

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

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

Bursa Malaysia Securities Berhad ("**Bursa Securities**") takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.

This Circular has been reviewed by RHB Investment Bank Berhad, being the Principal Adviser of Pappajack Berhad ("**Pappajack**") for the Proposals (as defined herein). The admission of Pappajack to the ACE Market of Bursa Securities was advised and sponsored by Kenanga Investment Bank Berhad.



**PAPPAJACK BERHAD**

(Registration No. 202001042414 (1398735-V))  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE**

- I. **PROPOSED PRIVATE PLACEMENT OF UP TO 100,200,000 NEW ORDINARY SHARES IN PAPPAJACK, REPRESENTING 15% OF THE TOTAL NUMBER OF ISSUED SHARES (EXCLUDING TREASURY SHARES, IF ANY) OF PAPPAJACK; AND**
- II. **PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME ("ESOS") OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES (EXCLUDING TREASURY SHARES, IF ANY) OF PAPPAJACK AT ANY POINT IN TIME DURING THE DURATION OF THE ESOS**

**AND**

**NOTICE OF THE EXTRAORDINARY GENERAL MEETING**

*Principal Adviser and Placement Agent*



**RHB Investment Bank Berhad**

(Registration No. 197401002639 (19663-P))  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting ("**EGM**") of Pappajack ("**Company**") is scheduled to be held at Four Points by Sheraton Puchong, Putera 1 & 2 (Function Room), Level 1, Puchong Financial Centre (PFCC), Jalan Puteri 1/2, Bandar Puteri, 47100 Puchong, Selangor on Wednesday, 14 June 2023 at 3.00 p.m. or after the conclusion or adjournment (as the case may be) of the 2nd Annual General Meeting of Pappajack scheduled to be held on the same day, same venue at 2.00 p.m., whichever is later.

The Notice of the EGM and the Proxy Form are enclosed in this Circular and can be downloaded from our Company's website at <https://pappajack.com.my/investor-relations> or Bursa Securities' website at <https://www.bursamalaysia.com>.

If you wish to appoint a proxy to attend, participate, speak and vote on your behalf at the EGM, you may deposit your Proxy Form at the Registered Office of the Company, Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, not less than 24 hours before the time for holding the EGM.

Last date and time for lodging the Proxy Form	: Tuesday, 13 June 2023 at 3.00 p.m.
Date and time of the EGM	: Wednesday, 14 June 2023 at 3.00 p.m. or after the conclusion or adjournment (as the case may be) of the 2nd Annual General Meeting of Pappajack scheduled to be held on the same day, same venue at 2.00 p.m., whichever is later

This Circular is dated 19 May 2023

---

## DEFINITIONS

---

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

"Act"	: Companies Act, 2016
"Announcement"	: Announcement in relation to the Proposals dated 22 February 2023
"Board"	: Board of Directors of Pappajack
"Bursa Depository"	: Bursa Malaysia Depository Sdn Bhd
"Bursa Securities"	: Bursa Malaysia Securities Berhad
"By-Laws"	: The by-laws governing the Proposed ESOS, the draft of which is set out in Appendix I of this Circular
"Circular"	: This circular dated 19 May 2023 in relation to the Proposals
"Constitution"	: Constitution of Pappajack
"COVID-19"	: Coronavirus disease 2019, an infectious respiratory disease which first broke out in 2019 and has been declared a pandemic affecting many countries globally by the World Health Organisation in 2020. Subsequently in May 2023, the World Health Organisation has declared an end to this global health emergency
"Date of Expiry"	: The date of expiry of the Proposed ESOS
"Date of Offer"	: The date on which an offer is made by the ESOS Committee in writing to the Eligible Persons to participate in the Proposed ESOS
"Directors"	: The directors of Pappajack based on the meaning under Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act, 2007
"Effective Date"	: The date on which the Proposed ESOS is implemented in accordance with the By-Laws
"EGM"	: Extraordinary General Meeting
"Eligible Persons"	: Eligible Directors (including non-executive Directors) and employees of Pappajack Group (excluding dormant subsidiaries, if any) who meet the criteria of eligibility for participation in the Proposed ESOS
"EPS"	: Earnings per Share
"ESOS" or "Scheme"	: Employees' share option scheme
"ESOS Committee"	: The committee appointed and authorised from time to time by the Board, responsible for implementing and administering the Proposed ESOS
"ESOS Options"	: Options to be granted pursuant to the Proposed ESOS, comprising the right of an Eligible Person to subscribe for new Shares at the subscription price
"FYE"	: Financial year ended/ending, as the case may be

---

**DEFINITIONS (CONT'D)**

---

"IMR Report"	:	Independent market research report dated 2 May 2023 prepared by Providence on the outlook of the pawnbroking industry in Malaysia
"IPO"	:	Initial public offering
"KPKT"	:	Kementerian Pembangunan Kerajaan Tempatan ( <i>formerly known as Kementerian Perumahan dan Kerajaan Tempatan</i> )
"Listing Requirements"	:	ACE Market Listing Requirements of Bursa Securities
"LPD"	:	28 April 2023, being the latest practicable date prior to the printing and despatch of this Circular
"Market Day"	:	A day on which the stock market of Bursa Securities is open for trading in securities, which may include a Surprise Holiday
"MFRS2"	:	Malaysian Financial Reporting Standard 2
"NA"	:	Net assets
"Pappajack" or the "Company"	:	Pappajack Berhad
"Pappajack Group" or the "Group"	:	Collectively, Pappajack and its subsidiaries
"Pappajack Shares" or the "Shares"	:	Ordinary shares in Pappajack
"Placee(s)"	:	Independent third party investor(s) to be identified later
"Placement Shares"	:	Up to 100,200,000 new Pappajack Shares to be issued pursuant to the Proposed Private Placement
"Proposals"	:	Collectively, the Proposed Private Placement and the Proposed ESOS
"Proposed ESOS"	:	Proposed establishment of an ESOS of up to 10% of the total number of issued shares (excluding treasury shares, if any) of Pappajack at any point in time during the duration of the ESOS
"Proposed Private Placement"	:	Proposed private placement of up to 100,200,000 Placement Shares, representing 15% of the total number of issued shares (excluding treasury shares, if any) of Pappajack
"Providence" or the "IMR"	:	Providence Strategic Partners Sdn Bhd, being the independent market researcher on the outlook of the pawnbroking industry in Malaysia
"Record of Depositors"	:	A record of securities holders established and maintained by Bursa Depository under the rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act, 1991
"RHB Investment Bank" or the "Principal Adviser"	:	RHB Investment Bank Berhad
"RM" and "sen"	:	Ringgit Malaysia and sen respectively

---

**DEFINITIONS (CONT'D)**

---

"Surprise Holiday" : A day that is declared as a public holiday in the Federal Territory of Kuala Lumpur that has not been gazetted as a public holiday at the beginning of the calendar year

"VWAP" : Volume weighted average share price

References to "our Company" in this Circular are to Pappajack and references to "our Group" are to our Company and our subsidiaries. References to "we", "us", "our" and "ourselves" in this Circular are to our Company and where the context otherwise requires, shall include our subsidiaries. All references to "you" in this Circular are to our shareholders.

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

Any reference in this Circular to the provisions of any statute, rules, regulation or rules of stock exchange shall (where the context admits) be construed as a reference to the provisions of such statute, rules, regulation or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments to the statute, rules, regulation or rules of stock exchange for the time being in force.

Any reference to a time of day and date in this Circular shall be a reference to Malaysian time and date respectively, unless otherwise specified.

Certain amounts and percentage figures included herein have been subject to rounding adjustments. Any discrepancy between the figures shown herein and figures published by our Company, such as in our annual reports or quarterly results, is due to rounding.

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

<b>THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK</b>
--

---

**TABLE OF CONTENTS**

---

	<b>PAGE</b>
<b>EXECUTIVE SUMMARY</b>	v
<b>LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSALS CONTAINING:</b>	
1. INTRODUCTION	1
2. DETAILS OF THE PROPOSALS	2
3. RATIONALE FOR THE PROPOSALS	13
4. INDUSTRY OVERVIEW, OUTLOOK AND PROSPECTS OF PAPPAJACK GROUP	14
5. EFFECTS OF THE PROPOSALS	16
6. HISTORICAL SHARE PRICES	20
7. APPROVALS REQUIRED/OBTAINED FOR THE PROPOSALS	20
8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED	22
9. ESTIMATED TIME FRAME FOR COMPLETION	23
10. CORPORATE EXERCISE ANNOUNCED BUT PENDING COMPLETION	23
11. DIRECTORS' STATEMENT AND RECOMMENDATION	24
12. EGM	24
13. ADDITIONAL INFORMATION	24
<b>APPENDICES</b>	
I. DRAFT BY-LAWS OF THE PROPOSED ESOS	25
II. ADDITIONAL INFORMATION	55
<b>NOTICE OF EGM AND PROXY FORM</b>	

## EXECUTIVE SUMMARY

*This Executive Summary highlights only the salient information of the Proposals in this Circular. You are advised to read and carefully consider the contents of this Circular and the appendices contained herein in its entirety for further details and not to rely solely on this Executive Summary in forming a decision on the Proposals before voting at the forthcoming EGM.*

<b>Salient information</b>	<b>Description</b>	<b>Reference to Circular</b>																		
<b>Summary of the Proposals</b>	<p>Pappajack proposes to undertake the following:</p> <p>(i) proposed private placement of up to 100,200,000 Placement Shares, representing 15% of the total number of issued shares (excluding treasury shares, if any) of Pappajack; and</p> <p>(ii) proposed establishment of an ESOS of up to 10% of the total number of issued shares (excluding treasury shares, if any) of Pappajack at any point in time during the duration of the Proposed ESOS.</p>	Section 2 of this Circular																		
<b>Utilisation of proceeds</b>	<ul style="list-style-type: none"> <li> <p><b><u>Proposed Private Placement</u></b></p> <p>Based on the illustrative issue price of RM0.5630 per Placement Share, Pappajack expects to raise gross proceeds of up to approximately RM56.41 million, which is intended to be utilised in the following manner:</p> <table border="1"> <thead> <tr> <th rowspan="2"><b>Details of utilisation</b></th> <th rowspan="2"><b>Time frame for utilisation</b></th> <th colspan="2"><b>Amount</b></th> </tr> <tr> <th><b>RM'000</b></th> <th><b>%</b></th> </tr> </thead> <tbody> <tr> <td>Working capital requirements, i.e. cash capital for deployment of pawn loans</td> <td>Within 12 months</td> <td>55,814</td> <td>98.94</td> </tr> <tr> <td>Estimated expenses in relation to the Proposals</td> <td>Immediate</td> <td>599</td> <td>1.06</td> </tr> <tr> <td><b>Total</b></td> <td></td> <td><b>56,413</b></td> <td><b>100.00</b></td> </tr> </tbody> </table> </li> <li> <p><b><u>Proposed ESOS</u></b></p> <p>The actual amount of proceeds to be raised from the Proposed ESOS will depend on the number of ESOS Options granted and exercised at the relevant point of time and the subscription price payable upon the exercise of the ESOS Options.</p> <p>The proceeds arising from the exercise of the ESOS Options as and when received within the duration of the Proposed ESOS are expected to be utilised for Pappajack Group's working capital requirements for operational expenses such as rental for its pawnbroking outlets and salaries of its employees at its pawnbroking outlets. The proceeds are expected to be utilised within 12 months from the receipt of such proceeds.</p> </li> </ul>	<b>Details of utilisation</b>	<b>Time frame for utilisation</b>	<b>Amount</b>		<b>RM'000</b>	<b>%</b>	Working capital requirements, i.e. cash capital for deployment of pawn loans	Within 12 months	55,814	98.94	Estimated expenses in relation to the Proposals	Immediate	599	1.06	<b>Total</b>		<b>56,413</b>	<b>100.00</b>	Section 2.1.4 of this Circular
<b>Details of utilisation</b>	<b>Time frame for utilisation</b>			<b>Amount</b>																
		<b>RM'000</b>	<b>%</b>																	
Working capital requirements, i.e. cash capital for deployment of pawn loans	Within 12 months	55,814	98.94																	
Estimated expenses in relation to the Proposals	Immediate	599	1.06																	
<b>Total</b>		<b>56,413</b>	<b>100.00</b>																	

