless of whether the same has been accepted or not by the Eligible Person and the Eligible Person shall have no right for compensation, damages and/or any claim against the ESOS Committee and the Company for the loss of any right, benefit, prospective right and/or benefit under the Scheme and/or from the amendment, revision or revocation of the letter of offer or his right to exercise his Options and/or his Options ceasing to be valid or exercisable notwithstanding any negligence on the part of the ESOS Committee or the Company in causing the error or mistake.
- 7. ACCEPTANCE**
- 7.1 An Offer shall be accepted by an Eligible Person within the Offer Period by written notice to the ESOS Committee accompanied by a payment to the Company of a nominal non-refundable consideration of Ringgit Malaysia One (RM1.00) only for the grant of the Options.
- 7.2 If an Offer is not accepted in the manner aforesaid, the Offer shall automatically lapse upon the expiry of the Offer Period and be null and void and be of no further force and affect.

- 7.3 The Company shall within thirty (30) days of the Date of Acceptance issue to the Eligible Person an Option certificate stating, inter-alia, the number of Options granted, the Option Price and Option Period.
- 7.4 The Company shall keep and maintain a register of Grantees pursuant to Section 68A of the Act and shall enter therein the name, address and maximum entitlement of Shares under Options of each Grantee and the number of Options granted, the number of Options exercised, the Date of Offer, the Option Price and such other particulars required under Section 68A of the Act, in respect of each Grantee. The cost of maintaining such register shall be at the expense of the Company.

8. NON-TRANSFERABILITY

An Option shall not be transferred, assigned or otherwise disposed by the Grantee save and except in the event of the death of the Grantee as provided under Bylaw 14.6.

Any such transfer, assignment, disposal or encumbrance or purported encumbrance shall result in the automatic cancellation of the Option rendering the Option void.

9. EXERCISE OF OPTIONS

- 9.1 An Option granted to a Grantee under the Scheme is, subject to the provisions of Bylaws 9.14, 14.1, 14.6, 16 and 17, exercisable only by that Grantee during his lifetime and whilst he is in the employment of the Group and within the Option Period.
- 9.2 The ESOS Committee may subject to Bylaw 20, 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 Shares and/or such percentage of the total new Shares comprised in the Option during such periods within the Option Period and/or conditions deemed appropriate by the ESOS Committee in its discretion including amending / varying any terms and conditions imposed earlier and to impose conditions in relation to the annual percentage of Options exercisable from the Date of Acceptance.
- 9.3 A Grantee shall exercise the Options granted to him in multiples of and not less than one hundred (100) new Shares or such other units of Shares constituting one (1) board lot as may be determined by the ESOS Committee save and except where a Grantee's balance of Options exercisable in accordance with these Bylaws shall be less than one hundred (100) new Shares or such other units of Shares constituting one (1) board lot as may be determined by the ESOS Committee, in which case the said balance shall, if exercised, be exercised in a single tranche. Such partial exercise of an Option shall not preclude the Grantee from exercising the Option as to the balance of any new Options, if any, which he is entitled to subscribe under the Scheme.
- 9.4 Options which are exercisable in a particular year but are not exercised may be carried forward to subsequent years subject to the Option Period. All unexercised Options shall be exercisable in the last year of Option Period. Any Option which remains unexercised at the expiry of the Option Period shall be automatically terminated.
- 9.5 An Eligible Person serving under an employment contract may exercise any remaining Options exercisable in the year (the particular year of which his contract is expiring) within sixty (60) days before the expiry of the employment contract if the remaining duration of the employment contract from the date on which the Options are granted is less than the Option Period.

- 9.6 A Grantee shall exercise his Options by notice in writing to the Company stating the number of Option to be exercised. The procedure for the exercise of Options to be complied with by a Grantee shall be determined by the ESOS Committee from time to time.
- 9.7 Every notice of exercise shall stated the number of new Shares an Eligible Person intends to subscribe and be accompanied with the remittance for the full amount of the Option Price payable in respect thereof PROVIDED THAT the number of new Shares stated therein shall not exceed the amount exercisable by such Eligible Person.
- 9.8 Notwithstanding any Bylaws herein contained, the procedure for and the method of the exercise of Options to be complied with by a Grantee shall be determined by the ESOS Committee from time to time.
- 9.9 The Grantee shall state his CDS account number in the notice of exercise. Within eight (8) Market Days of receipt of such notice and payment, or such other period as may be prescribed by Bursa Securities, the Company shall allot the relevant number of new Shares, despatch notices of allotment to the Grantee subject to the Articles and the Listing Requirements and apply to the Bursa Securities for the quotation of the said new Shares.
- 9.10 Subject to the provisions of the Articles of Association of the Company, the Securities Industries (Central Depository Act) 1991 and the rules of the Bursa Depository, the Company will cause the new Shares to be issued pursuant to the exercise of an Option to be credited directly into the CDS Account of the Grantee or his financier, as the case may be. No physical share certificates will be issued.
- 9.11 The Option shall automatically lapse and become null and void upon the expiry of the Option Period applicable thereto.
- 9.12 Any failure to comply with the foregoing provisions and/or to state the CDS account number in the notice of exercise or inaccuracy in the CDS account number shall result in the notice of exercise being rejected at the discretion of the ESOS Committee. In the case of rejection of the notice of exercise for any reason whatsoever, the Grantee shall be informed of such rejection. The ESOS Committee shall inform the Grantee of the rejection of the notice of exercise within ten (10) Market Days from the date of receipt thereof and the Grantee shall then be deemed not to have exercised his Option.
- 9.13 Every Option shall be subject to the condition that no new Share shall be issued pursuant to the exercise of an Option if such issue would be contrary to any law, enactment, rule and /or regulation of any legislative or non-legislative body which may be in force during the Option Period.
- 9.14 Notwithstanding anything to the contrary herein contained in these Bylaws, the ESOS Committee shall have the right at its discretion by notice in writing to that effect, to suspend the right of any Grantee who is being subjected to disciplinary proceedings (whether or not such disciplinary proceedings may give rise to dismissal or termination of service of such Grantee) to exercise his Option pending the outcome of such disciplinary proceedings. In addition to this right of suspension, the ESOS Committee may impose such terms and conditions as the ESOS Committee shall deem appropriate in its discretion, on the right to exercise his Option having regard to the nature of the charges made or bought 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 proceeding, the ESOS Committee shall reinstate the right of such Grantee to exercise his Option;
- (b) In the event such Grantee is found guilty resulting in the dismissal or termination of service of such Grantee, the Option shall immediately cease without notice, upon pronouncement of the dismissal or termination of service of such Grantee; and
- (c) In the event such Grantee is found guilty but not dismissed or termination 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 Option or any part thereof and if so, to impose such terms and conditions as it deems appropriate, on such exercise.

9.15 The Company, the Board (including Directors that had resigned but were on the Board during the Option Period) and the ESOS Committee shall not under any circumstances be held liable to any person for any costs, losses, expenses, damages or liabilities, gains or profits foregone howsoever arising in the event of any delay on the part of the Company in procuring Bursa Securities to list the new Shares subscribed for by a Grantee or for any delay in crediting the said new Shares into the Grantee's CDS account or any other matter or dealing which is outside the control of the Company.

10. OPTION PRICE

10.1 The Option Price shall be the higher of the following:-

- (a) A price to be determined by the Board upon recommendation of the ESOS Committee based on the weighted average market price of the Shares for five (5) Market Days immediately preceding the Date of Offer with a discount of not more than ten per centum (10%) or such other percentage of discount as may be permitted by Bursa Securities or any other relevant authorities from time to time during the duration of the Scheme; or
- (b) The par value of the Shares.

10.2 The Option Price shall be subject to any adjustment in accordance with the provisions herein.

11. RIGHTS ATTACHING TO SHARES

The new Shares to be allotted upon any exercise of the Options shall upon allotment and issue, rank pari passu in all respects with the existing issued Shares of the Company except that the new Shares so issued shall NOT be entitled for any dividend, voting rights, allotment and/or other distribution declared, made or paid to shareholders unless the new Shares so allotted have been credited to the relevant securities accounts of the shareholders maintained by the Bursa Depository before the entitlement date and will be subject to all provision of the Articles relating to the transfer, transmission and otherwise.

12. RIGHTS OF A GRANTEE

Upon the acceptance of the Offer by the Eligible Person within the Offer Period in the manner and in accordance with the terms of these Bylaws, the Grantee shall be entitled to exercise the number of Options granted to him/her in accordance with Bylaw 9 and all other rights conferred on him/her by the provision of these Bylaws.

13. RETENTION PERIOD

- 13.1 Subject to Bylaw 13.2, the new Shares to be issued and allotted to a Grantee pursuant to the exercise of an Option under the Scheme will not be subject to any retention period or restriction on transfer. However, the Company encourages Grantees to hold the said new Shares subscribed by them for as long as possible although a Grantee or his financier, as the case may be, may sell the said new Shares subscribed by the Grantee at any time after such new Shares have been credited to the Grantee's or his financier's CDS account.
- 13.2 Notwithstanding Bylaw 13.1, a Grantee who is a Non-Executive Director must not sell, transfer or assign any new Shares obtained through the exercise of Options offered to him under the Scheme within one (1) year from the Date of Offer.
- 13.3 If a Non-Executive Director is appointed to the position of an Executive Director at any time during the duration of the Scheme, Bylaw 13.2 shall not be applicable to him/her immediately following such appointment.

14. TERMINATIONS OF OPTIONS

- 14.1 Subject to Bylaws 14.2 to 14.5, an Option which has not been exercised by the Grantee shall be automatically terminated in the following circumstances:-
- (a) Termination of employment of the Grantee with the Group for any reason whatsoever, in which event the Option shall be automatically terminated on the day the Grantee's employer accepts his notice of resignation or on the day his employer notifies the Grantee of termination of his employment or on the Grantee's last day of employment, whichever is the earlier;
 - (b) Bankruptcy of the Grantee, in which event the Option shall be automatically terminated on the date a receiving order is made against the Grantee by a bankruptcy court or any court of competent jurisdiction; and
 - (c) Winding up or liquidation of the Company, in which event the Option shall be automatically terminated on the following date:-
 - (i) In the case of a voluntary winding up:-
 - (aa) The date on which a provisional liquidator is appointed by the Company; or
 - (bb) The date on which the shareholders of the Company passed a resolution to voluntarily wind-up the Company; or

- (ii) In the case of an involuntary winding-up, the date on which an order for winding up is made against the Company;

whichever shall be applicable.

Upon the termination of Options pursuant to the above, the Grantee shall have no right for compensation, damages and/or any claim against the Company for any loss of any right, benefit, prospective right and/or benefit under the Scheme which he might otherwise have enjoyed, whether for wrongful dismissal, breach of contract, loss of office and/or otherwise howsoever arising from his ceasing to hold office, employment and/or from the suspension and/or revocation of his right to exercise his Options and/or his Options ceasing to be valid.

- 14.2 A Grantee shall apply in writing to the ESOS Committee to be allowed to continue to hold and to exercise any unexercised Option held by him upon termination of employment with the Group, in the following circumstances:-

- (a) Retirement upon or after attaining normal retirement age; or
- (b) Retirement before attaining the normal retirement age with the consent of his employer; or
- (c) Ill health, injury or disability; or
- (d) Redundancy, retrenchment or voluntary separation scheme; or
- (e) Transfer to a company outside the Group; or
- (f) Any other circumstances as may be determined by the ESOS Committee from time to time.

- 14.3 Applications under Bylaw 14.2 shall be made:-

- (a) In a case where paragraph 14.2(a), (b) or (f) is applicable, before the Grantee's last day of employment, the Grantee may exercise the Options at anytime before his last day of employment subject to the provisions of Bylaw 9, where applicable. In the event that no application is received by the ESOS Committee before the Grantee's last day of employment, any unexercised Options held by the Grantee on his last day of employment shall be automatically terminated.
- (b) In a case where paragraph 14.2(c) or (e) is applicable, within one (1) month after the Grantee notifies his employer of his resignation due to ill health, injury or disability, or within one (1) month after the Grantee is notified by his employer that he will be transferred to a company outside the Group, as the case may be. In either case, the Grantee may exercise the Options within the said period of one (1) month subject to the provisions of Bylaw 9, where applicable. In the event that no application is received by the ESOS Committee within the said period of one (1) month, any unexercised Options held by the Grantee at the expiry of the said period shall be automatically terminated.