---

**EXECUTIVE SUMMARY (CONT'D)**

---

<b>Salient information</b>	<b>Description</b>	<b>Reference to Circular</b>
<b>Rationale for the Proposals</b>	<ul style="list-style-type: none"><li>• <b><u>Proposed Private Placement</u></b><p>The Proposed Private Placement will enable the Company to raise funds for the purposes as detailed in Section 2.1.4 of this Circular. After due consideration of the various methods of fundraising, the Board is of the view that the Proposed Private Placement is the most appropriate avenue for the Company to raise funds as the Proposed Private Placement will:</p><ul style="list-style-type: none"><li>(i) allow the Company to raise the requisite funds without having to incur additional interest expense or service principal repayments as opposed to bank borrowings. This in turn, allows the Company to preserve its cash flow;</li><li>(ii) allow the Company to raise funds expeditiously and in a cost-effective manner as opposed to other forms of fundraising such as a rights issue; and</li><li>(iii) strengthen the financial position and capital base of the Company and potentially enhance the liquidity of Pappajack Shares.</li></ul></li><li>• <b><u>Proposed ESOS</u></b><p>The implementation of the Proposed ESOS primarily serves to align the interests of the Eligible Persons to the corporate goals of Pappajack Group. The Proposed ESOS will provide the Eligible Persons with an opportunity to have equity participation in Pappajack and help achieve the positive objectives as set out below:</p><ul style="list-style-type: none"><li>(i) to recognise the contribution of the Eligible Persons whose services are valued and considered vital to the operations and continued growth of Pappajack Group;</li><li>(ii) to motivate the Eligible Persons towards improved performance through greater productivity and loyalty;</li><li>(iii) to inculcate a greater sense of belonging and dedication as the Eligible Persons are given the opportunity to participate directly in the equity of Pappajack; and</li><li>(iv) to reward the Eligible Persons by allowing them to participate in the Group's profitability and eventually realise any potential capital gains arising from possible appreciation in the value of Pappajack Shares, upon exercise of the ESOS Options.</li></ul></li></ul>	<p>Section 3.1 of this Circular</p> <p>Section 3.2 of this Circular</p>

---

**EXECUTIVE SUMMARY (CONT'D)**

---

<b>Salient information</b>	<b>Description</b>	<b>Reference to Circular</b>
<b>Rationale for the Proposals (Cont'd)</b>	<p>The Proposed ESOS is also extended to the non-executive Directors of the Company to recognise their contribution in respect of their responsibilities as non-executive Directors of the Company and to enable them to participate in the future growth of the Group.</p>	
<b>Approvals required/ obtained for the Proposals</b>	<p>The Proposals are subject to the following approvals being obtained:</p> <p>(i) Bursa Securities, for the listing and quotation of:</p> <p>(a) up to 100,200,000 Placement Shares to be issued pursuant to the Proposed Private Placement; and</p> <p>(b) such number of new Pappajack Shares, representing up to 10% of the total number of issued Shares (excluding treasury shares, if any) of the Company to be issued arising from the exercise of the ESOS Options during the duration of the Proposed ESOS,</p> <p>on the ACE Market of Bursa Securities, subject to the conditions as set out in Section 7 of this Circular;</p> <p>(ii) the shareholders of Pappajack, for the Proposals at the forthcoming EGM by way of poll; and</p> <p>(iii) any other relevant authorities and/or parties, if required.</p> <p>In addition, the Company will also seek for its shareholders' approval to waive their statutory pre-emptive rights to be offered any new Pappajack Shares ranking equally to the existing issued shares of the Company arising from the issuance of the Placement Shares pursuant to the Proposed Private Placement and new Pappajack Shares to be issued arising from the exercise of the ESOS Options pursuant to the Proposed ESOS under Section 85(1) of the Act and Clause 54 of the Company's Constitution at the forthcoming EGM which will result in a dilution to their shareholding percentage in the Company.</p>	Section 7 of this Circular
<b>Interests of Directors, major shareholders, chief executive and/or persons connected</b>	<ul style="list-style-type: none"><li>• <b><u>Proposed Private Placement</u></b></li></ul> <p>None of the Directors, major shareholders and/or chief executive of Pappajack and/or persons connected with them have any interest, whether direct or indirect, in the Proposed Private Placement.</p>	Section 8.1 of this Circular



---

**EXECUTIVE SUMMARY (CONT'D)**

---

<b>Salient information</b>	<b>Description</b>	<b>Reference to Circular</b>
<b>Interests of Directors, major shareholders, chief executive and/or persons connected (Cont'd)</b>	<ul style="list-style-type: none"><li>• <b><u>Proposed ESOS</u></b><p>All the Directors of Pappajack are eligible to participate in the Proposed ESOS, and are therefore deemed interested to the extent of their respective proposed allocation and proposed allocation to persons connected with them under the Proposed ESOS, if any. Notwithstanding that, all the Directors have deliberated on the Proposed ESOS, and have agreed to present the Proposed ESOS to the shareholders of the Company for their consideration and approval.</p><p>All the Directors have and will continue to abstain from all Board deliberations and voting in respect of their respective proposed allocation, and the proposed allocations of persons connected with them under the Proposed ESOS, if any, at the relevant Board meetings.</p><p>All the Directors and/or major shareholders of Pappajack who are also Eligible Persons, will abstain from voting in respect of their direct and/or indirect shareholdings, if any, at the forthcoming EGM in respect of the ordinary resolutions to be tabled for their respective proposed allocation as well as the proposed allocations to the persons connected with them, if any, under the Proposed ESOS.</p></li></ul>	Section 8.2 of this Circular
<b>Directors' statement and recommendation</b>	<p>The Board having considered all aspects of the Proposals, including but not limited to the rationale and effects of the Proposals, is of the opinion that the Proposals are fair and reasonable and in the best interest of the Company.</p> <p>In view that the Directors are deemed interested in the Proposed ESOS to the extent of their respective proposed allocations and the proposed allocations to the persons connected with them, if any, they will abstain from giving an opinion on their respective proposed allocations and the proposed allocations to the persons connected with them, if any, under the Proposed ESOS to be tabled at the forthcoming EGM.</p> <p>Accordingly, the Board (save for the respective interested Directors who have abstained from forming any opinion and making any recommendations relating to their respective individual proposed allocations as well as allocations to persons connected to them, if any) recommends that you <b>vote in favour</b> of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.</p>	Section 11 of this Circular



**PAPPAJACK BERHAD**  
(Registration No. 202001042414 (1398735-V))  
(Incorporated in Malaysia)

**Registered Office**

Level 5, Tower 8  
Avenue 5, Horizon 2  
Bangsar South City  
59200 Kuala Lumpur

19 May 2023

**Board of Directors**

Chong Chee Fire (*Independent Non-Executive Chairman*)  
Lim Boon Hua (*Managing Director/Chief Executive Officer*)  
Law Book Ching (*Executive Director*)  
Dato' Magaret Ting Thien Hung (*Independent Non-Executive Director*)  
Koo Woon Kan (*Independent Non-Executive Director*)  
Cheong Woon Yaw (*Independent Non-Executive Director*)

**To: Our shareholders**

Dear Sir/Madam,

- (I) PROPOSED PRIVATE PLACEMENT; AND**
- (II) PROPOSED ESOS**

---

**1. INTRODUCTION**

On 22 February 2023, RHB Investment Bank had, on behalf of the Board, announced that the Company proposes to undertake the following:

- (i) proposed private placement of up to 100,200,000 Placement Shares, representing 15% of the total number of issued shares (excluding treasury shares, if any) of Pappajack; and
- (ii) proposed establishment of an ESOS of up to 10% of the total number of issued shares (excluding treasury shares, if any) of Pappajack at any point in time during the duration of the Proposed ESOS.

On 28 April 2023, RHB Investment Bank had, on behalf of the Board, announced that Bursa Securities had vide its letter on even date, approved the listing and quotation of the following:

- (i) up to 100,200,000 Placement Shares to be issued pursuant to the Proposed Private Placement; and

- (ii) such number of new Pappajack Shares, representing up to 10% of the total number of issued shares (excluding treasury shares, if any) of the Company that may be allotted and issued at any point in time pursuant to the exercise of the ESOS Options during the duration of the Proposed ESOS,

on the ACE Market of Bursa Securities, subject to the conditions as set out in Section 7 of this Circular.

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSALS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.**

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

## **2. DETAILS OF THE PROPOSALS**

### **2.1 Proposed Private Placement**

#### **2.1.1 Placement size**

The Proposed Private Placement will entail the issuance of up to 15% of the total number of issued shares (excluding treasury shares, if any) of the Company. As at the LPD, the Company has an issued share capital of RM156,588,547 comprising 668,000,000 Pappajack Shares. For information purposes, as at the LPD, the Company does not hold any treasury shares.

Accordingly, a total of up to 100,200,000 Placement Shares, representing 15% of the total number of issued Shares, may be issued pursuant to the Proposed Private Placement.

#### **2.1.2 Placement arrangement**

The Placement Shares will be placed out to Placee(s) to be identified at a later date. The Placees shall be persons or parties who/which qualify under Schedules 6 and 7 of the Capital Markets and Services Act, 2007.

The Placement Shares are not intended to be placed to the following persons:

- (i) a director, major shareholder or chief executive of the Company or of its holding company ("**Interested Persons**");
- (ii) a person connected with the Interested Persons; and
- (iii) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

The identity of the Placee(s), the number of Placement Shares to be placed out to each of the Placee(s) as well as the issue price for the Placement Shares will be determined and finalised by the Board at a later date.

Subject to, among others, the prevailing market conditions and investors' interest at the point of implementation, the Proposed Private Placement may be implemented in one or more tranches within 6 months from the date of approval from Bursa Securities for the listing and quotation of the Placement Shares on the ACE Market of Bursa Securities, or any extended period as may be approved by Bursa Securities.