- (c) In a case where paragraph 14.2(d) is applicable, within one (1) month after the Grantee is notified that he will be retrenched or where he is given an offer by his employer as to whether he wishes to accept retrenchment upon certain terms, within one (1) month after he accepts such offer. The Grantee may exercise the Options within the said period of one (1) month subject to the provisions of Bylaw 9, where applicable. In the event that no application is received by the ESOS Committee within the said period of one (1) month, any unexercised Options held by the Grantee at the expiry of the said period shall be automatically terminated.
- 14.4 The ESOS Committee shall consider applications under Bylaw 14.3 on a case-by-case basis and may in its discretion approve or reject any application in whole or in part without giving any reason therefore and may impose any term and condition in granting an approval. The decision of the ESOS Committee shall be final and binding. In the event that the ESOS Committee approves an application in whole or in part, the Grantee may exercise the Options which are the subject of the approval within the period so approved by the ESOS Committee and subject to the provisions of Bylaw 9, where applicable. An Option in respect of which an application is rejected shall be automatically forfeited by the Company and terminated on the date of termination stipulated in the relevant paragraph of Bylaw 14.3 or on the date of the ESOS Committee's decision, whichever is the later.
- 14.5 In the event that the ESOS Committee receives an application under Bylaw 14.3 after the expiry of the relevant period under Bylaw 14.4, the ESOS Committee shall take into account the reasons given by the Grantee for the delay in making the application, in exercising the ESOS Committee's discretion and powers under Bylaw 14.4. In the event that the ESOS Committee approves the application in whole or in part, the Company shall make an Offer in respect of the unexercised Options which are the subject of the approval to the Grantee and such Options offered, if accepted by the Grantee shall be exercisable:-
 - (a) Within such period as may be stipulated in the Offer which shall not exceed the Option Period of those Options which were terminated due to the Grantee's delay in making the application;
 - (b) In accordance with the provisions of Bylaw 9 as applicable in respect of such terminated Options; and
 - (c) At the original Option Price applicable in respect of such terminated Options.
- 14.6 In the event that a Grantee dies before the expiration of the Option Period and at the date of his death held any Option, the following provisions shall apply:-
 - (a) Such Options may be exercised by the legal or personal representative of the Grantee ("Representative"):-
 - (i) Within twelve (12) months after the Grantee's death ("Permitted Period"); or
 - (ii) Within the Option Period;

whichever expires first.
 - (b) In the event that the Option Period expires before the Permitted Period, any Option which have not been exercised by the Representative at the expiry of the Option Period shall be automatically terminated and the Representative shall not be entitled to apply for any extension of time for exercising such unexercised Options.

- (c) In the event that the Permitted Period expires before the Option Period, the following provisions shall apply:-
- (i) The Representative may, at any time before the expiry of the Permitted Period, apply in writing to the ESOS Committee for an extension of the Permitted Period, stating the reasons as to why the extension is required. In the event that no application is received by the ESOS Committee before the expiry of the Permitted Period, any Option which has not been exercised by the Representative at the expiry of the Permitted Period shall be automatically terminated.
 - (ii) The ESOS Committee shall consider such applications on a case-by-case basis and may in its discretion approve or reject an application in whole or in part without giving any reason therefore and may impose any term and condition in granting an approval. The decision of the ESOS Committee shall be final and binding. In the event that the ESOS Committee approves an application in whole or in part, the Representative may exercise the Options which are the subject of the approval within such extension of the Permitted Period as is approved (which shall not exceed the Option Period) and in accordance with the provisions of Bylaw 9. Any Option in respect of which an application is rejected shall be automatically terminated at the expiry of the Permitted Period or on the date of the ESOS Committee's decision, whichever is the later.
 - (iii) In the event that the ESOS Committee receives an application after the expiry of the Permitted Period, the ESOS Committee shall take into account the reasons given by the Representative for the delay in making the application, in exercising the ESOS Committee's discretion and powers under sub-paragraph (ii) above. In the event that the ESOS Committee approves and application in whole or in part, the Company shall make an Offer in respect of the Options which are the subject of the approval to the Representative and such Options shall be exercisable:-
 - (aa) Within such period as may be stipulated in the Offer which shall not exceed the Option Period of those Options which were terminated pursuant to sub-paragraph (i) above;
 - (bb) In accordance with the provisions of Bylaw 9; and
 - (cc) At the original Option Price applicable in respect of the Options which were terminated pursuant to sub-paragraph (i) above.

14.7 The provisions of Bylaws 14.5 and 14.6(c)(iii) constitutes exceptions to the provisions of Bylaws 4.1 and 10.

15. ALTERATION OF CAPITAL

15.1 In the event of any alteration in the capital structure of the Company during the Option Period, whether by way of a capitalization issue, rights issue, bonus issue, consolidation or subdivision of Shares or capital reduction or any other variation of capital, the Company shall cause such adjustments to be made to:-

- (a) The number of new Shares which a Grantee shall be entitled to subscribe for upon the exercise of each Option (excluding the Options already exercised); and/or
- (b) The Option Price;

as shall be necessary to ensure that any adjustment made must be in compliance with the provisions for adjustment as provided in the Bylaws of the Scheme.

15.2 The following provisions shall apply in relation to an adjustment which is made pursuant to Bylaw 15.1:-

- (a) Any adjustment to the Option Price shall be rounded up to the nearest one (1) sen and in no event shall the Option Price be reduced to an amount which is below the par value of the Shares;
- (b) In determining a Grantee's entitlement to subscribe for new Shares, any fractional entitlements will be disregarded;
- (c) no adjustment to the Option 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 the par value of the new Shares and the Option Price payable shall be the par value of the new Shares; and
- (d) upon any adjustment made pursuant to this Bylaw and Bylaw 15.3, the ESOS Committee shall notify the Grantee (or his legal personal representative where the Grantee is deceased) in writing as soon as practicable pursuant to the receipt of the letter of the external auditors of the Company or Approved Adviser on the adjusted Option Price and/or revised number of Shares to be issued on exercise of Option so far as unexercised.

15.3 In addition to Bylaw 15.1 and not in derogation thereof, the Option Price and the number of new Shares relating to the Option so far unexercised shall from time to time be adjusted in accordance with the following relevant provisions in consultation with the external auditor:-

- (a) If and whenever a Share by reason of any consolidation or subdivision or conversion shall have a different par value, the Option 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 Shares relating to the Option to be issued shall be calculated in accordance with the following formula:-

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

where T = existing number of Shares relating to the 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 Shares are traded on the Bursa Securities at the new par value), or such period as may be prescribed by the Bursa Securities.

- (b) If and whenever the Company shall make any issue of Shares to shareholders credited as fully paid, by way of bonus issue or capitalization 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 Option Price shall be adjusted by multiplying it by the following fraction:-

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

and the additional number of new Shares relating to the Option 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 Shares immediately before such bonus issue or capitalization issue;

B = the aggregate number of Shares to be issued pursuant to any allotment to shareholders credited as fully paid by way of bonus issue or capitalization 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 = existing number of Shares relating to the Option

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

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

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

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

and in respect of the case referred to in Bylaw 15.3 (c) (ii) hereof, the number of additional new 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 = existing number of Shares relating to the Option;

C = the current market price of each Share on the Market Day immediately preceding the date on which the Capital Distribution or, as the case may be, the offer or invitation is publicly announced to the 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 = (i) in the case of an offer or invitation to acquire or subscribe for Shares under Bylaw 15.3(c)(ii) above or for securities convertible into or with rights to acquire or subscribe for Shares under Bylaw 15.3(c)(iii) above, the value of rights attributable to one (1) Share (as defined below); or

(ii) in the case of any other transaction falling within Bylaw 15.3(c) hereof, the fair market value as determined (with the concurrence of the external auditor) by the adviser of that portion of the Capital Distribution to one (1) Share.

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

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

where:-

C = as C above;

E = the option price for one (1) additional Share under the terms of offer or invitation or one (1) additional security convertible into Shares or one (1) additional security with rights to acquire or subscribe for Shares;

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

APPENDIX I

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

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

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

where:-

C = as C above;

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

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

For the purpose of Bylaw 15.3(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 Shares (not falling under Bylaw 15.3(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 accounts of any period shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the shareholders as shown in the audited consolidation 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 Record Date for such issue.

- (d) If and whenever the Company makes any allotment to its shareholders as provided in Bylaw 15.3(b) above and also makes any offer or invitation to its shareholders as provided in Bylaw 15.3(c)(ii) or (iii) above and the Record Date for the purpose of the allotment is also the Record Date for the purpose of the offer or invitation, the Option 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 Bylaw 15.3(b) above and also makes any offer or invitation to its shareholders as provided in Bylaw 15.3(c)(ii) above and the Record Date for the purpose of the allotment is also the Record Date for the purpose of the offer or invitation, the number of additional new Shares relating to the Option to be issued shall be calculate 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 Record Date;

C = as 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 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 option 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 subscribe price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares;

B = as B above; and

T = as T above.

Such adjustment will be effective (if appropriate retroactively) from the commencement of the Market Day immediately following the Record 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 Bylaw 15.3(c)(ii) 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 Bylaw 15.3(c)(iii) above, the Option 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 Option 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 = as G above;

C = as C above;

H = as H above;

H* = as H* above;

I = as I above;

I* = as I* above;

J = the aggregate number of Shares to be issued to its 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 = as T above.

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

- (f) If and whenever the Company makes an allotment to its shareholders as provided in Bylaw 15.3(b) above and also makes an offer or invitation to acquire or subscribe for Shares to its shareholders as provided in Bylaw 15.3(c)(ii) above, together with rights to acquire or subscribe for securities convertible into or with rights to acquire or subscribe for Shares as provided in Bylaw 15.3(c)(iii) above, and the Record Date for the purpose of allotment is also the Record Date for the purpose of the offer or invitation, the Option 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 Option 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 = as G above;
 C = as C above;
 H = as H above;
 H* = as H* above;
 I = as I above;
 I* = as I* above;
 J = as J above;
 T = as T above;
 K = as K above; and
 B = as B above.

Such adjustment will be effective (if appropriate retroactively) from the commencement of the Market Day immediately following the Record 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 Bylaws 15.3(c)(ii), (c)(iii), (d), (e) or (f) above), the Company shall issue either any Share 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 Shares (as defined below) is less than ninety percentum (90%) of the Average Price for one (1) Share (as defined below) or, as the case may be, the price at which the Shares will be issued upon conversion of such securities or exercise of such rights is determined, the Option Price shall be adjusted by multiplying it by the following fraction:-

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

where:-

- L = the number of Shares in issue at the close of business on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;
 M = the number of Shares which the Total Effective Consideration (as defined below) would have purchased at the Average Price (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 adjustment of such rights) of Shares issuable upon full conversion of such securities or the exercise in full of such rights.

For the purpose of Bylaws 15.3(g), (“**Total Effective Consideration**”) shall be determined by the Board with the concurrence of the external 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 of partly convertible in 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 the 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 Shares issued as aforesaid or, in the case of securities convertible into Shares or securities with rights to acquire or subscribe for Shares, by the maximum number of Shares issuable on full conversion of such securities or on exercise in full of such rights.

For the purpose of Bylaw 15.3(g), (“Average Price”) of a Share shall be the average price of one (1) Share as derived from the last dealt prices for one or more board lots of Shares as quoted on the Bursa Securities on the Market Days comprised in the period used as a basis upon which the issue price of such Shares is determined.

Such adjustment will be calculated (if appropriate retroactively) from the close of business on the 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 offering 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.

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

- (a) An issue of new Shares pursuant to the exercise of Options under the Scheme; or
- (b) An issue of new Shares arising from the conversion of securities with a right of conversion into new Shares; or
- (c) An issue of securities as consideration for an acquisition; or
- (d) An issue of securities pursuant to a private placement; or
- (e) An issue of securities pursuant to a special issue approved by the relevant governmental authorities; or
- (f) A restricted issue of securities; or

- (g) A purchase by the Company of its own Shares and cancellation of all or a portion of such Shares purchased pursuant to Section 67A of the Act. In this event, the following provisions shall apply:-
- (i) If the number of Option granted by the Company as at the date of cancellation of Shares so purchased is greater than five percentum (5%) of the issued and paid-up share capital of the Company at any point in time during the duration of the Scheme after such cancellation, the ESOS Committee shall not make any further Offers; and
 - (ii) If the number of Options granted by the Company as at the date of cancellation of Shares so purchased is less than five percentum (5%) of the issued and paid-up capital of the Company at any point in time during the duration of the Scheme after such cancellation, the ESOS Committee may make further Offers only until the total number of Options granted by the Company equivalent to five percentum (5%) of the issued and paid-up share capital of the Company at any point in time during the duration of the Scheme after such cancellation.
- 15.5 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Part VII of the Act, Bylaw 15.1 shall be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which Bylaw 15.1 is applicable, but Bylaw 15.1 shall not be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which Bylaw 14.1 is not applicable as described in Bylaw 15.4.
- 15.6 An adjustment pursuant to Bylaw 15.1 shall be made at the following times:-
- (a) In the case of a capitalisation issue, rights issue or bonus issue, on the Market Day immediately following the Record Date for such issue;
 - (b) In the case of a consolidation or subdivision of Shares or capital reduction, on the Market Day immediately following the date on which the consolidation or subdivision or capital reduction becomes effective (being the date when the Shares are traded on the Bursa Securities at the new per value), or such period as may be prescribe by the Bursa Securities; or
 - (c) Such other Market Day as deemed appropriate by the ESOS Committee.
- Upon any adjustment being made, the ESOS Committee shall give notice in writing within thirty (30) days from the date of adjustment to the Grantee or his Representative where the Grantee is deceased, to inform him of the adjustment and the event giving rise thereto.
- 15.7 All adjustments (other than on a bonus issue) must be confirmed in writing by an external auditor of the Company, acting as an expert and not as an arbitrator to be in his opinion fair and reasonable. In addition, the Company shall, at the request of any Grantee, furnish such Grantee with a certificate from an external auditor confirming the adjustments (other than on a bonus issue) to be made either generally or as regards to such Grantee, such certification shall be final and binding on all parties.

16. TAKE-OVERS AND MERGERS, SCHEMES OF ARRANGEMENT, AMALGAMATIONS AND RECONSTRUCTIONS

In the event of an offer being made for the Shares under the Securities Commission Act, 1993 ("SC Act"), Malaysian Code on Take-Overs and Mergers, 1998 and such offer being declared unconditional, the following provisions shall apply:-

- (a) A Grantee shall be entitled to exercise all or any of the Options held by him as at the date of such offer being declared unconditional, within a period of six (6) months after such date and in accordance with the provisions of Bylaw 9. In the event that the Grantee elects not to so exercise some or all of the Options held by him, the unexercised Options shall be automatically terminated on the expiry of the said period of six (6) months.
- (b) If during the said period of six (6) months, the offeror becomes entitled or bound to exercise rights of compulsory acquisition in respect of the Shares under the provisions of the SC Act and gives notice to the Grantee that he intends to exercise such rights on a specific date ("Specified Date"), the Grantee shall be entitled to exercise all or any of the Options held by him until the expiry of the said period of six (6) months or the Market Day immediately preceding the Specified Date, whichever is the earlier, and in accordance with the provisions of Bylaw 9. In the event that the Grantee elects not to so exercise some or all of the Options held by him, the unexercised Options shall be automatically terminated on the expiry of the said period of six (6) months or on the Market Day immediately preceding the Specified Date, whichever is the earlier.
- (c) Notwithstanding the provision of Bylaw 9 and subject to the discretion of the ESOS Committee, in the event of the court sanctioning a compromise or arrangement in connection with a scheme of arrangement and reconstruction of the Company resulting in its amalgamation or merger with any company of companies pursuant to Part VII of the Act, 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 on which it becomes effective PROVIDED ALWAYS THAT no Option shall be exercised after the expiry of the Option Period. Upon the compromise or arrangement becoming effective, all unexercised Options shall automatically lapse and shall become null and void and of no further force and effect.

17. DIVESTMENT FROM GROUP

17.1 In the event that a company within the Group shall be divested from the Group, a Grantee who is employed by such company:-

- (a) Shall be entitled to continue to hold and to exercise all the Options held by him on the date of completion of such divestment, within a period of six (6) months from the date of completion of such divestment or the Option Period, whichever expires first, and in accordance with the provisions of Bylaw 9. In the event that the Grantee does not exercise some or all of such Options, the unexercised Options shall be automatically terminated upon the expiry of the relevant period; and
- (b) Shall no longer be eligible to participate for further Options under the Scheme as from the date of completion of such divestment.

- 17.2 For the purposes of Bylaw 17.1, a company shall be deemed to be divested from the Group in the event that the effective interest of the Company in such company is reduced from above 50% to 50% or below so that such company would no longer be a subsidiary of the Company pursuant to Section 5 of the Act.

18. WINDING UP

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

19. DURATION OF THE SCHEME

- 19.1 The Scheme is conditional upon:-

- (a) The approval by Bursa Securities, including the approval-in-principle (as the case may be) for the listing of the new Shares to be issued under the Scheme;
- (b) The approval by the shareholders of the Company in a general meeting;
- (c) The approvals by any other relevant authorities whose approvals are necessary in respect of the Scheme; and
- (d) Fulfilment of all conditions attached to any of the abovementioned approvals, if any;

and shall take effect from the date the adviser submits to Bursa Securities the final copy of the Bylaws of the Scheme and the letter of confirmation of full compliance required to be issued by the adviser of the Company to Bursa Securities in accordance with the Listing Requirements stating the effective date of implementation together with a certified true copy of the relevant resolution passed by the shareholders of the Company in general meeting ("Effective Date"). The Scheme shall be in force for a duration of five (5) years from the Effective Date subject to any extension for a further period of up to five (5) years at the discretion of the Board upon the recommendation of the ESOS Committee.

- 19.2 Offers can only be made during and not after the duration of the Scheme.

- 19.3 The Company may terminate the Scheme at any time provided the following approvals/consents are obtained:-

- (a) Approvals from Bursa Securities for the circular to the shareholders in relation to the termination of the Scheme;
- (b) Approvals of its shareholders at a general meeting, wherein at least a majority of the shareholders present should vote in favour of the termination; and
- (c) Written consent of all Option holders who have yet to exercise their Options, either in part or in whole.

- 19.4 In seeking the approval of Bursa Securities and the consent of shareholders and Option holders for the termination of the Scheme, the Company must provide the following information:-

- (a) Reasons for termination;
 - (b) Whether the termination of the Scheme would be in the best interest of the Company; and
 - (c) Any other information that would justify termination of the Scheme.
- 19.5 In the event all approval/consent for the termination of the Scheme were obtained and the Scheme was terminated, the following provisions shall apply:-
- (a) No further Offers shall be made by the ESOS Committee from the date of such resolution; .
 - (b) All Offers which have yet to be accepted shall automatically lapse on the date of resolution; and
 - (c) All outstanding Options shall be automatically terminated on the date of such resolution.
- 19.6 In the event of liquidation of the Company, all unexercised or partially exercised Options shall lapse.
- 20. ADMINISTRATION**
- 20.1 The Scheme shall be administered by the ESOS Committee. The ESOS Committee shall, subject to these Bylaws, administer the Scheme and regulate the ESOS Committee's own proceedings in such manner as it shall think fit.
- 20.2 Without limiting the generality of Bylaw 20.1, the ESOS Committee may, for the purpose of administering the Scheme, do all acts and things, execute all documents and delegate any of its powers and duties relating to the Scheme as it may in its discretion consider to be necessary or desirable for giving effect to the Scheme including the powers to:-
- (a) Subject to the provisions of the Scheme, construe and interpret the Scheme and Options granted under it, to define therein and to establish, amend and revoke rules and regulations relating to the Scheme and its administration. The ESOS Committee in the exercise of this power may correct any defect, supply any omission, or reconcile any inconsistency in the Scheme or in any agreement providing for an Option in a manner and to the extent it shall deem necessary to expedite and make the Scheme fully effective; and
 - (b) Determine all questions of policy and expediency that may arise in the administration of the Scheme and generally exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interests of the Company.
- 20.3 The ESOS Committee shall comprise persons from the Board and/or senior management of the Company.
- 20.4 The Board shall have power at any time and from time to time to rescind the appointment of any person appointed to the ESOS Committee as it shall deem fit.

21. AMENDMENT AND/OR MODIFICATION TO THE SCHEME

- 21.1 Subject to Bylaws 20.2 and 21.2, the ESOS Committee may at any time and from time to time recommends to the Board any addition or amendment to or deletion of these Bylaws as it shall in its discretion think fit and the Board shall have the power by resolution to add to, amend or delete all or any of these Bylaws upon such recommendation. Any subsequent modifications or changes to the Bylaws do not need the prior approval of the Bursa Securities and/or any other relevant authorities. However, a letter of compliance together with the Bylaws are required to be submitted to Bursa Securities not later than five (5) Market Days after the amendments to the Bylaws, each time an amendment and/or modification is made, stating that the amendment and/or modification complied with the Listing Requirements and the Rules of the Bursa Depository.
- 21.2 The approval of the shareholders of the Company in general meeting shall not be required in respect of additions or amendments to or deletions of these Bylaws provided that no addition, amendment or deletion shall be made to these Bylaws which would:-
- (a) Prejudice any rights which have accrued to any Grantee without his prior consent; or
 - (b) Increase the number of new Shares available under the Scheme beyond the maximum imposed by Bylaw 3.1; or
 - (c) Alter any matter which is required to be contained in the Bylaws by virtue of Appendix 6E of the Listing Requirements to the advantage of the Eligible Persons without the prior approval of the shareholders of the Company unless allowed otherwise by the provisions of the Listing Requirements.

The ESOS Committee shall within ten (10) Market Days of any modification and/or amendment made pursuant to this Bylaws notify the Grantee in writing of any modification and/or amendment made pursuant to this Bylaws.

22. INSPECTION OF ACCOUNTS

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

23. SCHEME NOT A TERM OF EMPLOYMENT

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

24. NO COMPENSATION FOR TERMINATION

No Eligible Person shall be entitled to any compensation for damages arising from the termination of any Option pursuant to the provisions of these Bylaws. Notwithstanding the provision of any of these Bylaws herein contained:

- (a) this Scheme shall not form part of any contract of employment between the Company or any company of the Group and any Eligible Person of any company of the Group. The rights of any Eligible Person under the terms of his office and/or employment with any company of the Group shall not be affected by his participation in the Scheme, nor shall such participation or the Offer or consideration for the Offer accord such Eligible Person any additional rights to compensation or damages in consequence of the termination of such office or employment for any reason;
- (b) this Scheme shall not confer on any person any legal or equitable right or other rights under any other theory of law (other than those constituting the Option themselves) against the Company or any company of the Group, directly or indirectly, or give rise to any course of action in law or in equity or under any other theory of law against any company of the Group;
- (c) no Grantee or his representatives shall bring any claim, action or proceeding against any company of the Group, the ESOS Committee or any other party for compensation, loss or damages whatsoever and howsoever arising from the suspension and/or revocation of his rights to exercise his Options and/or his Options ceasing to be valid pursuant to the provisions of these Bylaws; and
- (d) the ESOS Committee or any other party shall in no event be liable to the Grantee or representative or any other person or entity for any third party claim, loss of profits, loss of opportunity, loss of savings or any punitive, incidental or consequential damage, including without limitation on loss profits or savings, directly or indirectly arising from the breach or performance of these Bylaws or any loss suffered by reason of any change in the price of the Shares or from any other cause whatsoever whether known or unknown, contingent, absolute or otherwise, whether based in contract, tort, equity, indemnity, breach of warranty or otherwise and whether pursuant to common law, statute, equity or otherwise, even if any company of the Group, the ESOS Committee or any other party has been advised of the possibility of such damage and even if the limited remedy provided for is found to fail for the essential purpose.

25. DISPUTES

In case any dispute or difference shall arise between the ESOS Committee and an Eligible Person or Grantee, as the case may be, 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 reason thereof) given to the Eligible Person or Grantee, as the case may be. The said decision shall be final and binding on the parties unless the Eligible Person or Grantee, as the case may be, within fourteen (14) calendar days of the receipt thereof by written notice to the ESOS Committee, disputes the same in which case such dispute or difference shall be referred to the decision of the Board, whose decision shall be final and binding in all respects. Under no circumstances shall a dispute or difference be brought to a Court of law.

26. COSTS AND EXPENSES

Unless otherwise stipulated by the Company in the Offers, all fees, costs and expenses incurred in relation to the Scheme including but not limited to the fees, costs and expenses relating to the allotment and issue of new Shares pursuant to the exercise of Options, shall be borne by the Company.

27. SUBSEQUENT EMPLOYEE SHARE OPTION SCHEME

The Company may establish a new employees' share option scheme after the expiry date of this Scheme or the termination of the Scheme, as the case may be, in accordance with Bylaw 19. The new employees' share option scheme is subject to the approvals of the Bursa Securities and/or any other relevant authorities and the approval of the shareholders of the Company in a general meeting. The Eligible Persons who have been granted Options under this Scheme may be allowed to participate in the new employees' share option scheme.

28. ARTICLES

In the event of a conflict between any of the provisions of these Bylaws and the Articles, the Articles shall prevail.

29. TAXES

Each Grantee shall be solely responsible for any income or other taxes which may be levied on him/her arising out of or as a result of the exercise of his/her Options.