The implementation of the placement arrangement in multiple tranches, if any, would provide flexibility to the Company to procure interested investor(s) to subscribe for the Placement Shares within the approved period. In the event the Placement Shares are issued in multiple tranches, the issue price for each tranche of the Placement Shares may be determined separately.

### 2.1.3 Basis and justification for the issue price of the Placement Shares

The issue price of the Placement Shares for each tranche of the Proposed Private Placement will be determined and fixed by the Board and announced later by the Company after receiving the relevant approvals for the Proposed Private Placement.

The issue price of the Placement Shares may be fixed at a discount of not more than 10% to the VWAP of Pappajack Shares for the 5 Market Days immediately preceding the price-fixing date. The Company will ensure payment for the Placement Shares by the Placee(s) is received within 5 Market Days from the price-fixing date of each tranche of the Proposed Private Placement.

For illustrative purposes, the illustrative issue price of the Placement Shares is assumed to be RM0.5630 per Placement Share, which represents a discount of approximately 9.99% to the 5-day VWAP of Pappajack Shares up to and including the LPD of RM0.6255.

### 2.1.4 Utilisation of proceeds

Based on the illustrative issue price of RM0.5630 per Placement Share, the Company is expected to raise gross proceeds of approximately RM56.41 million which are expected to be utilised in the following manner:

Details of utilisation	Time frame for utilisation*	Amount	
		RM'000	%
Working capital requirements, i.e. cash capital for deployment of pawn loans <sup>(1)</sup>	Within 12 months	55,814	98.94
Estimated expenses in relation to the Proposals <sup>(2)</sup>	Immediate	599	1.06
<b>Total</b>		<b>56,413</b>	<b>100.00</b>

**Notes:**

\* Time frame for utilisation shall be from the date of listing of the Placement Shares.

(1) Working capital requirements, i.e. cash capital for deployment of pawn loans

*Pappajack through its subsidiaries, are principally involved in the provision of pawnbroking services. As such, it requires capital in cash for the provision of pawn loans to its customers ("Cash Capital"). To finance this, the Group has been relying on its internally generated funds as well as part of the proceeds raised from its IPO where the Company was listed on the ACE Market of Bursa Securities on 1 April 2022. As at the LPD, the Company has fully utilised the proceeds raised from the IPO based on its intended utilisation as disclosed in the Company's prospectus dated 11 March 2022 ("Prospectus").*

*As at the LPD, the Group has cash and bank balances of approximately RM25.14 million, of which approximately RM19.14 million has been earmarked for the Cash Capital of its existing 30 pawnbroking outlets while the remaining balance of RM6.00 million will be used for the Group's working capital requirements for its operational expenses such as rental for its pawnbroking outlets and salaries of its employees at its pawnbroking outlets. For avoidance of doubt, the Group has sufficient working capital for its operational expenses such as rental for its pawnbroking outlets and salaries of its employees at its pawnbroking outlets.*

As set out in Section 4.3 of this Circular, the Group is experiencing growing traffic at its pawnbroking outlets and an increase in deployment of pawn loans. This is demonstrated by the increase in the Group's trade receivables for the past 3 financial years as set out below:

	-----Audited----->		
	As at 31 December 2020 RM'000	As at 31 December 2021 RM'000	As at 31 December 2022 RM'000
Trade receivables	98,779	99,266	176,038

Thus, in anticipation of further increase in demand for its pawnbroking services, the Company intends to utilise approximately RM55.81 million, representing approximately 98.94% of the gross proceeds to be raised from the Proposed Private Placement for the Group's working capital requirements for the Cash Capital of its existing pawnbroking outlets as well as new pawnbroking outlets that it may open within the next 12 months. The gross proceeds of approximately RM55.81 million will be allocated to the Group's pawnbroking outlets in the following proportions:

Details	Amount RM'000
Existing pawnbroking outlets	45,814
New pawnbroking outlets	10,000
<b>Total</b>	<b>55,814</b>

The Group intends to use approximately RM45.81 million out of the RM55.81 million for the Cash Capital of its existing 30 pawnbroking outlets, with an average of approximately RM1.53 million per outlet to part finance the deployment of more pawn loans to its customers. The Cash Capital will be allocated to the Group's existing 30 pawnbroking outlets as set out below:

No.	Existing pawnbroking outlets	Town/State
(i)	Pajak Gadai Tetap Sejiwa Sdn Bhd	Kuchai Lama, Kuala Lumpur
(ii)	Pajak Gadai Pappajack Sdn Bhd	Klang, Selangor
(iii)	Pajak Gadai Bertuah Sdn Bhd	Puchong Prima, Selangor
(iv)	Pajak Gadai PPJack Sdn Bhd	Puchong Kinrara, Selangor
(v)	Pajak Gadai PPJ Sehati Sdn Bhd	Klang Station, Selangor
(vi)	Pajak Gadai PPJ Sdn Bhd	Pantai Dalam, Kuala Lumpur
(vii)	Pajak Gadai Pappajack Sehati Sdn Bhd	Bayan Lepas, Pulau Pinang
(viii)	Pajak Gadai Consistent Reach Sdn Bhd	Kota Damansara, Selangor
(ix)	Pajak Gadai TSE Sdn Bhd	Shah Alam, Selangor
(x)	Pajak Gadai BT Cleaning Sdn Bhd	Ayer Itam, Pulau Pinang
(xi)	Pajak Gadai TMI Sdn Bhd	Puchong Utama, Selangor
(xii)	Dhoby Ghaut (Kapar) Sdn Bhd	Kapar Klang, Selangor
(xiii)	Dhoby Ghaut Holdings Sdn Bhd	Sungai Way, Selangor
(xiv)	Dhoby Ghaut (M) Sdn Bhd	Butterworth, Pulau Pinang
(xv)	Mashita Holdings Sdn Bhd	Pandan Jaya, Kuala Lumpur
(xvi)	Consistent Reach Holdings Sdn Bhd	Sungai Buloh, Selangor
(xvii)	Pappajack Holdings Berhad	Seremban, Negeri Sembilan
(xviii)	Dhoby Ghaut (Sel) Sdn Bhd	Semenyih, Selangor
(xix)	DGH Sdn Bhd	Tampoi, Johor

<b>No.</b>	<b>Existing pawnbroking outlets</b>	<b>Town/State</b>
(xx)	Pajak Gadai PPJ Sejiwa Sdn Bhd	Ipoh, Perak
(xxi)	PPJ Sejaya Sdn Bhd	Georgetown, Pulau Pinang
(xxii)	PPJ Rezeki Sdn Bhd	Chemor, Perak
(xxiii)	PPJ Sinar Sdn Bhd	Klang Sentral, Selangor
(xxiv)	PPJ Makmur Sdn Bhd	Bukit Mertajam, Pulau Pinang
(xxv)	PPJ Abadi Sdn Bhd	Skudai, Johor
(xxvi)	PPJ Sukses Sdn Bhd (" <b>PPJ Sukses</b> ")	Nibong Tebal, Pulau Pinang
(xxvii)	PPJ Landas Emas Sdn Bhd (" <b>PPJ Landas Emas</b> ")	Puchong Kinrara, Selangor
(xxviii)	PPJ Mandiri Sdn Bhd (" <b>PPJ Mandiri</b> ")	Setapak, Kuala Lumpur
(xxix)	PPJ Berkat Sdn Bhd (" <b>PPJ Berkat</b> ")	Bandar Pusat Jengka, Pahang
(xxx)	PPJ Maju Sdn Bhd (" <b>PPJ Maju</b> ")	Pekan Ampang, Selangor

Any Cash Capital which has been allocated for the respective pawnbroking outlet and are not utilised will be channeled to the other existing pawnbroking outlets of the Group as set out above which requires additional Cash Capital, the breakdown of which is subject to the operating and funding requirements of the respective outlets at the point of utilisation and therefore cannot be determined at this juncture.

In addition, the Group plans to open up to 12 new pawnbroking outlets in Peninsular Malaysia within the next 12 months. As such, the Group has earmarked approximately RM10.00 million out of the RM55.81 million to be used for the Cash Capital of the new pawnbroking outlets that the Group may open in the future. As at the LPD, the Group is in the midst of identifying suitable geographical locations to set up its new pawnbroking outlets and is thus unable to ascertain the location of each new outlet at this juncture. For the avoidance of doubt, the average initial set up costs per outlet of approximately RM0.30 million for these new pawnbroking outlets comprising the cost of renovation will be funded via internally generated funds of the Group.

In the event the Group is unable to identify any suitable location for its new pawnbroking outlets, it will delay the implementation of opening new pawnbroking outlets and the RM10.00 million earmarked for the Cash Capital of the new pawnbroking outlets will be reserved for this purpose.

(2) *Estimated expenses in relation to the Proposals*

The estimated expenses in relation to the Proposals include the following:

	<b>RM'000</b>
Professional fees (i.e. principal adviser, placement agent, solicitors, company secretary and share registrar)	497
Regulatory fees	28
Contingencies and other incidental expenses in relation to the Proposals (i.e. convening of the EGM, printing and advertisement expenses)	74
<b>Total</b>	<b><u>599</u></b>

The actual gross proceeds to be raised from the Proposed Private Placement is dependent on the final issue price and the number of Placement Shares to be issued. In the event the actual gross proceeds to be raised from the Proposed Private Placement is higher than the estimated gross proceeds as set out in the table above, such variance will be adjusted to the Cash Capital for the deployment of pawn loans for the Group's existing pawnbroking outlets.

Conversely, if the gross proceeds to be raised from the Proposed Private Placement is lower than estimated, such proceeds will be allocated in the following priority:

- (i) Cash Capital for the Group's existing pawnbroking outlets;
- (ii) Cash Capital for the Group's new pawnbroking outlets; and
- (iii) estimated expenses in relation to the Proposals.

In such event, the variance will be funded from internally generated funds and/or bank borrowings of the Group in the indicative proportions as set out below:

<b>Source of funds</b>	<b>%</b>
Internally generated funds	50.00
Bank borrowings	50.00
<b>Total</b>	<b><u>100.00</u></b>

Pending utilisation of the proceeds to be raised from the Proposed Private Placement, such proceeds will be placed in interest-bearing deposit(s) with licensed financial institution(s) and/or short-term money market instrument(s). The interest derived from such deposit(s) and/or any gain arising from such short-term money market instrument(s) will be utilised for the Group's future working capital requirements for operational expenses such as rental for its pawnbroking outlets and salaries of its employees at its pawnbroking outlets. The breakdown for each component of the operational expenses are subject to the operating and funding requirements of the Group at the point of utilisation and therefore cannot be determined at this juncture.

## **2.2 Proposed ESOS**

The Proposed ESOS entails the granting of ESOS Options to Eligible Persons to subscribe for new Pappajack Shares at a pre-determined exercise price during the duration of the Scheme in the manner set out in the By-Laws. For the avoidance of doubt, Eligible Persons shall include the non-executive Directors of the Company.

The Proposed ESOS will be administered by the ESOS Committee to be established. The ESOS Committee will have the absolute discretion in administering the Proposed ESOS as it may deem fit, in accordance with the provisions set out in the By-Laws. The decision as to whether or not to stagger the allocation of the ESOS Options over the duration of the Proposed ESOS as well as for the granting of ESOS Options, shall be determined by the ESOS Committee at a later date.