30. NOTICE

- 30.1 Any notice under the Scheme required to be given to or served upon the ESOS Committee by an Eligible Person or Grantee or any correspondence to be made between an Eligible Person or Grantee to the ESOS Committee shall be given electronically or made in writing and sent to the registered office of the Company or such other office which the ESOS Committee may have stipulate for a particular purpose by hand (with acknowledgment of receipt) or registered letter.
- 30.2 Unless otherwise provided in these Bylaws, any notice which under the Scheme is required to be given to or served upon an Eligible Person or Grantee or any correspondence to be made with an Eligible Person or Grantee shall be deemed to be sufficiently given, served or made if it is given, served or made by hand, facsimile, electronic mail or registered letter addressed to the Eligible Person or Grantee at the place of employment or at the last facsimile number, electronic mail address or address known to the Company as being his facsimile number or electronic mail address or address. Any notice served by hand, facsimile, electronic mail or post as aforesaid shall be deemed to have been received at the time when such notice if by hand is received and duly acknowledged, if by facsimile or electronic mail is transmitted with a confirmed log print-out or record for the transmission indicating the date, time and transmission of all pages and if by registered letter would in the ordinary course of post be delivered.
- 30.3 Notwithstanding Bylaw 30.2, where any notice is required to be given by the Company or the ESOS Committee under these Bylaws in relation to matters which may affect all the Eligible Persons or Grantees, as the case may be, the Company or ESOS Committee may give notice through an announcement to all employees of the Group to be made in such manner deemed appropriate by the ESOS Committee. Upon the making of such an announcement, the notice to be made under Bylaw 30.2 or 30.3 shall be deemed to be sufficiently given, served or made to all affected Eligible Person or Grantees, as the case may be.

31. SEVERABILITY

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

32. GOVERNING LAW AND JURISDICTION

These Bylaws shall be governed by and construed in accordance with the laws of Malaysia and subject to the non-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 Bylaws.

33. LISTING AND QUOTATION OF THE NEW SHARES

- 33.1 The Company and the ESOS Committee shall not under any circumstances be held liable or responsible for any costs, losses or damages whatsoever and howsoever relating to the delay on the part of the Company in allotting or issuing the new Shares or in procuring the consent of Bursa Securities to list the Shares for which the Grantee is entitled to subscribe.
- 33.2 The new Shares to be allotted and issued (where applicable) to the Grantee will not be listed or quoted on Bursa Securities until the Option is exercised in accordance with the provisions of Bylaw 9 whereupon the Company shall, make the necessary application to the Bursa Securities for the listing of and quotation for such shares and use its best endeavours to obtain permission for the dealing therein.

34. SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC

Notwithstanding Bylaw 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 proposed for the purposes of, or in connection with, a scheme of arrangement and reconstruction of the Company under Section 176 of the Act or its amalgamation with any other company or companies under Section 178 of the Act, a Grantee may be entitled to exercise all or part of his Option which remains unexercised, at any time commencing from the date upon which the compromise or arrangement is sanctioned by the court and ending on the date upon which it becomes effective, provided always that no Option shall be exercised after the expiry of the Option Period. All Options, to the extent unexercised after the expiry of the period stipulated above, shall automatically lapse and shall become null and void.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF TAMBUN INDAH AS AT 31 DECEMBER 2010 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON



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REPORTING ACCOUNTANT'S LETTER ON PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Prepared for inclusion in the Submission to Bursa Malaysia Securities Berhad)

Date: 19 March 2012

The Board of Directors
TAMBUN INDAH LAND BERHAD
12-01, Penthouse Wisma Pantai
Kampung Gajah
12200 Butterworth
Penang

Dear Sirs

TAMBUN INDAH LAND BERHAD
REPORTING ACCOUNTANTS' LETTER ON PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

We have reviewed the proforma consolidated statements of financial position of Tambun Indah Land Berhad ("Tambun Indah") as at 31 December 2010 together with the accompanying notes thereto, for which the Directors of Tambun Indah are solely responsible as set out in the accompanying statement (which we have stamped for the purpose of identification) prepared for illustrative purpose only for inclusion in the Circular to the Shareholders of Tambun Indah in relation to the following:-

- (i) Proposed renounceable rights issue of 88,400,000 new ordinary shares of RM0.50 each in Tambun Indah ("Rights Share(s)") together with 44,200,000 new free detachable warrants ("Warrant(s)") on the basis of two (2) Rights Shares and one (1) free Warrant for every five (5) existing ordinary shares of RM0.50 each in Tambun Indah ("Tambun Indah Share(s)" or "Share(s)") held on an entitlement date to be determined later ("Entitlement Date"); and
- (ii) Proposed establishment of an employees' share option scheme ("ESOS") of up to five per centum (5%) of the issued and paid-up share capital (excluding treasury shares) of Tambun Indah for eligible persons of Tambun Indah and its subsidiaries.

The above shall be collectively referred to hereinafter as "the Proposals".

The Board of Directors of Tambun Indah ("Board") is solely responsible for the preparation of the proforma consolidated statements of financial position as at 31 December 2010 together with the notes and assumptions thereto, which have been prepared for illustrative purposes only and based on the audited consolidated statements of financial position of Tambun Indah as at 31 December 2010 prepared in accordance with applicable approved Financial Reporting Standards in Malaysia issued by the Malaysian Accounting Standards Board. Our responsibility is to form an opinion on the proforma consolidated statements of financial position and to report our opinion to you based on our work.



As the proforma consolidated statements of financial position of Tambun Indah have been prepared for illustrative purposes only, such information, because of its nature, may not reflect Tambun Indah's actual financial position. Further, such information does not predict the Tambun Indah Group's future financial position.

Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information presented with their original form, discussing the proforma consolidated statements of financial position with the Directors and the responsible officers of Tambun Indah, considering the evidence supporting the adjustments, and checking the bases adopted by the Directors of Tambun Indah in the preparation of the proforma consolidated statements of financial position of Tambun Indah as at 31 December 2010.

In our opinion:

- (a) the proforma consolidated statements of financial position of the Tambun Indah as at 31 December 2010, which are prepared for illustrative purposes only, have been properly prepared on the bases set out in the notes to the proforma consolidated statements of financial position and prepared in accordance with applicable approved Financial Reporting Standards in Malaysia; and
- (b) within the context of the assumed date of the Proposals:
 - (i) the proforma consolidated statements of financial position have been prepared in such basis that is consistent with the format of financial statements and accounting policies adopted by Tambun Indah as at 31 December 2010; and
 - (ii) each material adjustment made in the preparation of the proforma consolidated statements of financial position are appropriate for the purposes of preparing the proforma consolidated statements of financial position.

This letter has been prepared solely for the purpose stated above, in connection with the Proposals. As such, this report is not to be reproduced, referred to in any other document, or used for any other purpose without our prior written consent.

Yours faithfully,

BDO
AF: 0206
Chartered Accountants

**TAMBUN INDAH LAND BERHAD ("TAMBUN INDAH")
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2010**

ASSETS	Note	Audited as at 31 December 2010 RM'000	Proforma I After incorporating effects of listing of Tambun Indah on 18 January 2011 RM'000	Proforma II After Proforma I and Proposed Rights Issue Warrants RM'000	Proforma III After Proforma II and assuming full exercise of Warrants RM'000	Proforma IV After Proforma III and Proposed ESOS Options RM'000	Proforma V After Proforma IV and assuming full exercise of ESOS Options RM'000
Non-current assets							
Property, plant and equipment	808	808	808	808	808	808	808
Land held for property development		52,328	52,328	52,328	52,328	52,328	52,328
Investment properties		8,925	8,925	8,925	8,925	8,925	8,925
Goodwill on consolidation		431	431	431	431	431	431
Total non-current assets		62,492	62,492	62,492	62,492	62,492	62,492
Current assets							
Property development costs		64,840	64,840	64,840	64,840	64,840	64,840
Receivables, deposits and prepayments		58,451	58,451	58,451	58,451	58,451	58,451
Tax recoverable		2,255	2,255	2,255	2,255	2,255	2,255
Fixed deposits pledged to a licensed Bank		11,675	11,675	11,675	11,675	11,675	11,675
Cash and bank balances	4	15,515	28,215	71,215	98,177	98,177	107,901
Total current assets		152,736	165,436	208,436	235,398	235,398	245,122
Total assets		215,228	227,928	270,928	297,890	297,890	307,614

Stamped for
the purpose of
identification only.

19. MAR 2012

BDO (AF 0206)
Chartered Accountants
Penang

**TAMBUN INDAH LAND BERHAD ("TAMBUN INDAH")
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2010**

	Audited as at 31 December 2010	Proforma I After incorporating effects of listing of Tambun Indah on 18 January 2011	Proforma II After Proforma I and Proposed Rights Issue with Warrants	Proforma III After Proforma II and assuming full exercise of Warrants	Proforma IV After Proforma III and Proposed ESOS Options	Proforma V After Proforma IV and assuming full exercise of ESOS Options
EQUITY AND LIABILITIES	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Equity attributable to owners of the parent						
Share capital	94,500	110,500 ^(a)	154,700 ^(e)	176,800 ^(h)	176,800	185,640 ^(l)
Share premium	0	6,400 ^(b)	6,400	13,914 ^{(i)(j)}	13,914	16,212 ^{(m)(n)}
Warrants reserve	0	0	2,652 ^(f)	0	0	0
Share options reserve	0	0	0	0	1,414 ^(k)	0
Retained earnings	25,218	22,618 ^(c)	18,766 ^{(f)(g)}	18,766	17,352 ^(k)	17,352
	119,718	139,518	182,518	209,480	209,480	219,204
Non-controlling interests	13,977	13,977	13,977	13,977	13,977	13,977
Total equity	133,695	153,495	196,495	223,457	223,457	233,181



**TAMBUN INDAH LAND BERHAD (“TAMBUN INDAH”)
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2010**

	Audited as at 31 December 2010	Proforma I After incorporating effects of listing of Tambun Indah on 18 January 2011	Proforma II After Proforma I and proposed Rights Issue with Warrants	Proforma III After Proforma II and assuming full exercise of Warrants	Proforma IV After Proforma III and proposed ESOS Options	Proforma V After Proforma IV and assuming full exercise of ESOS Options
Current liabilities	Note	RM'000	RM'000	RM'000	RM'000	RM'000
Payables		55,230	55,230	55,230	55,230	55,230
Loan and borrowings	10	18,404	15,969	15,969	15,969	15,969
Tax payable		2,104	2,104	2,104	2,104	2,104
Total current liabilities		75,738	73,303	73,303	73,303	73,303
Non-current liabilities						
Loan and borrowings	10	4,665	0	0	0	0
Deferred taxation		1,130	1,130	1,130	1,130	1,130
Total non-current liabilities		5,795	1,130	1,130	1,130	1,130
Total liabilities		81,533	74,433	74,433	74,433	74,433
Total equity and liabilities		215,228	227,928	297,890	297,890	307,614

Stamped for
the purpose of
identification only.

19. MAR 2012

BDO (AF0206)
Chartered Accountants
Penang

**TAMBUN INDAH LAND BERHAD (“TAMBUN INDAH”)
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2010**

	Audited as at 31 December 2010	Proforma I After incorporating effects of listing of Tambun Indah on 18 January 2011	Proforma II After Proforma I and proposed Rights Issue with Warrants	Proforma III After Proforma II and assuming full exercise of Warrants	Proforma IV After Proforma III and proposed ESOS Options	Proforma V After Proforma IV and assuming full exercise of ESOS Options
Number of ordinary shares ('000)	189,000	221,000	309,400	353,600	353,600	371,280
Net Asset per ordinary share (RM)	0.63	0.63	0.59	0.59	0.59	0.59
EPS (sen) ^(a)	13.35	11.42	8.15	7.13	7.13	6.79
Gearing ratio (times)	0.19	0.11	0.09	0.08	0.08	0.07



**TAMBUN INDAH LAND BERHAD ("TAMBUN INDAH")
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2010**

Notes:

- (a) Incorporating public issue of 32,000,000 new ordinary Tambun Indah Shares of RM0.50;
- (b) After public issue of 32,000,000 Tambun Indah Shares at an issue price of RM0.70;
- (c) After deducting listing expenses relating to the initial public offering of Tambun Indah of RM2,600,000;
- (d) Due to the repayment of bank borrowings of RM7,100,000 from the listing proceed. As at 16 March 2012, being the latest practicable date ("LPD") the total borrowings of Tambun Indah Group amounts to approximately RM76,226,000;
- (e) After completion of right issue of 88,400,000 Tambun Indah Shares based on an indicative issue price of RM0.50 per Right Share;
- (f) After issuance of 44,200,000 free Warrants based on the fair value of RM0.06 per Warrant;
- (g) Net of estimated expenses in relation to the Proposals of approximately RM1,200,000;
- (h) After assuming full exercise of 44,200,000 Warrants into Tambun Indah Shares of RM0.50;
- (i) Assuming an indicative exercise price of RM0.61 per Warrant being the theoretical ex-rights price ("TERP") of Tambun Indah Shares based on five (5)-day volume weighted average market price ("VWAMP") up to 16 March 2012;
- (j) The transfer of the warrant reserve to share premium account of RM2,652,000 upon full exercise of 44,200,000 Warrants;
- (k) After assuming full granting of ESOS Options of 17,680,000 Tambun Indah Shares of RM0.50 at the fair value of RM0.08 per Options;
- (l) After assuming full exercise of ESOS Options of 17,680,000 Tambun Indah Shares of RM0.50;
- (m) Assuming an indicative exercise price of RM0.55 per Option being a discount of 10% to the theoretical ex-rights price of Tambun Indah Shares of RM0.61 based on five (5)-day volume weighted average market price up to 16 March 2012;

19 MAR 2012

BDO (AF 0206)
Chartered Accountants
Penang

TAMBUN INDAH LAND BERHAD ("TAMBUN INDAH")
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

Notes: (Continued)

⁽ⁿ⁾ The transfer of the share options reserve to share premium account of RM1,414,000 pursuant to the full exercise of 17,680,000 ESOS Options; and

^(o) EPS = Profit after tax for the financial year ended 31 December 2010
Total number of shares



TAMBUN INDAH LAND BERHAD ("TAMBUN INDAH")
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

1. Proposals

The Proposals undertaken by Tambun Indah are as follows:

- i. Proposed renounceable rights issue of 88,400,000 Rights Shares together with 44,200,000 new Warrants on the basis of two (2) Rights Shares and one (1) free Warrant for every five (5) Tambun Indah Shares held on an Entitlement Date; and
- ii. Proposed establishment of an ESOS of up to five per centum (5%) of the issued and paid-up share capital (excluding treasury shares) of Tambun Indah for eligible persons of Tambun Indah and its subsidiaries.

The above are collectively referred to as "the Proposals".

2. Basis of preparation

The proforma consolidated statements of financial position of Tambun Indah have been prepared for illustrative purposes only to provide information about the consolidated statement of financial position of Tambun Indah as at 31 December 2010 as if the Proposals stated in Note 1 above had been implemented and completed as of that date.

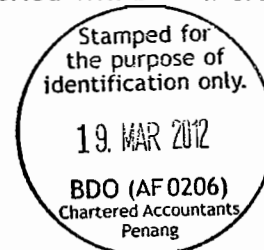
The proforma consolidated statements of financial position of Tambun Indah, for which the Board of Directors ("Board") is solely responsible, have been prepared using financial statements that have been prepared in accordance with applicable approved Financial Reporting Standards in Malaysia.

The audited consolidated statements of financial position as at 31 December 2010 has been extracted from the audited consolidated financial statements of Tambun Indah for the financial year ended 31 December 2010, of which the statutory auditors expressed an unqualified opinion.

The proforma consolidated statements of financial position of Tambun Indah has been prepared in a manner consistent with both the format of the financial statements and the accounting policies of Tambun Indah as disclosed in Tambun Indah's audited consolidated financial statements for the financial year ended 31 December 2010, except for the adoption of the following new accounting policies:

Warrants reserve

Amount allocated in relation to the issuance of free Warrants are credited to a warrant reserve which is non-distributable. Warrant reserve is transferred to the share premium account upon the exercise of warrants and the warrant reserve in relation to the unexercised warrants at the expiry of the warrants period will be transferred to retained earnings.



TAMBUN INDAH LAND BERHAD ("TAMBUN INDAH")
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

2. Basis of preparation (Continued)

Share option reserve

Amount granted in relation to the ESOS Options are credited to a share option reserve which is non-distributable. Share option reserve is transferred to the share premium account upon the exercise of options and the share option reserve in relation to the unexercised options at the expiry of the options period will be transferred to retained earnings.

Tambun Indah will apply the new additional accounting policies prospectively and therefore there will not have any financial impact on the audited consolidated statement of financial position as at 31 December 2010.

3. Proforma Consolidated Statements of Financial Position

Proforma I

Proforma I incorporates the effects of listing of Tambun Indah on 18 January 2011. Tambun Indah will undertake a public issue of 32,000,000 new ordinary shares of RM0.50 each at an issue price of RM0.70 per ordinary share. The details of the proposed utilisation of proceeds raised are set out as follow:-

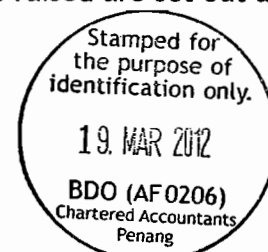
	RM'000
Working capital*	12,700
Repayment of bank borrowings	7,100
Estimated listing expenses	2,600
Total proceeds	<u>22,400</u>

Notes:

* Included in cash and bank balances

Proforma II

Proforma II incorporates the effects of Proforma I and Proposed Rights Issue with Warrants, which involves a renounceable right issue of 88,400,000 new ordinary shares of RM0.50 each in Tambun Indah ("Right Shares") together with 44,200,000 Warrants at an issue price of RM0.50 per Right Shares on the basis of two (2) Rights Shares and one (1) free Warrant for every five (5) existing ordinary shares of RM0.50 each in Tambun Indah ("Tambun Indah Share(s)" or "Share(s)"). Based on the issue price of the Right Shares and assuming all Right Shares with Warrants subscribe in full, the Proposed Right Issue with Warrants will raise gross proceeds of up to approximately RM44,200,000. The details of the proposed utilization of proceeds raised are set out as follows:-



**TAMBUN INDAH LAND BERHAD (“TAMBUN INDAH”)
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER
2010**

Proforma II (continued)

	RM'000
Working capital*	43,000
Estimated expenses pursuant to the Proposals	1,200
Total	<u>44,200</u>

Notes:

* Included in cash and bank balances

The estimated expenses to be incurred for the Proposals amounted to RM1,200,000 and have been charged to retained earnings.

The fair value of RM0.06 per Warrant is determined using the Black Scholes pricing model based on the following key assumptions:

Interest rate	3.00%
Expected volatility of TILB's share price	25.19%

For the purpose of illustrating Proforma II, the Rights Shares and Warrants are recorded at the par value of RM0.50 per Rights Share and the fair value of RM0.06 per Warrant respectively.

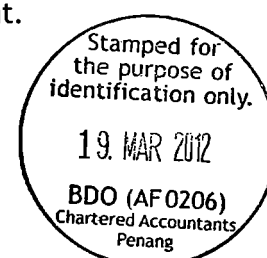
Upon completion of the Proposed Rights Issue, the issued and paid-up share capital of Tambun Indah will be increased to RM154,700,000. Correspondingly, there will be a creation of a warrants reserve of RM2,652,000 based on the fair value of RM0.06 per Warrant.

As the issue price of the Right Shares with free warrants is at their par value and according to FRSIC Consensus 9, there is a value attached to the free warrant. Hence, the difference is affected via equity movement and to capitalized retained earnings to share capital in the equity statement.

Proforma III

Proforma III incorporates the effects of Proforma II and the full exercise of 44,200,000 Warrants, based on an exercise price of RM0.61 per Warrant being the theoretical ex-rights price of Tambun Indah Shares based on five (5)-day volume weighted average market price up to 16 March 2012.

Pursuant to the full exercise of 44,200,000 Warrants, 44,200,000 new TILB Shares will be issued and this will increase the issued and paid-up share capital and share premium account by RM22,100,000 and RM4,862,000 respectively. The warrant reserve of RM2,652,000 will be transferred to share premium account.



TAMBUN INDAH LAND BERHAD ("TAMBUN INDAH")
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

Proforma IV

Proforma IV incorporates the effects of Proforma III and taking into consideration the fair value of ESOS Options and FRS-2 accounting treatment of all the 17,680,000 ESOS Options.

The fair value of RM0.08 per ESOS option is determined using the Binomial model based on the following key assumptions:

Interest rate	3.00%
Expected volatility of TILB's share price	25.19%

For the purpose of illustrating Proforma IV, ESOS Options are recorded at the fair value of RM0.08 per Options by assuming that the number of ESOS Options granted under the Proposed ESOS of up to 5% of the issued and paid-up share capital of the Company after the full exercise of the Warrants.

Proforma V

Proforma V incorporates the effects of Proforma IV and the full exercise of the 17,680,000 ESOS Options granted based on an indicative exercise price of RM0.55 per ESOS Options being a discount of 10% to the theoretical ex-rights price of Tambun Indah Shares based on five (5)-day volume weighted average market price up to 16 March 2012.

Pursuant to the full exercise of the 17,680,000 ESOS Options, 17,680,000 new Tambun Indah Shares will be issued and this will increase the issued and paid-up share capital and share premium account by RM8,840,000 and RM884,000 respectively. The share options reserve of RM1,414,000 will be transferred to share premium account.



TAMBUN INDAH LAND BERHAD ("TAMBUN INDAH")
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

4. Cash and Bank Balances

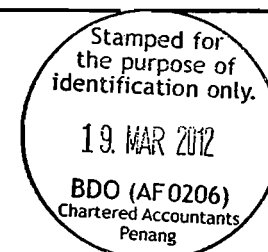
The movements in the cash and bank balances are as follows:

	RM'000
As at 31 December 2010	15,515
Arising from the public issue of listing of Tambun Indah on 18 January 2011	22,400
Estimated expenses relating to listing expenses	(2,600)
Repayment of borrowings	(7,100)
As per Proforma I	<u>28,215</u>
Arising from the Proposed Rights Issue with Warrants	44,200
Estimated expenses in relation to the Proposals	(1,200)
As per Proforma II	<u>71,215</u>
Arising upon full exercise of the Warrants	<u>26,962</u>
As per Proforma III and IV	98,177
Arising upon full exercise of the ESOS Options	<u>9,724</u>
As per Proforma V	<u><u>107,901</u></u>

5. Share Capital

The movements in the share capital are as follows:

	No of ordinary shares of RM0.50 each	
	Unit'000	RM'000
As at 31 December 2010	189,000	94,500
Issued pursuant to the listing of Tambun Indah on 18 January 2011	32,000	16,000
As per Proforma I	<u>221,000</u>	<u>110,500</u>
To be issued pursuant to the Proposed Rights Issue With Warrants	88,400	44,200
As per Proforma II	<u>309,400</u>	<u>154,700</u>
To be issued upon full exercise of the Warrants	44,200	22,100
As per Proforma III and IV	<u>353,600</u>	<u>176,800</u>
To be issued upon full exercise of the ESOS options	17,680	8,840
As per Proforma V	<u>371,280</u>	<u>185,640</u>



TAMBUN INDAH LAND BERHAD ("TAMBUN INDAH")
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER
2010

6. Share Premium

The movements in the share premium are as follows:

	RM'000
As at 31 December 2010	0
Arising from the public issue of listing of Tambun Indah on 18 January 2011	6,400
As per Proforma I	<u>6,400</u>
Arising from the Proposed Rights Issue with Warrants	0
As per Proforma II	<u>6,400</u>
Arising upon exercise of the Warrants	4,862
Transfer from warrants reserve upon exercise of the Warrants	2,652
As per Proforma III and IV	<u>13,914</u>
Arising upon exercise of the ESOS Options	884
Transfer from share option reserve upon exercise of the ESOS Options	1,414
As per Proforma V	<u>16,212</u>

7. Warrants reserve

The movements in the warrant reserve are as follows:

	RM'000
As at 31 December 2010/ As per Proforma I	0
Arising from the Proposed Right issue with Warrants	2,652
As per Proforma II	<u>2,652</u>
Transfer to share premium account upon exercise of the Warrants	<u>(2,652)</u>
As per Proforma III, IV and V	<u>0</u>



TAMBUN INDAH LAND BERHAD ("TAMBUN INDAH")
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

8. Share options reserve

The movements in the share option reserve are as follows:

	RM'000
As at 31 December 2010/ As per Proforma I,II and III	0
Arising from granting of ESOS Options	1,414
As per Proforma IV	<u>1,414</u>
Transfer to share premium account upon exercise of the ESOS Options	<u>(1,414)</u>
As per Proforma V	<u>0</u>

9. Retained earnings

The movements in the retained earnings are as follows:

	RM'000
As at 31 December 2010	25,218
Arising from the estimated listing expenses for the public issue of listing of Tambun Indah on 18 January 2011	(2,600)
As per Proforma I	<u>22,618</u>
Arising from the Proposed Rights Issue with Warrants	(2,652)
Arising from the estimated expenses to be incurred for the Proposals	(1,200)
As per Proforma II and III	<u>18,766</u>
Arising from granting of ESOS Options	(1,414)
As per Proforma IV and V	<u>17,352</u>



TAMBUN INDAH LAND BERHAD ("TAMBUN INDAH")
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

10. Loan and Borrowings

The movements in the loan and borrowings are as follows:

	Current Liabilities RM'000	Non-Current Liabilities RM'000	Total RM'000
As at 31 December 2010	18,404	4,665	23,069
Repayment of borrowings	(2,435)	(4,665)	(7,100)
As per Proforma I, II, III, IV and V	<u>15,969</u>	<u>0</u>	<u>15,969</u>

APPROVAL BY BOARD OF DIRECTORS

Approved and adopted by the Board of Directors in accordance with a resolution dated 19 March 2012.