The salient terms of the Proposed ESOS are set out below:

### **2.2.1 Maximum number of new Pappajack Shares available under the Proposed ESOS**

The maximum number of new Pappajack Shares, which may be allotted and issued pursuant to the Proposed ESOS shall not exceed in aggregate 10% of the total number of issued shares (excluding treasury shares, if any) of the Company at any point in time during the duration of the Proposed ESOS.

### 2.2.2 Basis of allotment and maximum allowable allotment

The maximum number of new Pappajack Shares that may be offered to an Eligible Person under the Proposed ESOS shall be determined at the sole and absolute discretion of the ESOS Committee after taking into consideration, among other relevant factors, the Eligible Person's performance, seniority, number of years in service and such other factors that the ESOS Committee may deem relevant in its discretion and shall be subject to the following:

- (i) that the total number of new Pappajack Shares to be issued under the Proposed ESOS shall not exceed the amount stipulated in Section 2.2.1 of this Circular;
- (ii) the allocation to any individual Eligible Person, who either individually or collectively, through persons connected with him/her, holds 20% or more of the total number of issued shares of Pappajack, must not exceed 10% of the total number of new Pappajack Shares to be issued under the Proposed ESOS;
- (iii) the Directors and senior management of Pappajack Group (excluding dormant subsidiaries, if any) do not participate in the deliberation or discussion of their own allocation of ESOS Options as well as allocation to persons connected with them, if any; and
- (iv) not more than 60% of the total number of new Pappajack Shares to be issued under the Proposed ESOS shall be allocated, in aggregate, to the Directors and senior management of the Group (excluding dormant subsidiaries, if any) who are Eligible Persons ("**Maximum Allocation**"). The Maximum Allocation was determined after taking into consideration, the number of Eligible Persons falling within the grading of Directors and senior management of the Group, as well as their position, seniority, length of service, performance and contribution to the Group,

provided always that it is in accordance with any prevailing requirements issued by Bursa Securities, the Listing Requirements or any other relevant authorities as amended from time to time.

In the event that any Eligible Person is a member of the ESOS Committee, such Eligible Person shall not participate in the deliberation or discussion of their own allocation of the ESOS Options or persons connected with them.

The ESOS Committee has the discretion to determine whether the ESOS Options are subject to any vesting period and vesting conditions. Further, the ESOS Committee has the discretion to determine whether the Eligible Person is required to achieve any specific performance target(s), if determined so, before he/she may exercise the ESOS Options granted to him/her, and that any such performance target(s), vesting period and vesting conditions if set, shall be stated in the offer letter to the Eligible Person.

### 2.2.3 Eligibility

Subject to the discretion of the ESOS Committee, only Eligible Persons who meet the following conditions as at Date of Offer shall be eligible to participate in the Proposed ESOS:

- (i) the Eligible Person shall have attained the age of 18 years on the Date of Offer and neither an undischarged bankrupt nor subject to any bankruptcy proceedings;



- (ii) the Eligible Person is employed on a full time basis and is on the payroll of any company within the Group (excluding dormant subsidiary, if any) and his/her employment has been confirmed or such employee is serving in a specific designation under an employment contract for a fixed duration of not less than 1 year;
- (iii) such Eligible Person who is a Director has been appointed as a Director of Pappajack or any company in the Group, which is not dormant; and
- (iv) the Eligible Person has fulfilled any other eligibility criteria and/or falls within such grade/category as may be determined by the ESOS Committee at its sole discretion from time to time,

provided that nothing herein shall invalidate any selection of any Eligible Person which may have been made by the ESOS Committee on or prior to the Effective Date.

A Director, major shareholder or chief executive officer of the Company or holding company of the Company ("**Interested Parties**") or a person connected with any of the Interested Parties is eligible to participate in the Proposed ESOS. The specific allocation of Shares and/or ESOS Options granted by the Company to such Interested Party and/or persons connected with them under the Proposed ESOS must be approved by the shareholders of the Company at a general meeting provided always that such Interested Party and/or persons connected with them shall not have voted on the resolution approving their respective allocation.

The ESOS Committee may, in its absolute discretion, determine any other conditions of eligibility or waive any of the conditions of eligibility as set out above. The eligibility and number of ESOS Options to be offered to an Eligible Person under the Proposed ESOS shall be at the sole and absolute discretion of the ESOS Committee and the decision of the ESOS Committee shall be final and binding.

#### **2.2.4 Duration**

The Proposed ESOS, when implemented, shall be in force for a period of 5 years from the Effective Date or such longer period as may be allowed by the relevant authorities.

On or before the expiry of the above initial 5-year period, the ESOS may be extended by the Board at its absolute discretion upon recommendation of the ESOS Committee, without having to obtain approval from the Company's shareholders, for an additional period of up to 5 years, but will not in aggregate exceed 10 years from the Effective Date. The Company shall make the necessary announcement to Bursa Securities should there be any extension of the tenure of the ESOS on or before the expiry of the initial 5-year period.

#### **2.2.5 Retention period**

The new Pappajack Shares to be allotted and issued arising from the exercise of the ESOS Options may be subjected to such retention period as may be imposed by the ESOS Committee at its discretion. Nevertheless, the grantees are encouraged to hold the Pappajack Shares as an investment rather than for any speculative purposes and/or for the realisation of any immediate gain.

Notwithstanding the above, pursuant to Rule 8.22 of the Listing Requirements, a grantee who is a non-executive Director of the Company or any company in the Group which is not dormant, must not sell, transfer or assign the Pappajack Shares obtained through the exercise of the ESOS Options within 1 year from the Date of Offer or such period as may be prescribed by Bursa Securities.

#### **2.2.6 Basis of determining the subscription price of the ESOS Options**

Subject to any adjustments made under the By-Laws and pursuant to the Listing Requirements, the subscription price shall be based on the 5-day VWAP of Pappajack Shares immediately preceding the Date of Offer, with a discount of not more than 10% or such other percentage of discount as may be permitted by any prevailing guidelines issued by Bursa Securities and/or any other relevant authorities as amended from time to time, as determined by the Board upon recommendation of the ESOS Committee which shall be binding and conclusive.

#### **2.2.7 Alteration of share capital**

Subject to the By-Laws, in the event of any alteration in the capital structure of the Company during the period commencing from the Date of Offer until the Date of Expiry, whether by way of capitalisation issue, rights issue, bonus issue, consolidation or subdivision of shares, capital reduction or any other variation of capital, the Company shall cause such adjustment to be made to:

- (i) the subscription price of the ESOS Options; and/or
- (ii) the number of new Pappajack Shares comprised in the ESOS Options granted to each Eligible Person (excluding the ESOS Options already exercised),

to ensure that the capital outlay to be incurred by the grantee in subscribing for the same proportion of new Pappajack Shares to which the grantee was entitled to prior to the event giving rise to such adjustments (i.e. not taking into account the ESOS Options already exercised) shall remain unaffected.

#### **2.2.8 Modification, variation and/or amendment**

Subject to the By-Laws and compliance with the Listing Requirements, the ESOS Committee may at any time and from time to time recommend to the Board any additions, amendments or modifications to or deletions of the By-Laws as it shall, at its sole discretion, deems fit and the Board shall have the power at any time and from time to time by resolution to add to, amend, modify and/or delete all or any of the terms in the By-Laws upon such recommendation and subject to the Company submitting the amended By-Laws and a letter of compliance to Bursa Securities each time an amendment and/or modification is made, stating that the amendment and/or modification is in compliance with the provisions of the Listing Requirements and the Rules of Bursa Depository.

#### **2.2.9 Termination**

Subject to the compliance with the Listing Requirements, other requirements of Bursa Securities and other relevant authorities, the Proposed ESOS may be terminated by the ESOS Committee at any time before the Date of Expiry provided that the Company makes an announcement immediately to Bursa Securities. The announcement shall include:

- (i) the effective date of termination of the Proposed ESOS;

- (ii) the number of ESOS Options exercised and/or Pappajack Shares vested; and
- (iii) the reasons for termination of the Proposed ESOS.

Notwithstanding anything to the contrary, all unvested and/or unexercised ESOS Options shall lapse on the Date of Expiry.

#### 2.2.10 Proposed specific allocation

Pursuant to Rule 6.07(1) of the Listing Requirements which states that the Company must not issue any shares to its Directors, major shareholders or chief executive or a person connected with them who is an Eligible Person unless its shareholders in a general meeting have approved the specific allotment to be made to them. Accordingly, the Company will seek its shareholders' approval at the forthcoming EGM for the proposed allocation of the ESOS Options to the following persons:

No.	Name	Designation
(i)	Chong Chee Fire	Independent Non-Executive Chairman
(ii)	Lim Boon Hua	Managing Director/Chief Executive Officer
(iii)	Law Book Ching	Executive Director
(iv)	Dato' Magaret Ting Thien Hung	Independent Non-Executive Director
(v)	Koo Woon Kan	Independent Non-Executive Director
(vi)	Cheong Woon Yaw	Independent Non-Executive Director
(vii)	Lim Boon Keong <sup>(1)</sup>	Area Manager
(viii)	Lee Kooi Lan <sup>(2)</sup>	Area Manager

**Notes:**

- (1) *He is the brother of Lim Boon Hua, the Managing Director/Chief Executive Officer of the Company.*
- (2) *She is the spouse of Lim Boon Hua, the Managing Director/Chief Executive Officer of the Company.*

#### 2.2.11 Utilisation of proceeds

The actual amount of proceeds to be raised from the Proposed ESOS will depend on the number of ESOS Options granted and exercised at the relevant point of time and the subscription price payable upon the exercise of the ESOS Options.

The proceeds arising from the exercise of the ESOS Options as and when received within the duration of the Proposed ESOS are expected to be utilised for the Group's working capital requirements for operational expenses such as rental for its pawnbroking outlets and salaries of its employees at its pawnbroking outlets. The proceeds are expected to be utilised within 12 months from the receipt of such proceeds. However, the proceeds to be utilised for each component of the operational expenses are subject to the operating and funding requirements of the Group at the point of utilisation and therefore cannot be determined at this juncture.

### 2.3 Ranking of the Placement Shares, ESOS Options and new Pappajack Shares to be issued arising from the exercise of the ESOS Options

The Placement Shares and new Pappajack Shares to be allotted and issued upon the exercise of the ESOS Options will, upon allotment and issuance, rank equally in all respects with the existing Pappajack Shares, save and except that these new Pappajack Shares will not be entitled to any dividends, rights, allotments and/or any other forms of distribution where the entitlement date precedes the relevant date of allotment and issuance of the new Pappajack Shares.

The ESOS Options shall not carry any right to vote at any general meeting of the Company. The Placement Shares and new Pappajack Shares to be allotted and issued arising from the exercise of the ESOS Options will be subject to the provisions of the Constitution of the Company relating to transfer, transmission or otherwise of Pappajack Shares including the rights of the holder of the Pappajack Shares on the winding up of the Company and the Listing Requirements, if any.