 Teh Kiak Seng
 Director
 Tambun Indah Land Berhad



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 having made all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which, would make any statement in this Circular false or misleading.

2. Consents

MIDF Investment, being the Principal Adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion in the Circular of its name and all references thereto in the form and context in which it appears in this Circular.

Messrs. BDO, the Reporting Accountants for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion in the Circular of its name, letters and all references thereto in the form and context in which it appears in this Circular.

3. Declaration on Conflict of Interest

MIDF Investment is not aware of any circumstances that exists or is likely to exist to give rise to a possible conflict of interest situation in its capacity as the Principal Adviser to Tambun Indah for the Proposals.

Messrs. BDO is not aware of any circumstances that exists or is likely to exist to give rise to a possible conflict of interest situation in its capacity as the Reporting Accountants to Tambun Indah for the Proposals.

4. Material Contracts

Save as disclosed below, neither Tambun Indah nor its subsidiaries has entered into any other material contract (not being contracts entered into in the ordinary course of business of the Company or its subsidiaries) during the two (2) years immediately preceding the date of this Circular:

- (i) On 29 December 2011, the Company's subsidiary, TKS Land Sdn Bhd has entered into a share sale and purchase agreement and shareholders agreement both with Ooi Boon Ewe, Ooi Boon Hwa and Ooi Bee Eng in relation to the purchase of 200,000 ordinary shares in Ascention Sdn Bhd by TKS Land Sdn Bhd for a total cash consideration of RM200,000;
- (ii) On 29 August 2011, the Company has entered into a share sale and purchase agreement with Siram Permai Sdn Bhd and Tah-Wah Sdn Bhd for the acquisition of 250,000 ordinary shares in Premcourt for a cash consideration of RM5,500,000;
- (iii) The Company's subsidiary, Palmington Sdn Bhd has entered into five (5) sale and purchase agreements, all dated 4 May 2011 together with a supplemental agreement relating thereto dated 19 September 2011 with Pembangunan Bandar Mutiara Sdn Bhd for the purchase of Parcel R1, R2, R3, C and Amenities Lands (more particularly defined therein), all within the locality of Simpang Ampat, Mukim 15, Province Wellesley South, Penang for a cash consideration of RM233,223,021. The parties have also entered into a shareholders agreement dated 4 May 2011 to regulate their relationship in Palmington Sdn Bhd;
- (iv) On 16 February 2011, the Company has entered into a share sale and purchase agreement with Siram Permai Sdn Bhd, Amal Pintas Sdn Bhd, Sound Vantage Sdn Bhd, Alpha Master (M) Sdn Bhd and Teh Eng Bew for the acquisition of 500,000 ordinary shares in Pridaman Sdn Bhd for a cash consideration of RM4,650,000;

APPENDIX III

- (v) On 16 February 2011, the Company has entered into a share sale and purchase agreement with Siram Permai Sdn Bhd and Siti Shikha Binti Zakaria for the acquisition of 45,000 ordinary shares in Ikhtiar Bitara Sdn Bhd for a cash consideration of RM1,460,000;
- (vi) On 3 December 2010, the Company's subsidiary, Hong Hong Development Sdn Bhd has entered into a sale and purchase agreement with Goh Ah Bah @ Goh Kim Liang and Lim Ah Poo for the acquisition of a parcel of land known as Lot No. 968, 527 & 528, Mukim 14, Seberang Perai Utara, Penang held under Geran Mukim No. GM 2, 407 & 3 for a total cash consideration of RM7,512,972;
- (vii) On 15 November 2010, the Company has entered into an underwriting agreement with MIMB Investment Bank Berhad for the underwriting of the following:
 - (a) 11,050,000 ordinary shares of RM0.50 each for the subscription of the Malaysian public to be underwritten for an underwriting commission of 2.5% of the initial public offering price of RM0.70 per share; and
 - (b) 11,050,000 ordinary shares of RM0.50 each to be underwritten under the pink form allocation for an underwriting commission of 0.5% of the initial public offering price of RM0.70 per share;
- (viii) On 30 August 2010, the Company's subsidiary, Premcourt has entered into a joint venture agreement with Lin Ghee Seah – Goh Hian Tai Teh (Registration No. 305 (Penang)) for the development of Lot 420, Section 1, Bandar Jelutong, Daerah Timur Laut, Penang held under Geran 17696;
- (ix) On 22 July 2010, the Company's subsidiary, Ascention Sdn Bhd has entered into a sale and purchase agreement with Heng Fook Yat and Yong Sow Kin for the purchase of GM959, Lot 1467 and GM618, Lot 1226, both of Mukim 14, Daerah Seberang Perai Tengah, Penang for a cash consideration of RM2,750,000;
- (x) On 11 June 2010 The Company's subsidiary, Pridaman Sdn Bhd has entered into a Sale and Purchase Agreement with Tan Kheng Hong (vendor) for the purchase of Lot 699, Mukim 13, Daerah Seberang Perai Tengah, Pulau Pinang held under GM100 for a cash consideration of RM8,697,721;
- (xi) On 22 May 2010, the Company's subsidiary, Palmington Sdn Bhd has entered into three (3) sale and purchase agreements with Lee Cha Boh @ Lee Ah Han, Ong Chin Seng as executor of the estate of Ong Yew Gee @ Ong Yew Lee and Ong Seng Swee @ Ong Ah Bah for the purchase of Geran 43670, Lot No. 1471, Mukim 15, Daerah Seberang Perai Selatan, Penang for a total cash consideration of RM5,441,763;
- (xii) On 15 May 2010, in connection with the listing of the Company on the Main Market of Bursa Securities, the Company has entered into the following:
 - (a) conditional share sale and purchase agreement with Siram Permai Sdn Bhd and Tah-Wah Sdn Bhd for the acquisition of the entire issued and paid-up share capital of Cenderaman Development Sdn Bhd comprising 4,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM3,991,350 satisfied by the issuance of 7,982,700 new shares in the Company at an issue price of RM0.50 per share;
 - (b) conditional share sale and purchase agreement with Siram Permai Sdn Bhd, Amal Pintas Sdn Bhd and NLE Electrical Engineering Sdn Bhd for the acquisition of the entire issued and paid-up share capital of Denmas Sdn Bhd comprising 1,800,000 ordinary shares of RM1.00 each for a purchase consideration of RM1,789,024 satisfied by the issuance of 3,578,048 new shares in the Company at an issue price of RM0.50 per share;

APPENDIX III

- (c) conditional share sale and purchase agreement with Siram Permai Sdn Bhd, Tah-Wah Sdn Bhd, Amal Pintas Sdn Bhd, Sound Vantage Sdn Bhd and Teh Eng Bew for the acquisition of the entire issued and paid-up share capital of Denmas Development Sdn Bhd comprising 5,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM4,994,056 satisfied by the issuance of 9,988,112 new shares in the Company at an issue price of RM0.50 per share;
- (d) conditional share sale and purchase agreement with Siram Permai Sdn Bhd, Amal Pintas Sdn Bhd, Sound Vantage Sdn Bhd and Teh Eng Bew for the acquisition of the entire issued and paid-up share capital of Epiland Properties Sdn Bhd comprising 250,100 ordinary shares of RM1.00 each for a purchase consideration of RM504,292 satisfied by the issuance of 1,008,584 new shares in the Company at an issue price of RM0.50 per share;
- (e) conditional share sale and purchase agreement with Poh Chean Hung and Ng Lai Lai for the acquisition of the entire issued and paid-up share capital of Langstone Sdn Bhd comprising 2,783,380 ordinary shares of RM1.00 each for a purchase consideration of RM8,386,323 satisfied by the issuance of 16,772,646 new shares in the Company at an issue price of RM0.50 per share;
- (f) conditional share sale and purchase agreement with Siram Permai Sdn Bhd, Tah-Wah Sdn Bhd and Viewpoint Style Sdn Bhd for the acquisition of the entire issued and paid-up share capital of Hong Hong Development Sdn Bhd comprising 1,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM5,950,384 satisfied by the issuance of 11,900,768 new shares in the Company at an issue price of RM0.50 per share;
- (g) conditional share sale and purchase agreement with Siram Permai Sdn Bhd, Tah-Wah Sdn Bhd and Sound Vantage Sdn Bhd for the acquisition of the entire issued and paid-up share capital of Intanasia Development Sdn Bhd comprising 1,550,000 ordinary shares of RM1.00 each for a purchase consideration of RM4,222,661 satisfied by the issuance of 8,445,322 new shares in the Company at an issue price of RM0.50 per share;
- (h) conditional share sale and purchase agreement with Siram Permai Sdn Bhd and Tah-Wah Sdn Bhd for the acquisition of the entire issued and paid-up share capital of Jasniah Sdn Bhd comprising 5,770,000 ordinary shares of RM1.00 each for a purchase consideration of RM8,499,242 satisfied by the issuance of 16,998,484 new shares in the Company at an issue price of RM0.50 per share;
- (i) conditional share sale and purchase agreement with Siram Permai Sdn Bhd, Amal Pintas Sdn Bhd, Sound Vantage Sdn Bhd, Teh Eng Bew and Lai Fook Hoy for the acquisition of the entire issued and paid-up share capital of Juru Heights Sdn Bhd comprising 1,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM11,726,244 satisfied by the issuance of 23,452,488 new shares in the Company at an issue price of RM0.50 per share;
- (j) conditional share sale and purchase agreement with Siram Permai Sdn Bhd, Amal Pintas Sdn Bhd, Sound Vantage Sdn Bhd, Alpha Master (M) Sdn Bhd, Mahcesy Sdn Bhd and Teh Eng Bew for the acquisition of the entire issued and paid-up share capital of Perquest Sdn Bhd comprising 1,250,000 ordinary shares of RM1.00 each for a purchase consideration of RM10,395,297 satisfied by the issuance of 20,790,594 new shares in the Company at an issue price of RM0.50 per share;
- (k) conditional share sale and purchase agreement with Siram Permai Sdn Bhd, Amal Pintas Sdn Bhd, Sound Vantage Sdn Bhd, Alpha Master (M) Sdn Bhd, Mahcesy Sdn Bhd and Teh Eng Bew for the acquisition of the entire issued and paid-up share capital of Tambun Indah Sdn Bhd comprising 1,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM1,447,283 satisfied by the issuance of 2,894,566 new shares in the Company at an issue price of RM0.50 per share;

APPENDIX III

- (l) conditional share sale and purchase agreement with Siram Permai Sdn Bhd, Amal Pintas Sdn Bhd, Sound Vantage Sdn Bhd, Honour Symbol Sdn Bhd, Lai Fook Hoy and Teh Eng Bew for the acquisition of the entire issued and paid-up share capital of Tokoh Edaran Sdn Bhd comprising 1,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM3,595,522 satisfied by the issuance of 7,191,044 new shares in the Company at an issue price of RM0.50 per share;
- (m) conditional share sale and purchase agreement with Siram Permai Sdn Bhd for the acquisition of the entire issued and paid-up share capital of TKS Land Sdn Bhd comprising 4,800,002 ordinary shares of RM1.00 each for a purchase consideration of RM4,800,002 satisfied by the issuance of 9,600,004 new shares in the Company at an issue price of RM0.50 per share;
- (n) conditional share sale and purchase agreement with Siram Permai Sdn Bhd, Amal Pintas Sdn Bhd and Tah-Wah Sdn Bhd for the acquisition of 70% of the entire issued and paid-up share capital of Tambun Indah Development Sdn Bhd comprising 700,000 ordinary shares of RM1.00 each, 350,000 redeemable preference shares ("RPS") (Series A) and RPS (Series B) for a purchase consideration of RM17,720,331 satisfied by the issuance of 35,440,662 new shares in the Company at an issue price of RM0.50 per share;
- (o) conditional share sale and purchase agreement with Ir. Teh Kiak Seng for the acquisition of 50% of the entire issued and paid-up share capital of Zipac Development Sdn Bhd comprising 250,000 ordinary shares of RM1.00 each and 2,200,000 RPS for a purchase consideration of RM2,477,987 satisfied by the issuance of 4,955,974 new shares in the Company at an issue price of RM0.50 per share; and
- (p) conditional share sale and purchase agreement with Siram Permai Sdn Bhd, Amal Pintas Sdn Bhd, Sound Vantage Sdn Bhd, Tah-Wah Sdn Bhd and Teh Eng Bew for the acquisition of the entire issued and paid-up share capital of TID Development Sdn Bhd comprising 4,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM4,000,000 satisfied by the issuance of 8,000,000 new shares in the Company at an issue price of RM0.50 per share;
- (xiii) On 15 May 2010, the Company's subsidiary, Jasniah Sdn Bhd has entered into a sale and purchase agreement with Yeap Mah Ee @ Yeap Boon Yee, Cheah Chin Hoe, Cheah Chin Hock and Cheah Chin Eng (administrator of the Estate of Cheah Hup Sin) for the acquisition of Geran No. 33337, Lot No. 1032 (new Lot No. 3620), Seksyen 4, Bandar Butterworth, Daerah Seberang Perai Utara, Penang for a total cash consideration of RM3,529,480;
- (xiv) On 10 May 2010, the Company's subsidiary, Tambun Indah Development Sdn Bhd has entered into a sale and purchase agreement with Pembangunan Bandar Mutiara Sdn Bhd for the acquisition of Geran 73117 Lot No. 8750, Geran 44612 Lot No. 114 and GM 356 Lot No. 1067, all of Mukim 15, Daerah Seberang Perai Selatan, Penang (Parcel B) for a total cash consideration of RM40,249,440; and
- (xv) On 10 May 2010, the Company's subsidiary, TKS Land Sdn Bhd has entered into a share sale and purchase agreement and shareholders agreement both with Ooi Boon Ewe, Ooi Boon Hwa and Ooi Bee Eng in relation to the purchase of 200,000 ordinary shares in CBD Land Sdn Bhd for a total cash consideration of RM3,517,209.