### 2.4 Listing and quotation of the Placement Shares and new Pappajack Shares to be issued arising from the exercise of the ESOS Options

Bursa Securities had, vide its letter dated 28 April 2023, approved the listing and quotation of the Placement Shares and such number of new Pappajack Shares, representing up to 10% of the total number of issued shares (excluding treasury shares, if any) of the Company to be issued arising from the exercise of the ESOS Options during the duration of the Proposed ESOS on the ACE Market of Bursa Securities.

### 2.5 Details of equity fundraising exercises undertaken by the Company for the past 12 months prior to the Announcement

On 1 April 2022, a total of 668,000,000 Pappajack Shares was issued and listed on the ACE Market of Bursa Securities, pursuant to the Company's IPO. As at the LPD, the status of utilisation of the proceeds raised from the IPO is set out below:

Details	Actual proceeds raised RM'000	Actual utilisation RM'000	Unutilised amount RM'000	Estimated time frame for utilisation upon listing <sup>(1)</sup> RM'000
Expansion of pawnbroking outlets <sup>(2)</sup>	19,220	19,220	-	Within 12 months
Cash Capital of existing pawnbroking outlets <sup>(3)</sup>	27,080	27,080	-	Within 12 months
Listing expenses <sup>(4)</sup>	3,800	3,800	-	Immediate
<b>Total</b>	<b>50,100</b>	<b>50,100</b>	<b>-</b>	

**Notes:**

(1) From the date of listing of the Company on the ACE Market of Bursa Securities on 1 April 2022.

(2) Expansion of pawnbroking outlets

The Group had incorporated 5 companies as set out in the following page and had utilised a total amount of RM19.22 million of the proceeds raised from the IPO for the initial set up costs and working capital requirements for these 5 pawnbroking outlets.

The Group had allocated a total of RM16.00 million for the 4 outlets operated by its indirect wholly-owned subsidiaries (namely, PPJ Landas Emas, PPJ Maju, PPJ Mandiri and PPJ Sukses) with RM4.00 million allocated to each of these pawnbroking outlets. The balance amounting to RM3.22 million had been utilised for the outlet operated by a subsidiary which the Group has 80.50% equity interest (namely, PPJ Berkas).

The breakdown of the initial set up cost and working capital for each of the 5 pawnbroking outlets is set out below:

<b>Pawnbroking outlets</b>	<b>Town/State</b>	<b>Initial setup costs RM'000</b>	<b>Working capital RM'000</b>	<b>Total RM'000</b>
PPJ Maju	Pekan Ampang, Selangor	300	3,700	4,000
PPJ Mandiri	Setapak, Kuala Lumpur	300	3,700	4,000
PPJ Landas Emas	Puchong, Selangor	-	4,000	4,000
PPJ Sukses	Nibong Tebal, Pulau Pinang	-	4,000	4,000
PPJ Berkat	Bandar Pusat Jengka, Pahang	-	3,220	3,220
<b>Total</b>		<b>600</b>	<b>18,620</b>	<b>19,220</b>

The initial set up cost for PPJ Maju and PPJ Mandiri pawnbroking outlets was RM300,000 each which included the cost for renovation. No initial set up cost was allocated to the pawnbroking outlets namely, PPJ Landas Emas, PPJ Sukses and PPJ Berkat as the renovation had been completed and the initial set up cost for these outlets were incurred prior to the receipt of the IPO proceeds. The balance amounting to RM18.62 million had been utilised as the working capital for the pawnbroking outlets as tabulated above mainly to finance the deployment of more pawn loans, rental for the outlets as well as salaries for new employees.

The timeframe taken to operationalise the 5 pawnbroking outlets is set out below:

<b>Pawnbroking outlets</b>	<b>Town/State</b>	<b>Completion of renovation/Application to KPKT for final approval</b>	<b>Date of final approval from KPKT</b>	<b>Commencement of operations</b>
PPJ Sukses	Nibong Tebal, Pulau Pinang	3rd quarter 2020	2nd quarter 2021	2nd quarter 2022
PPJ Landas Emas	Puchong, Selangor	1st quarter 2021	3rd quarter 2021	2nd quarter 2022
PPJ Berkat	Bandar Pusat Jengka, Pahang	1st quarter 2021	3rd quarter 2021	2nd quarter 2022
PPJ Maju	Pekan Ampang, Selangor	1st quarter 2022	1st quarter 2022	2nd quarter 2022
PPJ Mandiri	Setapak, Kuala Lumpur	4th quarter 2021	1st quarter 2022	2nd quarter 2022

As disclosed in the Company's Prospectus dated 11 March 2022, the timeline for the completion of renovation, approval of relevant licences, and operation of each pawnbroking outlet was expected to range from approximately 6 to 9 months from the application of final approval for the pawnbroking licence from the KPKT as illustrated above, i.e. from the application to KPKT for final approval to the commencement of operations. However, it took longer than 9 months for certain outlets to commence operations due to the various movement control orders implemented by the Malaysian Government due to the COVID-19 pandemic.

(3) Cash Capital of existing pawnbroking outlets

The proceeds raised from the IPO earmarked for Cash Capital of RM27.08 million had been allocated to the Group's 20 existing pawnbroking outlets which were identified as pawnbroking outlets with higher growth rate, in the following proportion:

<b>No.</b>	<b>Existing 20 pawnbroking outlets</b>	<b>Town/State</b>	<b>Amount RM'000</b>
(i)	DG Kapar	Klang, Selangor	1,500
(ii)	DGH	Johor Bahru, Johor	2,000
(iii)	DGM	Butterworth, Pulau Pinang	1,000
(iv)	DG (Sel)	Semenyih, Selangor	1,000
(v)	PG PPJ Sejiwa	Ipoh, Perak	1,000
(vi)	Pappajack Holdings	Seremban, Negeri Sembilan	1,080
(vii)	PG BT Cleaning	Ayer Itam, Pulau Pinang	1,000
(viii)	PG Consistent Reach	Petaling Jaya, Selangor	1,000
(ix)	PG Mashita	Pandan Jaya, Kuala Lumpur	1,500
(x)	PG Pappajack Sehati	Bayan Lepas, Pulau Pinang	1,000
(xi)	PG PPJ Sehati	Klang, Selangor	1,000
(xii)	PG PPJack	Puchong, Selangor	1,000
(xiii)	PG TMI	Puchong, Selangor	1,500

No.	Existing 20 pawnbroking outlets	Town/State	Amount RM'000
(xiv)	PG TSE	Shah Alam, Selangor	1,500
(xv)	PPJ Abadi	Skudai, Johor	1,000
(xvi)	PPJ Consistent Reach	Sungai Buloh, Selangor	1,500
(xvii)	PPJ Makmur	Bukit Mertajam, Pulau Pinang	2,000
(xviii)	PPJ Rezeki	Chemor, Perak	1,500
(xix)	PPJ Sejaya	George Town, Pulau Pinang	2,000
(xx)	PPJ Sniar	Klang, Selangor	2,000

The total proceeds of RM27.08 million allocated for the Cash Capital of each outlet as tabulated above had been utilised to finance the deployment of more pawn loans.

The pawnbroking operation of the Group is sufficient in maintaining the working capital for the operational expenses, which include, but not limited to the operational expenses such as rental for the outlets as well as salaries for employees of all the Group's existing pawnbroking outlets.

(4) Listing expenses

The Group's listing expenses amounted to RM3.80 million, details of which are as follows:

Listing expenses	Value RM'000	Percentage of total value %
Professional fees <sup>(i)</sup>	2,139	56.29
Brokerage, underwriting and placement fees	1,300	34.21
Printing, advertising and other miscellaneous expenses relating to the listing <sup>(ii)</sup>	361	9.50
<b>Total</b>	<b>3,800</b>	<b>100.00</b>

**Notes:**

- (i) Includes fees for the principal adviser, reporting accountants, solicitors and independent market researcher and other professional advisers as well as the issuing house.
- (ii) Includes fees payable to authorities (such as lodgement fees payable to the Companies Commission of Malaysia, and other incidental or related expenses in connection with the IPO).

(Sources: Company's Prospectus dated 11 March 2022 and Management of Pappajack)

Save for the IPO, the Company has not undertaken any other equity fundraising exercises in the past 12 months up to the date of this Circular.

### 3. RATIONALE FOR THE PROPOSALS

#### 3.1 Proposed Private Placement

The Proposed Private Placement will enable the Company to raise funds for the purposes as detailed in Section 2.1.4 of this Circular. After due consideration of the various methods of fundraising, the Board is of the view that the Proposed Private Placement is the most appropriate avenue for the Company to raise funds as the Proposed Private Placement will:

- (i) allow the Company to raise the requisite funds without having to incur additional interest expense or service principal repayments as opposed to bank borrowings. This in turn, allows the Company to preserve its cash flow;
- (ii) allow the Company to raise funds expeditiously and in a cost-effective manner as opposed to other forms of fundraising such as a rights issue; and
- (iii) strengthen the financial position and capital base of the Company and potentially enhance the liquidity of Pappajack Shares.

### 3.2 Proposed ESOS

The implementation of the Proposed ESOS primarily serves to align the interests of the Eligible Persons to the corporate goals of Pappajack Group. The Proposed ESOS will provide the Eligible Persons with an opportunity to have equity participation in Pappajack and help achieve the positive objectives as set out below:

- (i) to recognise the contribution of the Eligible Persons whose services are valued and considered vital to the operations and continued growth of Pappajack Group;
- (ii) to motivate the Eligible Persons towards improved performance through greater productivity and loyalty;
- (iii) to inculcate a greater sense of belonging and dedication as the Eligible Persons are given the opportunity to participate directly in the equity of Pappajack; and
- (iv) to reward the Eligible Persons by allowing them to participate in the Group's profitability and eventually realise any potential capital gains arising from possible appreciation in the value of Pappajack Shares, upon exercise of the ESOS Options.

The Proposed ESOS is also extended to the non-executive Directors of the Company to recognise their contribution in respect of their responsibilities as non-executive Directors of the Company and to enable them to participate in the future growth of the Group.

## 4. INDUSTRY OVERVIEW, OUTLOOK AND PROSPECTS OF PAPPAJACK GROUP

### 4.1 Overview and outlook for the Malaysian economy

The Malaysian economy further expanded in the 1st quarter of 2023 by 5.6% compared to 7.1% in the 4th quarter of 2022 ("4Q") driven mainly by domestic demand. Further improvement in the labour market, with strong growth in employment and continued expansion in wages, have supported private consumption spending. Meanwhile, investment activity was underpinned by capacity expansion and continued implementation of multi-year projects. Inbound tourism continued to recover, lifting services exports and partially offsetting the slower goods export growth. On the supply side, the services and manufacturing sectors continued to drive growth. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 0.9% (4Q 2022: -1.7%).

On the demand side, growth was supported by private sector expenditure. Private consumption grew by 5.9% (4Q 2022: 7.3%) which was underpinned by improving labour market conditions and policy measures such as higher minimum wage and continued cash transfers. Further, private investment grew by 4.7% (4Q 2022: 10.3%) supported mainly by continued capacity expansion by firms and further progress of construction activities.