5. Material Litigation, Claim and Arbitration

Neither Tambun Indah nor its subsidiaries are engaged in any material litigation, claim and/or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of Tambun Indah Group and the Board is not aware of any proceedings, pending or threatened against Tambun Indah or any of its subsidiaries or of any facts likely to give rise to any proceedings which might materially and adversely affect the position and business of Tambun Indah or any of its subsidiaries during the two (2) years immediately preceding the date of this Circular.

6. Material Commitments and Contingent Liabilities

(i) Material Commitments

Save as disclosed below, as at the LPD, the Board is not aware of any material commitments incurred or known to be incurred by Tambun Indah Group:

Approved and contracted for:	RM'000
Acquisition of lands	169,759
Acquisition of Premcourt	500
Total	170,259

(ii) Contingent Liabilities

Save as disclosed below, as at the LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred by Tambun Indah Group:

Contractual liability in respect of:	RM'000
Corporate guarantee in favour of OCBC Bank (M) Bhd for banking facilities granted to Tambun Indah Development Sdn Bhd	37,450
Corporate guarantee in favour of Malayan Banking Berhad for banking facilities granted to Hong Hong Development Sdn Bhd	5,200
Corporate guarantee in favour of OCBC Bank (M) Bhd for banking facilities granted to Palmington Sdn Bhd	38,790
Corporate guarantee in favour of OCBC Bank (M) Bhd for banking facilities granted to TID Development Sdn Bhd	11,500
Total	92,940

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7. Documents Available for Inspection

Copies of the following documents will be available for inspection at the registered office of Tambun Indah at 51-21-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang, during normal business hours from Mondays to Fridays (except on public holidays) from the date of this Circular up to and including the date of the forthcoming EGM:

- (i) the Memorandum and Articles of Association of Tambun Indah;
- (ii) the audited financial statements of Tambun Indah Group for the past one (1) FYE 31 December 2010;
- (iii) the proforma consolidated statement of comprehensive income of Tambun Indah Group for FYE 31 December 2009 with the Reporting Accountants' letter;
- (iv) the latest unaudited results of Tambun Indah Group for the FYE 31 December 2011;
- (v) the proforma consolidated statements of financial position of the Company as at 31 December 2010 together with the Reporting Accountants' letter;
- (vi) the letters of consent referred to in Section 2 above;
- (vii) the material contracts referred to in Section 4 above;
- (viii) the Undertakings referred to in Section 2.1.5 of this Circular;
- (ix) the draft Deed Poll governing the Warrants to be issued pursuant to the Proposed Rights Issue with Warrants; and
- (x) the draft Bylaws governing the ESOS pursuant to the Proposed ESOS.

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TAMBUN INDAH LAND BERHAD
(Company No. 810446-U)
(Incorporated in Malaysia under the Companies Act, 1965)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Tambun Indah Land Berhad ("Tambun Indah" or "the Company") will be held at Salon V, Level 2, G Hotel, 168A, Persiaran Gurney, 10250 Penang, Malaysia on Friday, 6 April 2012 at 10.00 a.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the following resolutions, with or without modification:

ORDINARY RESOLUTION 1

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF 88,400,000 NEW ORDINARY SHARES OF RM0.50 EACH IN TAMBUN INDAH ("RIGHTS SHARE(S)") TOGETHER WITH 44,200,000 NEW FREE DETACHABLE WARRANTS ("WARRANT(S)") ON THE BASIS OF TWO (2) RIGHTS SHARES AND ONE (1) FREE WARRANT FOR EVERY FIVE (5) EXISTING ORDINARY SHARES OF RM0.50 EACH IN TAMBUN INDAH ("TAMBUN INDAH SHARE(S)" OR "SHARE(S)") HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER ("ENTITLEMENT DATE") ("PROPOSED RIGHTS ISSUE WITH WARRANTS")

"THAT subject to the approvals of the relevant authorities being obtained, approval be and is hereby given to the Board of Directors of the Company ("Board") to provisionally allot and issue by way of renounceable rights issue of 88,400,000 Rights Shares together with 44,200,000 Warrants on the basis of two (2) Rights Shares and one (1) Warrant for every five (5) Tambun Indah Shares at an issue price to be determined and announced by the Board later to the entitled shareholders of the Company whose name appear in the Record of Depositors on the Entitlement Date;

THAT approval be and is hereby given to the Directors of the Company to determine the final issue price of the Rights Share after taking into consideration, amongst others, the theoretical ex-rights price ("TERP") of Tambun Indah Shares based on five (5) days weighted average market prices ("VWAMPs") up to and including the date immediately prior to the price-fixing date for the Rights Shares, the then prevailing market conditions, and in any case shall not be lower than the par value of RM0.50 and determine the exercise price of the Warrants after the receipt of all relevant approvals, after taking into consideration the TERP of Tambun Indah Shares calculated based on the five (5) days VWAMP of Tambun Indah Shares up to and including the date immediately prior to the price-fixing date for the Rights Shares, the then prevailing market conditions, and in any case shall not be lower than the par value of RM0.50;

THAT approval be and is hereby given to the Directors of the Company to issue the Warrants based on the indicative salient terms of the Warrants as set out in Section 2.1.8 of the Circular to Shareholders of the Company dated 21 March 2012 ("Circular") and the terms and conditions of a deed poll to be executed by the Company ("Deed Poll");

THAT approval be and is hereby given to the Directors of the Company to issue and allot such number of Tambun Indah Shares credited as fully paid-up upon the exercise of the Warrants during the exercise period of the Warrants;

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

THAT any Rights Share which is not taken up shall be made available for excess applications in such manner as the Directors of the Company shall determine in a fair and equitable manner;

THAT the Directors of the Company be and are hereby authorised with full power to issue and allot such further Warrants and new Tambun Indah Shares arising from any exercise of such further Warrants by the warrant holders or pursuant to any adjustment in the number of Warrants which may be carried out in accordance with the Deed Poll and/or as may be required by the relevant authorities;

THAT the Rights Shares shall, upon allotment and issue, rank pari passu in all respects with the existing issued and fully paid-up Tambun Indah Shares save and except that the Rights Shares shall not be entitled to any dividends, rights, allotments and/or distribution, the entitlement date of which is prior to the allotment date of the Rights Shares;

THAT the new Tambun Indah Shares to be issued pursuant to the exercise of the Warrants shall, upon allotment and issue, rank pari passu in all respects with the existing issued and fully paid-up Tambun Indah Shares save and except that the new Tambun Indah Shares to be issued pursuant to the exercise of the Warrants shall not be entitled to any dividends, rights, allotments and/or distribution, the entitlement date of which is prior to the allotment date of the new Tambun Indah Shares to be issued pursuant to the exercise of the Warrants;

THAT the proceeds from the Proposed Rights Issue with Warrants will be utilised for such purposes as set out in Section 4 of the Circular and the Board be authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary or expedient, subject to (where applicable) the approval of the relevant authorities;

THAT the Directors of the Company be and are hereby authorised to enter into and execute the Deed Poll constituting the Warrants and to do all acts, deeds and things as they may deem fit and expedient in order to implement, finalise and give effect to the aforesaid Deed Poll and that the Common Seal of the Company be affixed to the Deed Poll in accordance with the Articles of Association of the Company;

AND THAT any Executive Director be and is hereby authorised to do all acts and things as he may consider necessary or expedient in the best interest of the Company with full powers to assent to any conditions, modifications, variations and/or amendments and to take all steps to enter into all such agreements, arrangements, undertakings, indemnities, transfers, assignments and guarantees with any party or parties and to carry out any other matters as may be required to implement, finalise and give full effect to the Proposed Rights Issue with Warrants.”

ORDINARY RESOLUTION 2

PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME (“ESOS”) OF UP TO FIVE PER CENTUM (5%) OF THE ISSUED AND PAID-UP SHARE CAPITAL (EXCLUDING TREASURY SHARES) OF TAMBUN INDAH FOR ELIGIBLE PERSONS OF TAMBUN INDAH AND ITS SUBSIDIARIES (“TAMBUN INDAH GROUP” OR “GROUP”) (“PROPOSED ESOS” OR “SCHEME”)

“THAT subject to the provisions under the Companies Act, 1965 (“Act”) and the approvals of the relevant authorities being obtained, approval be and is hereby given to the Directors of the Company to establish and administer the Proposed ESOS, which involved the granting of ESOS options to all eligible persons of Tambun Indah Group, who fulfils the criteria of eligibility for participation in the Proposed ESOS in accordance with the Bylaws (“Eligible Person(s)”) as set out in Appendix I of the Circular to Shareholders and to adopt and approve the Bylaws which are set out in Appendix I of the Circular;

THAT approval be and is hereby given to the Directors of the Company to allot and issue such number of new Tambun Indah Shares as may be required to be issued pursuant to the exercise of the options under the Proposed ESOS by the Eligible Person(s), provided that the aggregate number of Tambun Indah Shares to be allotted and issued shall not exceed five per centum (5%) of the issued and paid-up capital (excluding treasury shares) of the Company at any one time throughout the duration of the Proposed ESOS;

THAT the new Tambun Indah Shares to be allotted pursuant to the exercise of the options shall, upon allotment and issue, rank pari passu in all respects with the existing Tambun Indah Shares save and except that the new Tambun Indah Shares shall not be entitled to any dividends, rights, allotments and/or distribution declared, made or paid to shareholders unless the new Tambun Indah Shares so allotted have been credited to the relevant securities accounts of the shareholders maintained by Bursa Malaysia Depository Sdn Bhd in order to participate in any dividends, rights, allotments and/or distributions before the entitlement date and will be subject to all the provisions of the Articles of Association of the Company relating to voting, transfer, transmission and/or otherwise of Tambun Indah Shares;

THAT any Executive Director and/or Secretary of the Company be and is hereby authorised to make the necessary applications and do all things necessary at the appropriate time or times to Bursa Malaysia Securities Berhad ("Bursa Securities") and any other authorities for the listing and quotation of any new Tambun Indah Shares that may hereafter from time to time be issued and allotted pursuant to the Proposed ESOS;

THAT approval be and is hereby given to the Directors of the Company to extend the Proposed ESOS, if the Board of the ESOS Committee administering the Proposed ESOS deem fit, for a further period of up to five (5) years without further obtaining the approvals of the shareholders of the Company in a general meeting and the relevant regulatory authorities and to consent to and to adopt, if the Directors so deem fit and expedient, such conditions, modification and/or variations as may be required or imposed by the relevant authorities in respect of the Proposed ESOS;

THAT the Directors of the Company be and are hereby authorised to deliver and/or cause to be delivered all such documents and to do all acts, deeds and things as they may deem fit and expedient in order to implement, finalise and give effect to the Proposed ESOS;

AND THAT any Executive Director be and is hereby authorised to do all acts and things as he may consider necessary or expedient in the best interest of the Company with full powers to assent to any conditions, modifications, variations and/or amendments and to take all steps to enter into all such agreements, arrangements, undertakings, indemnities, transfers, assignments and guarantees with any party or parties and to carry out any other matters as may be required to implement, finalise and give full effect to the Proposed ESOS."

ORDINARY RESOLUTION 3

PROPOSED GRANT OF OPTIONS TO TSAI YUNG CHUAN

"THAT contingent upon the passing of the Ordinary Resolution 2 above and approvals of all other relevant authorities, where applicable, approval be and is hereby given to the Directors of the Company at any time and from time to time during the duration of the Scheme to offer and grant options of up to a maximum of 500,000 Tambun Indah Shares to Tsai Yung Chuan, the Non-Independent Non-Executive Chairman of the Company to subscribe for such number of new Tambun Indah Shares to be allocated to him under the Proposed ESOS of which, shall not be more than ten per centum (10%) of the new Tambun Indah Shares to be issued under the Proposed ESOS to be allocated to Eligible Person(s) who, either singly or collectively through persons connected with the Eligible Person(s), holds twenty per centum (20%) or more of the issued and paid-up share capital of the Company provided always that it is in accordance with any prevailing guidelines, the Main Market Listing Requirements of Bursa Securities or any other authorities, as amended from time to time and subject always to such terms and conditions and/or adjustments which may be made in accordance with the Bylaws of the Proposed ESOS.