On the supply side, all sectors continued to expand. The services sector expanded by 7.3% supported by better retail spending, continued tourism recovery, improving real estate and business services. Meanwhile, the manufacturing sector grew by 3.2% (4Q 2022: 3.9%) supported by ongoing fulfilment of motor vehicle backlogs and continued growth in the electrical and electronics (E&E) production. The construction sector expanded by 7.4% (4Q 2022: 10.1%) attributable to continued progress of large transportation and utility projects, high end-works in nearly-completed projects whilst the mining sector grew only by 2.4% (4Q 2022: 6.3%) supported by moderate performance in crude oil and natural gas production. The agriculture sector grew by 0.9% (4Q 2022: 1.1%) mainly due to increased oil palm output and higher arrival of foreign plantation workers under Foreign Workers Employment Relaxation Plan.

For 2023, the Malaysian economy is expected to continue to expand by 4.0% to 5.0% amid slower external demand. Growth will be driven by domestic demand, supported by improving labour market conditions, higher tourism activity and further progress of multi-year investment projects. The risks to Malaysia's growth outlook are fairly balanced. Upside risks are mainly from domestic factors such as stronger-than-expected tourism activity and implementation of projects including those from the re-tabled Budget 2023. Meanwhile, downside risks stem from weaker-than-expected global growth and more volatile global financial market conditions.

*(Source: Economic and Financial Developments in the Malaysian Economy in the 1st Quarter of 2023, Bank Negara Malaysia)*

## **4.2 Overview and outlook for the pawnbroking industry**

Non-banks financial institutions comprises among others, pawnbrokers, moneylending companies, non-bank providers of credit and hire purchase financing, non-bank providers of education financing, non-bank providers of housing credit, government-owned trustee companies and social security organisations. In Malaysia, the pawnbroking business is governed by the KPKT under the Pawnbrokers Act, 1972 and requires each pawnbroking outlet to be licenced. The KPKT also sets the maximum amount of pawn loan that may be issued under a single pawn ticket as well as the monthly interest rate.

The pawnbroking industry in Johor, Kuala Lumpur, Negeri Sembilan, Perak, Pulau Pinang and Selangor is computed based on the revenues of licenced pawnbroking industry players in these states. The pawnbroking industry in these 6 states grew from RM0.71 billion in 2017 to RM0.85 billion in 2019, but declined slightly to RM0.84 billion in 2020. In 2020, the pawnbroking industry in these 6 states represented approximately 79% of the pawnbroking industry in Malaysia.

*(Source: Independent Market Research Report on the Pawnbroking Industry in Malaysia, Pappajack's Prospectus dated 11 March 2022)*

The number of active licenced pawnbrokers in Malaysia grew from 516 pawnbrokers in 2017 to 728 pawnbrokers in 2021. Between 2017 and 2022, the pawnbroking industry size in Malaysia illustrated growth at a compound annual growth rate ("**CAGR**") of 2.7%, growing from RM8.3 billion in 2017 to an estimated RM9.5 billion in 2022.

The pawnbroking industry continued to register a growth in demand between 2019 and 2021. Notwithstanding this, the annual growth rates of the pawnbroking industry in Malaysia of 2.3% in 2020, 2.2% in 2021 and 3.3% in 2022 were slower as compared to its annual growth rate of 3.5% in 2019. This was mainly due to the lack of customers arising from the movement control orders imposed by the Government of Malaysia during the initial stages of the COVID-19 pandemic as well as the various cash aids from the Government of Malaysia such as the Employee Provident Fund's i-Sinar and Bantuan Prihatin Nasional which boosted cash flow among the population.

The pawnbroking industry is forecast to register a year-on-year growth rate of 3.2% in 2023. Moving forward over the longer term, the pawnbroking industry size in Malaysia is expected to grow at a CAGR of 3.1% between 2022 and 2024 to reach RM10.1 billion in 2024.

*(Source: IMR Report)*



### 4.3 Prospects of Pappajack Group

Pappajack through its subsidiaries, are principally involved in the provision of pawnbroking services through a network of pawnbroking outlets in Malaysia. Each pawnbroking outlet is held and operated by a subsidiary of the Group and each subsidiary is individually licenced by the KPKT.

Since the completion of the Group's IPO exercise and in line with its future plans to expand its network of pawnbroking outlets, the Group has opened an additional 5 pawnbroking outlets located in Pulau Pinang, Pahang and Selangor. As at the LPD, the Group operates a total of 30 pawnbroking outlets within Peninsular Malaysia.

Given that the country has moved into an endemic phase following the COVID-19 pandemic, the Group is experiencing growing traffic at its pawnbroking outlets and an increase in deployment of pawn loans. As such, the Group intends to continue expanding its network of pawnbroking outlets and at the same time penetrate new geographical markets within Peninsular Malaysia. As disclosed in Section 2.1.4 of this Circular, the Group intends to utilise approximately RM55.81 million of the gross proceeds to be raised from the Proposed Private Placement to finance the deployment of more pawn loans to its customers at its existing pawnbroking outlets and new pawnbroking outlets. Further, in view of the expected growth in the pawnbroking industry as highlighted in Section 4.2 of this Circular, the Group is cautiously optimistic that through the expansion of its pawnbroking outlets, the Group would be able to increase its market presence and serve a wider customer base, which in turn may contribute positively to the Group's financial performance.

*(Source: Management of Pappajack)*

## 5. EFFECTS OF THE PROPOSALS

### 5.1 Issued share capital

The pro forma effects of the Proposed Private Placement on the issued share capital of Pappajack are set out below:

	<b>No. of Shares</b>	<b>RM</b>
Issued share capital as at the LPD	668,000,000	156,588,547
Shares to be issued pursuant to the Proposed Private Placement	100,200,000 <sup>(1)</sup>	56,412,600 <sup>(2)</sup>
	<b>768,200,000</b>	<b>213,001,147</b>
Shares to be issued assuming full exercise of the ESOS Options under the Proposed ESOS	76,820,000 <sup>(3)</sup>	43,249,660 <sup>(4)</sup>
<b>Enlarged issued share capital (excluding treasury shares, if any)</b>	<b>845,020,000</b>	<b>256,250,807</b>

**Notes:**

- (1) *Calculated based on 15% of the total number of issued shares (excluding treasury shares, if any) of the Company as at the LPD.*
- (2) *Calculated based on the illustrative issue price of the Placement Shares of RM0.5630 per Placement Share, which represents a discount of approximately 9.99% to the 5-day VWAP of Pappajack Shares up to and including the LPD of RM0.6255.*
- (3) *Calculated based on 10% of the total number of issued shares (excluding treasury shares, if any) of the Company as at the LPD.*
- (4) *Calculated based on the illustrative subscription price of the ESOS Options of RM0.5630 per ESOS Option, which represents a discount of approximately 9.99% to the 5-day VWAP of Pappajack Shares up to and including the LPD of RM0.6255.*

The Proposed ESOS will not have an immediate effect on the issued share capital of the Company until such time when the new Pappajack Shares are issued pursuant to the exercise of the ESOS Options. The issued share capital of the Company will increase progressively as and when new Pappajack Shares are issued arising from the exercise of the ESOS Options.

## 5.2 NA per Share and gearing

### (i) Proposed Private Placement

Based on the latest audited consolidated financial statements of Pappajack as at 31 December 2022, the pro forma effects of the Proposed Private Placement on the NA per Share and gearing of Pappajack are set out below:

	<b>Audited as at 31 December 2022 RM'000</b>	<b>After the Proposed Private Placement RM'000</b>
Share capital/invested equity	156,588	213,001 <sup>(1)</sup>
Reorganisation deficit	(11,518)	(11,518)
Retained earnings	28,386	27,787 <sup>(2)</sup>
<b>NA</b>	<b>173,456</b>	<b>229,270</b>
Non-controlling interests	789	789
<b>Total equity</b>	<b>174,245</b>	<b>230,059</b>
No. of Shares in issue (excluding treasury shares, if any) ('000)	668,000	768,200
NA per Share (RM)	0.26	0.30
Total interest-bearing borrowings (RM'000)	27,338	27,338
Gearing ratio <sup>(3)</sup> (times)	0.16	0.12

**Notes:**

- (1) *Calculated based on the illustrative issue price of RM0.5630 per Placement Share.*
- (2) *After deducting the estimated expenses of approximately RM599,000 in relation to the Proposals.*
- (3) *Computed based on the total interest-bearing borrowings divided by total equity.*

### (ii) Proposed ESOS

The Proposed ESOS is not expected to have an immediate effect on the NA and gearing of the Group until such time when the ESOS Options granted under the Proposed ESOS are exercised. Any potential effects on the NA and gearing of the Group will depend on the number of new Shares to be issued upon the exercise of the ESOS Options granted under the Proposed ESOS and the subscription price of the ESOS Options.

For illustrative purposes, upon exercise of the ESOS Options under the Proposed ESOS, the NA per Share is expected to:

- (a) increase if the subscription price of the ESOS Options is higher than the NA per Share; or
- (b) decrease if the subscription price of the ESOS Options is lower than the NA per Share,

at such point of exercise of the ESOS Options.



## 5.4 Earnings and EPS

### (i) Proposed Private Placement

The Proposed Private Placement is expected to be completed by the 3rd quarter of year 2023 and is not expected to have any material effect on the earnings of the Group for the FYE 31 December 2023. However, the EPS of the Group may be diluted as a result of the increase in the number of Pappajack Shares arising from the issuance of the Placement Shares.

For illustration purposes, based on the audited consolidated financial statements of Pappajack for the FYE 31 December 2022 and assuming that the Proposed Private Placement had been completed at the beginning of the FYE 31 December 2022, the pro forma effects of the Proposed Private Placement on the earnings and EPS are set out below:

	Audited for the FYE 31 December 2022	After the Proposed Private Placement
Profit after tax attributable to the owners of the Company (RM'000)	10,088	9,489 <sup>(1)</sup>
Number of Shares in issue ('000)	668,000	768,200
EPS (sen)	1.51	1.24

**Note:**

(1) After deducting the estimated expenses of approximately RM599,000 in relation to the Proposals.

Notwithstanding the above, moving forward, the Proposed Private Placement may contribute positively to the earnings of Pappajack Group as and when the benefits from the utilisation of proceeds as detailed in Section 2.1.4 of this Circular are realised.

### (ii) Proposed ESOS

The Proposed ESOS is not expected to have any immediate effect on the earnings and EPS of the Group until such time when the ESOS Options are granted and exercised. However, any potential effect on the EPS of the Group in the future would depend on the impact of the MFRS2, the number of the ESOS Options exercised as well as the utilisation of the proceeds arising therefrom.

Under the MFRS2, the potential cost arising from the issuance of the ESOS Options, which is measured by the fair value of the ESOS Options after taking into account, among others, the number of ESOS Options granted and vested and the subscription price of the ESOS Options, will need to be measured at the grant date and to be recognised as an expense over the vesting period. Therefore, this may affect the future earnings of the Group, the quantum of which can only be determined at the grant date. However, the estimated cost does not represent a cash outflow by the Company as it is merely an accounting treatment.

The Company has taken note of the potential impact of MFRS2 on the Group's future earnings and shall take into consideration such impact in allocating and granting of the ESOS Options in the future.

However, the EPS of the Group will be diluted due to the Company's enlarged issued share capital arising from the issuance of the new Pappajack Shares as and when the ESOS Options are exercised in the future.

The effect of any exercise of the ESOS Options on the EPS of the Group would depend on the returns to be generated by the Group from utilisation of the proceeds from the exercise of the ESOS Options.

## 5.5 Convertible securities

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

## 6. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of Pappajack Shares as traded on Bursa Securities from its date of listing, 1 April 2022 up to April 2023 are set out below:

	<b>High RM</b>	<b>Low RM</b>
<b>2022</b>		
April	0.555	0.370
May	0.535	0.430
June	0.490	0.450
July	0.520	0.470
August	0.515	0.445
September	0.500	0.475
October	0.535	0.485
November	0.620	0.510
December	0.605	0.540
<b>2023</b>		
January	0.595	0.540
February	0.565	0.515
March	0.600	0.520
April	0.650	0.580
Last transacted market price on 21 February 2023 (being the last trading day prior to the Announcement on 22 February 2023)		0.550
Last transacted market price on the LPD		0.625

*(Source: Bloomberg)*

## 7. APPROVALS REQUIRED/OBTAINED FOR THE PROPOSALS

The Proposals are subject to the following approvals being obtained:

- (i) Bursa Securities, for the listing and quotation of:
  - (a) up to 100,200,000 Placement Shares to be issued pursuant to the Proposed Private Placement; and
  - (b) such number of new Pappajack Shares, representing up to 10% of total number of issued Shares (excluding treasury shares, if any) of the Company to be issued arising from the exercise of the ESOS Options during the duration of the Proposed ESOS,

on the ACE Market of Bursa Securities, which was obtained vide its letter dated 28 April 2023, subject to the following conditions:

<b>No.</b>	<b>Condition</b>	<b>Status of compliance</b>
(1)	Pappajack and RHB Investment Bank must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Private Placement;	To be complied
(2)	Pappajack and RHB Investment Bank to inform Bursa Securities upon the completion of the Proposed Private Placement;	To be complied
(3)	Pappajack to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement is completed;	To be complied
(4)	RHB Investment Bank is required to submit a confirmation to Bursa Securities of full compliance of the Proposed ESOS pursuant to Rule 6.44(1) of the Listing Requirements and stating the effective date of implementation;	To be complied
(5)	RHB Investment Bank is required to submit a certified true copy of the resolution passed by the shareholders in general meeting approving the Proposed ESOS;	To be complied
(6)	Pappajack is required 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 the listing fees payable; and	To be complied
(7)	the new Pappajack Shares arising from the exercise of the ESOS Options issued to the promoters whose shareholdings are currently under moratorium shall also be subject to a similar moratorium.	To be complied
(ii)	the shareholders of Pappajack, for the Proposals at the forthcoming EGM by way of poll; and	
(iii)	any other relevant authorities and/or parties, if required.	

In addition, the Company will also seek for its shareholders' approval to waive their statutory pre-emptive rights to be offered any new Pappajack Shares ranking equally to the existing issued shares of the Company arising from the issuance of the Placement Shares pursuant to the Proposed Private Placement and new Pappajack Shares to be issued arising from the exercise of the ESOS Options pursuant to the Proposed ESOS under Section 85(1) of the Act and Clause 54 of the Company's Constitution at the forthcoming EGM. Thus, by approving the resolutions in relation to the Proposed Private Placement and Proposed ESOS which entail the issuance and allotment of new Pappajack Shares in the Company, the shareholders of the Company are deemed to have waived their pre-emptive rights pursuant to Section 85(1) of the Act and Clause 54 of the Company's Constitution to be offered the said new Pappajack Shares which will result in a dilution to their shareholding percentage in the Company.

The Proposed Private Placement and Proposed ESOS are not conditional upon each other. Further, the Proposals are not conditional upon any other proposals undertaken or to be undertaken by the Company.

**8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED**

**8.1 Proposed Private Placement**

None of the Directors, major shareholders and/or chief executive of Pappajack and/or persons connected with them have any interest, whether direct or indirect, in the Proposed Private Placement.

**8.2 Proposed ESOS**

All the Directors of Pappajack are eligible to participate in the Proposed ESOS, and are therefore deemed interested to the extent of their respective proposed allocation and proposed allocation to persons connected with them under the Proposed ESOS, if any. Notwithstanding that, all the Directors have deliberated on the Proposed ESOS, and have agreed to present the Proposed ESOS to the shareholders of the Company for their consideration and approval.

All the Directors have and will continue to abstain from all Board deliberations and voting in respect of their respective proposed allocation, and the proposed allocations of persons connected with them under the Proposed ESOS, if any, at the relevant Board meetings.

All the Directors and/or major shareholders of Pappajack who are also Eligible Persons, will abstain from voting in respect of their direct and/or indirect shareholdings, if any, at the forthcoming EGM in respect of the ordinary resolutions to be tabled for their respective proposed allocation as well as the proposed allocations to the persons connected with them, if any, under the Proposed ESOS.

All the Directors and/or major shareholders of Pappajack who are also Eligible Persons, will also undertake to ensure that persons connected with them, if any, will abstain from voting in respect of their direct and/or indirect shareholdings, if any, on the ordinary resolutions pertaining to their respective proposed allocation, and the proposed allocations to the persons connected with them, if any, to be tabled at the forthcoming EGM.

Save as disclosed below, as at the LPD, none of the Directors and/or major shareholders, chief executive of Pappajack and/or persons connected with them have any interest, whether direct or indirect, in the Proposed ESOS:

	<b>Shareholdings as at the LPD</b>			
	<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%
<b>Interested major shareholder</b>				
TSE Sejahtera Sdn Bhd	319,638,347	47.85	-	-
<b>Interested major shareholders and Directors</b>				
Lim Boon Hua	28,334,977	4.24	340,235,374 <sup>(1)</sup>	50.93
Law Book Ching	2,230,000	0.33	319,638,347 <sup>(2)</sup>	47.85

	<b>Shareholdings as at the LPD</b>			
	<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%
<b>Persons connected to the interested major shareholders</b>				
Lim Siew Fang	-	-	319,638,347 <sup>(2)</sup>	47.85
Lee Kooi Lan	20,597,027	3.08	347,973,324 <sup>(3)</sup>	52.09

**Notes:**

- (1) *Deemed interested by virtue of the interests of his spouse, Lee Kooi Lan and his interests in TSE Sejahtera Sdn Bhd pursuant to Section 8 of the Act.*
- (2) *Deemed interested by virtue of his/her interests in TSE Sejahtera Sdn Bhd pursuant to Section 8 of the Act.*
- (3) *Deemed interested by virtue of the interests of her spouse, Lim Boon Hua and her interests in TSE Sejahtera Sdn Bhd pursuant to Section 8 of the Act.*

## 9. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to the approvals from the relevant authorities and parties being obtained, the Proposals expected to be completed by the 3rd quarter of year 2023.

The tentative timetable for the implementation of the Proposals are set out below:

<b>Date/Month</b>	<b>Events</b>
14 June 2023	<ul style="list-style-type: none"> <li>• Convening of the EGM to obtain the approval from the shareholders of Pappajack for the Proposals</li> </ul>
End June 2023	<ul style="list-style-type: none"> <li>• Announcement made on the pricing-fixing date of the Placement Shares</li> <li>• Announcement made on the effective date of the implementation of the Proposed ESOS</li> </ul>
Early July 2023	<ul style="list-style-type: none"> <li>• Listing and quotation of the Placement Shares on the ACE Market Bursa Securities</li> </ul>

## 10. CORPORATE EXERCISE ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals, there is no other corporate exercise which has been announced by the Company but not yet completed as at the date of this Circular.



## 11. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board having considered all aspects of the Proposals, including but not limited to the rationale and effects of the Proposals, is of the opinion that the Proposals are fair and reasonable and in the best interest of the Company.

In view that the Directors are deemed interested in the Proposed ESOS to the extent of their respective proposed allocations and the proposed allocations to the persons connected with them, if any, they will abstain from giving an opinion on their respective proposed allocations and the proposed allocations to the persons connected with them, if any, under the Proposed ESOS to be tabled at the forthcoming EGM.

Accordingly, the Board (save for the respective interested Directors who have abstained from forming any opinion and making any recommendations relating to their respective individual proposed allocations as well as allocations to persons connected to them, if any) recommends that you **vote in favour** of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

## 12. EGM

The forthcoming EGM is scheduled to be held at Four Points by Sheraton Puchong, Putera 1 & 2 (Function Room), Level 1, Puchong Financial Centre (PFCC), Jalan Puteri 1/2, Bandar Puteri, 47100 Puchong, Selangor on Wednesday, 14 June 2023 at 3.00 p.m. or after the conclusion or adjournment (as the case may be) of the 2nd Annual General Meeting of Pappajack scheduled to be held on the same day, same venue at 2.00 p.m., whichever is later.

The Notice of the EGM and the Proxy Form are enclosed in this Circular and can be downloaded from our Company's website at <https://pappajack.com.my/investor-relations> or Bursa Securities' website at <https://www.bursamalaysia.com>.

If you wish to appoint a proxy to attend, participate, speak and vote on your behalf at the EGM, you may deposit your Proxy Form at the Registered Office of the Company, Level 5, Tower 2, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, not less than 24 hours before the time for holding the EGM. The lodgement of the Proxy Form will not preclude you from attending, participating and voting at the meeting should you subsequently decide to do so.

## 13. ADDITIONAL INFORMATION

You are advised to refer to the attached appendices for additional information.