AND THAT approval be and is hereby given to the Directors of the Company to allot and issue such number of new Tambun Indah Shares pursuant to the Proposed ESOS to him from time to time pursuant to the exercise of such options."

ORDINARY RESOLUTION 4

PROPOSED GRANT OF OPTIONS TO IR. TEH KIAK SENG

“THAT contingent upon the passing of the Ordinary Resolution 2 above and approvals of all other relevant authorities, where applicable, approval be and is hereby given to the Directors of the Company at any time and from time to time during the duration of the Scheme to offer and grant options of up to a maximum of 1,500,000 Tambun Indah Shares to Ir Teh Kiak Seng, the Managing Director of the Company to subscribe for such number of new Tambun Indah Shares to be allocated to him under the Proposed ESOS of which, shall not be more than ten per centum (10%) of the new Tambun Indah Shares to be issued under the Proposed ESOS to be allocated to Eligible Person(s) who, either singly or collectively through persons connected with the Eligible Person(s), holds twenty per centum (20%) or more of the issued and paid-up share capital of the Company provided always that it is in accordance with any prevailing guidelines, the Main Market Listing Requirements of Bursa Securities or any other authorities, as amended from time to time and subject always to such terms and conditions and/or adjustments which may be made in accordance with the Bylaws of the Proposed ESOS.

AND THAT approval be and is hereby given to the Directors of the Company to allot and issue such number of new Tambun Indah Shares pursuant to the Proposed ESOS to him from time to time pursuant to the exercise of such options.”

ORDINARY RESOLUTION 5

PROPOSED GRANT OF OPTIONS TO TEH THENG THENG

“THAT contingent upon the passing of the Ordinary Resolution 2 above and approvals of all other relevant authorities, where applicable, approval be and is hereby given to the Directors of the Company at any time and from time to time during the duration of the Scheme to offer and grant options of up to a maximum of 1,000,000 Tambun Indah Shares to Teh Theng Theng, the Executive Director of the Company to subscribe for such number of new Tambun Indah Shares to be allocated to her under the Proposed ESOS of which, shall not be more than ten per centum (10%) of the new Tambun Indah Shares to be issued under the Proposed ESOS to be allocated to Eligible Person(s) who, either singly or collectively through persons connected with the Eligible Person(s), holds twenty per centum (20%) or more of the issued and paid-up share capital of the Company provided always that it is in accordance with any prevailing guidelines, the Main Market Listing Requirements of Bursa Securities or any other authorities, as amended from time to time and subject always to such terms and conditions and/or adjustments which may be made in accordance with the Bylaws of the Proposed ESOS.

AND THAT approval be and is hereby given to the Directors of the Company to allot and issue such number of new Tambun Indah Shares pursuant to the Proposed ESOS to her from time to time pursuant to the exercise of such options.”

ORDINARY RESOLUTION 6

PROPOSED GRANT OF OPTIONS TO THAW YENG CHEONG

“THAT contingent upon the passing of the Ordinary Resolution 2 above and approvals of all other relevant authorities, where applicable, approval be and is hereby given to the Directors of the Company at any time and from time to time during the duration of the Scheme to offer and grant options of up to a maximum of 1,000,000 Tambun Indah Shares to Thaw Yeng Cheong, the Executive Director of the Company to subscribe for such number of new Tambun Indah Shares to be allocated to him under the Proposed ESOS of which, shall not be more than ten per centum (10%) of the new Tambun Indah Shares to be issued under the Proposed ESOS to be allocated to Eligible Person(s) who, either singly or collectively through persons connected with the Eligible Person(s), holds twenty per centum (20%) or more of the issued and paid-up share capital of the Company provided always that it is in accordance with any prevailing guidelines, the Main Market Listing Requirements of Bursa Securities or any other authorities, as amended from time to time and subject always to such terms and conditions and/or adjustments which may be made in accordance with the Bylaws of the Proposed ESOS.

AND THAT approval be and is hereby given to the Directors of the Company to allot and issue such number of new Tambun Indah Shares pursuant to the Proposed ESOS to him from time to time pursuant to the exercise of such options.”

ORDINARY RESOLUTION 7

PROPOSED GRANT OF OPTIONS TO YEOH CHONG KEAT

“THAT contingent upon the passing of the Ordinary Resolution 2 above and approvals of all other relevant authorities, where applicable, approval be and is hereby given to the Directors of the Company at any time and from time to time during the duration of the Scheme to offer and grant options of up to a maximum of 300,000 Tambun Indah Shares to Yeoh Chong Keat, the Independent Non-Executive Director of the Company to subscribe for such number of new Tambun Indah Shares to be allocated to him under the Proposed ESOS of which, shall not be more than ten per centum (10%) of the new Tambun Indah Shares to be issued under the Proposed ESOS to be allocated to Eligible Person(s) who, either singly or collectively through persons connected with the Eligible Person(s), holds twenty per centum (20%) or more of the issued and paid-up share capital of the Company provided always that it is in accordance with any prevailing guidelines, the Main Market Listing Requirements of Bursa Securities or any other authorities, as amended from time to time and subject always to such terms and conditions and/or adjustments which may be made in accordance with the Bylaws of the Proposed ESOS.

AND THAT approval be and is hereby given to the Directors of the Company to allot and issue such number of new Tambun Indah Shares pursuant to the Proposed ESOS to him from time to time pursuant to the exercise of such options.”

ORDINARY RESOLUTION 8

PROPOSED GRANT OF OPTIONS TO DATO' MOHAMAD NADZIM BIN SHAARI

“THAT contingent upon the passing of the Ordinary Resolution 2 above and approvals of all other relevant authorities, where applicable, approval be and is hereby given to the Directors of the Company at any time and from time to time during the duration of the Scheme to offer and grant options of up to a maximum of 300,000 Tambun Indah Shares to Dato' Mohamad Nadzim Bin Shaari, the Independent Non-Executive Director of the Company to subscribe for such number of new Tambun Indah Shares to be allocated to him under the Proposed ESOS of which, shall not be more than ten per centum (10%) of the new Tambun Indah Shares to be issued under the Proposed ESOS to be allocated to Eligible Person(s) who, either singly or collectively through persons connected with the Eligible Person(s), holds twenty per centum (20%) or more of the issued and paid-up share capital of the Company provided always that it is in accordance with any prevailing guidelines, the Main Market Listing Requirements of Bursa Securities or any other authorities, as amended from time to time and subject always to such terms and conditions and/or adjustments which may be made in accordance with the Bylaws of the Proposed ESOS.

AND THAT approval be and is hereby given to the Directors of the Company to allot and issue such number of new Tambun Indah Shares pursuant to the Proposed ESOS to him from time to time pursuant to the exercise of such options.”

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ORDINARY RESOLUTION 9

PROPOSED GRANT OF OPTIONS TO TAUFIQ AHMAD @ AHMAD MUSTAPHA BIN GHAZALI

“THAT contingent upon the passing of the Ordinary Resolution 2 above and approvals of all other relevant authorities, where applicable, approval be and is hereby given to the Directors of the Company at any time and from time to time during the duration of the Scheme to offer and grant options of up to a maximum of 300,000 Tambun Indah Shares to Taufiq Ahmad @ Ahmad Mustapha Bin Ghazali, the Independent Non-Executive Director of the Company to subscribe for such number of new Tambun Indah Shares to be allocated to him under the Proposed ESOS of which, shall not be more than ten per centum (10%) of the new Tambun Indah Shares to be issued under the Proposed ESOS to be allocated to Eligible Person(s) who, either singly or collectively through persons connected with the Eligible Person(s), holds twenty per centum (20%) or more of the issued and paid-up share capital of the Company provided always that it is in accordance with any prevailing guidelines, the Main Market Listing Requirements of Bursa Securities or any other authorities, as amended from time to time and subject always to such terms and conditions and/or adjustments which may be made in accordance with the Bylaws of the Proposed ESOS.

AND THAT approval be and is hereby given to the Directors of the Company to allot and issue such number of new Tambun Indah Shares pursuant to the Proposed ESOS to him from time to time pursuant to the exercise of such options.”

ORDINARY RESOLUTION 10

PROPOSED GRANT OF OPTIONS TO LAI FOOK HOY

“THAT contingent upon the passing of the Ordinary Resolution 2 above and approvals of all other relevant authorities, where applicable, approval be and is hereby given to the Directors of the Company at any time and from time to time during the duration of the Scheme to offer and grant options of up to a maximum of 300,000 Tambun Indah Shares to Lai Fook Hoy, the Independent Non-Executive Director of the Company to subscribe for such number of new Tambun Indah Shares to be allocated to him under the Proposed ESOS of which, shall not be more than ten per centum (10%) of the new Tambun Indah Shares to be issued under the Proposed ESOS to be allocated to Eligible Person(s) who, either singly or collectively through persons connected with the Eligible Person(s), holds twenty per centum (20%) or more of the issued and paid-up share capital of the Company provided always that it is in accordance with any prevailing guidelines, the Main Market Listing Requirements of Bursa Securities or any other authorities, as amended from time to time and subject always to such terms and conditions and/or adjustments which may be made in accordance with the Bylaws of the Proposed ESOS.

AND THAT approval be and is hereby given to the Directors of the Company to allot and issue such number of new Tambun Indah Shares pursuant to the Proposed ESOS to him from time to time pursuant to the exercise of such options.”

BY ORDER OF THE BOARD

LEE PENG LOON (MACS 01258)
P'NG CHIEW KEEM (MAICSA 7026443)
Secretaries

Penang
21 March 2012

Notes:

1. *A proxy may but need not be a member of the Company and the provisions of Section 149(1) (b) of the Companies Act, 1965 shall not apply to the Company.*
2. *A member shall be entitled to appoint a maximum of two (2) proxies to attend and vote at the same meeting.*
3. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.*
4. *Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in each securities account it holds which is credited with the ordinary shares of the Company.*
5. *For a proxy to be valid, the Proxy Form, duly completed must be deposited at the Registered Office of the Company, 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.*
6. *In the case of a corporate member, the Proxy Form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.*



TAMBUN INDAH LAND BERHAD
(Company No. 810446-U)
(Incorporated in Malaysia under the Companies Act, 1965)

PROXY FORM

*I/We.....
(*IC No. / Passport No. / Company No.) of.....
.....
being a *member/members of the abovenamed Company, hereby appoint.....
.....(*IC No. / Passport No.)of
.....
.....or failing whom, the Chairman of the meeting as *my/our proxy to vote
for *me/us on *my/our behalf at the Extraordinary General Meeting of the Company to be held at Salon V,
Level 2, G Hotel, 168A, Persiaran Gurney, 10250 Penang, Malaysia, on Friday, 6 April 2012 at 10.00 a.m. or at
any adjournment thereof.

RESOLUTIONS	FOR	AGAINST
Ordinary Resolution 1 - Proposed Rights Issue with Warrants		
Ordinary Resolution 2 - Proposed ESOS		
Ordinary Resolution 3 - Proposed Grant of Options to Tsai Yung Chuan		
Ordinary Resolution 4 - Proposed Grant of Options to Ir. Teh Kiak Seng		
Ordinary Resolution 5 - Proposed Grant of Options to Teh Theng Theng		
Ordinary Resolution 6 - Proposed Grant of Options to Thaw Yeng Cheong		
Ordinary Resolution 7 - Proposed Grant of Options to Yeoh Chong Keat		
Ordinary Resolution 8 - Proposed Grant of Options to Dato' Mohamad Nadzim Bin Shaari		
Ordinary Resolution 9 - Proposed Grant of Options to Taufiq Ahmad @ Ahmad Mustapha bin Ghazali		
Ordinary Resolution 10 - Proposed Grant of Options to Lai Fook Hoy		

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

Signed this.....day of....., 2012.

No. of shares held

.....
Signature(s)/Common Seal of member(s)

For appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies:		
	No. of shares	%
Proxy 1		
Proxy 2		
		100



Notes:

1. *A proxy may but need not be a member of the Company and the provisions of Section 149(1) (b) of the Companies Act, 1965 shall not apply to the Company.*
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3. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.*
4. *Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in each securities account it holds which is credited with the ordinary shares of the Company.*
5. *For a proxy to be valid, the Proxy Form, duly completed must be deposited at the Registered Office of the Company, 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.*
6. *In the case of a corporate member, the Proxy Form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.*

**strike out whichever is not desired.*

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary
Tambun Indah Land Berhad (810446-U)
51-21-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang

1st fold here