Yours faithfully,  
For and on behalf of the Board  
**PAPPAJACK BERHAD**

**LIM BOON HUA**  
Managing Director/Chief Executive Officer

---

**DRAFT BY-LAWS OF THE PROPOSED ESOS**


---

**BY-LAWS OF PAPPAJACK BERHAD'S  
EMPLOYEES' SHARE OPTION SCHEME 2023**

**1. DEFINITIONS AND INTERPRETATIONS**

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

Act	: The Companies Act, 2016, as amended from time to time and all regulations made thereunder and any re-enactment thereof;
Adviser	: A person who is permitted to carry on the regulated activity of advising corporate finance under the Capital Markets and Services Act 2007, which includes a Principal Adviser as defined in the Securities Commission Malaysia's Licensing Handbook (Chapter 7A);
Authorised Nominee	: A person who is authorised to act as a nominee as specified in accordance with the schedule prescribed under Part VIII of the Rules of Bursa Depository;
Available Balance	: The unissued Pappajack Shares which is available for Offer of Options subject to the maximum limit as set out in By-Law 3.1 and after deducting all Pappajack Shares under Options which have been granted;
Board	: Board of Directors of Pappajack, as may be constituted from time to time;
Bursa Depository	: Bursa Malaysia Depository Sdn. Bhd. (Registration No. 198701006854 (165570-W));
Bursa Securities	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W));
By-Laws	: The terms and conditions of the Scheme as set out herein, and shall include any amendments or variations made thereto from time to time;
CDS	: Central Depository System governed under the Central Depositories Act;
CDS Account	: The account established by Bursa Depository for a Depositor for the recording of deposits of securities and dealings in such securities by the Depositors;
Central Depositories Act	: The Securities Industry (Central Depositories) Act 1991 including any amendments made thereto from time to time and all regulations made thereunder and any re-enactment thereof;
Constitution	: the constitution of the Company or by such other names so called, as amended from time to time;

---

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


---

Date of Expiry	:	The last day of the duration of this Scheme pursuant to By-Law 4.1 hereof unless earlier terminated pursuant to By-Law 4.3. If such date is not a market day, then it shall be the market day immediately preceding the said non-market day, but excluding those days during that period on which the Record of Depositors and/or the warrants register is or are closed;
Depositor	:	A holder of a CDS Account;
Director	:	A natural person who holds a directorship in an executive or non-executive capacity in any corporation in the Pappajack Group, and shall have the meaning given in Section 2(1) of the Capital Markets & Services Act 2007;
Effective Date	:	The date for the implementation of the Scheme being the date of full compliance with all relevant requirements of Chapter 6 of the ACE Market Listing Requirements including the approvals and/or conditions referred to in By-Law 4.1 hereof have been obtained and/or complied with;
Eligible Person(s)	:	An Employee(s) and/or Director(s) of the Pappajack Group, who meets the criteria of eligibility for participation in the Scheme as set out in By-Law 6 hereof;
Employee	:	A natural person who is employed by and on the payroll of any corporation in the Pappajack Group, including Director(s) and person(s) recruited under contracts of employment within the Pappajack Group, whether employed on full time or under a fixed term contract basis (of not less than 1 year) but shall not include persons who are working within a probationary or temporary period or on a part-time basis;
Entitlement Date	:	The date as at the close of business on which the names of the shareholders of Pappajack must appear on Pappajack's Record of Depositors maintained at Bursa Depository in order to participate in any dividends, rights, allotments or other distributions;
ESOS	:	Employees' share option scheme;
ESOS Committee	:	The committee, from time to time, duly appointed and authorised by the Board pursuant to By-Law 17 to administer the Scheme in accordance with these By-Laws;
Exercise Period	:	The specific period or periods within an Option Period during which Options may be exercised by Grantees, as determined by the ESOS Committee subject to By-Law 10 hereof;
Exercise Price	:	The price at which the Grantee shall be entitled to subscribe for every new Pappajack Share by exercising his/her Option as determined in accordance with By-Law 9 hereof;
Government	:	The Government of Malaysia;
Grantee	:	Any Eligible Person who has accepted the Offer by the Company in accordance with the terms and conditions of the Scheme and "Grantees" or "Grantee(s)" refers to any one or more of them;

---

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


---

ACE Market Listing Requirements	: The ACE Market Listing Requirements of Bursa Securities including any amendments thereto that may be made from time to time;
Market Day(s)	: Any day(s) from Mondays to Fridays (inclusive of both days) excluding a public holiday and on which Bursa Securities is open for trading in securities;
Maximum Allowable Allotment	: The maximum number of new Pappajack Shares that can be offered to an Eligible Person falling within a particular category of Eligible Person as stipulated in By-Law 7 hereof;
Offer(s)	: An offer made in writing by the ESOS Committee to a selected Eligible Person in the manner indicated in By-Law 5 hereof;
Offer Date	: The date of the Offer letter from the ESOS Committee, on which an Offer is made to a selected Eligible Person to participate in the Scheme;
Offer Letter	: The Offer made by the ESOS Committee in writing to the selected Eligible Person to participate in the Scheme;
Option	: The right of a Grantee to subscribe for new Pappajack Share(s) pursuant to the contract constituted by the selected Eligible Person's acceptance of an Offer in the manner indicated in By-Law 8 hereof and "Options" or "Option(s)" refer to any one or more of such right;
Option Period	: A period commencing from the date an Offer is accepted in accordance with By-Law 8 and expiring on the Date of Expiry or such other date which the ESOS Committee may in its discretion decide, provided that no Option Period shall extend beyond the Date of Expiry;
Pappajack or Company	: <b>PAPPAJACK BERHAD</b> (Registration No. 202001042414 (1398735-V));
Pappajack Group or Group	: Pappajack and its Subsidiaries, collectively, except for dormant Subsidiaries;
Pappajack Share(s)	: Ordinary share(s) in Pappajack;
person connected	: Has the meaning given to "person connected" in Rule 1.01 of the ACE Market Listing Requirements;
Record of Depositors	: Means a record provided by Bursa Depository to a listed issuer under Chapter 24.0 of the Rules of Bursa Depository, including any amendment that may be made from time to time;
Registered Office	: The registered address of Pappajack being Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, Malaysia;
RM and sen	: Ringgit Malaysia and sen, respectively, being the lawful currency of Malaysia;

---

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


---

Rules of Bursa Depository	:	The Rules of Bursa Depository as issued pursuant to the Central Depositories Act;
Scheme	:	The ESOS for the grant of Options to selected Eligible Persons to subscribe for new Pappajack Shares on the terms and conditions as set out herein;
Senior Management	:	An Employee of the Pappajack Group deemed to be in a senior position as may be determined by the ESOS Committee from time to time;
Subsidiaries	:	Subsidiary corporations of Pappajack within the meaning of Section 4 of the Act which are not dormant and shall include subsidiary corporations which are existing as at the Effective Date and those which are incorporated or acquired at any time during the duration of the Scheme but exclude subsidiary corporations which have been divested in the manner provided for in By-Law 25.2 and which is determined by the ESOS Committee at its absolute discretion from time to time to be a corporation participating under the Scheme in accordance with By-Law 6.

**1.2 In these By-Laws:**

- (i) Any reference to a statutory provision shall include any subordinate legislation made from time to time under the provision and any listing requirements, policies and/or guidelines of Bursa Securities and/or any other relevant regulatory authority (whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed to by Bursa Securities and/or any other relevant regulatory authority);
- (ii) Any reference to a statutory provision shall include that provision as from time to time modified or re-enacted whether before or after the date of these By-Laws so far as such modification or re-enactment applies or is capable of applying to any Option offered and accepted prior to the expiry of the Scheme and shall include also any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly been replaced;
- (iii) Words denoting the singular shall include the plural and references to gender shall include both genders and the neuter;
- (iv) Any liberty or power which may be exercised or any determination which may be made hereunder by the ESOS Committee or the Board may be exercised at the ESOS Committee's or the Board's unfettered discretion;
- (v) The heading in these By-Laws are for convenience only and shall not be taken into account in the interpretation of these By-Laws;
- (vi) Unless expressly stated herein, if an event occurs 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 provided always that if such date shall fall beyond the duration of the Scheme, then the stipulated day shall be taken to be the preceding Market Day;
- (vii) any reference to the Company and/or other person shall include a reference to the successors-in-title and permitted assigned; and

---

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

---

- (viii) unless otherwise stated herein and whenever applicable, the currency adopted for any matter referred to in this By-Laws is RM and sen, being the lawful currency of Malaysia.

**2. NAME OF SCHEME**

This ESOS will be called the "Pappajack Berhad's Employees' Share Option Scheme 2023".

**2A. THE OBJECTIVES OF THE SCHEME**

The establishment of this ESOS is to align the interests of the Eligible Persons to the corporate goals of Pappajack Group and provide the Eligible Persons with an opportunity to have equity participation in the Company and help achieve the positive objectives as set out below:

- (i) to recognise the contribution of the Eligible Persons whose services are valued and considered vital to the operations and continued growth of the Group;
- (ii) to motivate the Eligible Persons towards improved performance through greater productivity and loyalty;
- (iii) to inculcate a greater sense of belonging and dedication as the Eligible Persons are given the opportunity to participate directly in the equity of Pappajack; and
- (iv) to reward the Eligible Persons by allowing them to participate in the Group's profitability and eventually realise any potential capital gains arising from possible appreciation in the value of Pappajack Shares, upon exercising of the ESOS Options.

This ESOS is also extended to non-executive directors of the Company to recognise their contribution in respect of their responsibilities as non-executive directors and to enable them to participate in the future growth of the Pappajack Group.

**3. MAXIMUM NUMBER OF PAPPAJACK SHARES AVAILABLE UNDER THE SCHEME**

- 3.1 The maximum number of new Pappajack Shares which may be made available under the Scheme shall not be more than ten per centum (10%) of the total number of issued Pappajack Shares (excluding treasury shares) at any one time during the duration of the Scheme. The ESOS Committee has the discretion in determining the total number of new Pappajack Shares which may be made available under the Scheme and/or whether allocation thereof shall be staggered over the duration of the Scheme.
- 3.2 Notwithstanding the provision of By-Law 3.1 above or any other provisions contained herein, in the event the maximum number of new Pappajack Shares comprised in the Option granted under the Scheme exceeds the aggregate of ten per centum (10%) of the total number of issued Pappajack Shares (excluding treasury shares) as a result of Pappajack purchasing its own shares or Pappajack undertaking any other corporate proposal, no further Options shall be offered until the total number of new Pappajack Shares to be issued under the Scheme falls below ten per centum (10%) of the Company's total number of issued Pappajack Shares (excluding treasury shares). Any Option granted prior to the adjustment of the issued Pappajack Shares shall remain valid and exercisable in accordance with the provisions of this Scheme.

---

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

---

- 3.3 Notwithstanding the above, Pappajack may implement more than one (1) ESOS during the duration of this Scheme provided that the aggregate Pappajack Shares available under all the share issuance schemes implemented by Pappajack is not more than thirty per centum (30%) of the total number of issued Pappajack Shares (excluding treasury shares) at any one time or such lower or higher limit in accordance with any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time.

**4. DURATION AND TERMINATION OF THE SCHEME**

- 4.1 The Effective Date for the implementation of the Scheme shall be the date of full compliance with all relevant requirements of Chapter 6 of the ACE Market Listing Requirements including the following approvals and/or conditions having been fully obtained and/or complied with:
- (a) the submission to Bursa Securities of the final copy of the By-Laws together with a letter of compliance pursuant to Rules 2.12 and 6.43 of the ACE Market Listing Requirements and a checklist showing compliance with Appendix 6E of the ACE Market Listing Requirements;
  - (b) the receipt of approval or approval-in-principle from Bursa Securities for the listing of and quotation for the new Pappajack Shares to be issued pursuant to the exercise of the Options granted under the Scheme;
  - (c) the shareholders' approval for the Scheme at an extraordinary general meeting;
  - (d) the approval of any other relevant authorities for the Scheme (where applicable); and
  - (e) the fulfilment of all conditions attached to the above approvals, if any.

Unless otherwise terminated in accordance with By-Law 4.3 herein and subject to the compliance of the terms and conditions herein contained, the Scheme shall come in force on the Effective Date for a period of five (5) years commencing from the Effective Date **PROVIDED ALWAYS THAT** on or before the expiry thereof, the Board shall have the discretion, upon the recommendation of the ESOS Committee, whether or not, to extend in writing the duration of the Scheme for another five (5) years or such shorter period as it deems fit immediately from the expiry of the first five (5) years commencing from the Effective Date **PROVIDED FURTHER THAT** the total duration of the Scheme shall not be more than ten (10) years from the Effective Date or such longer period as may be allowed by the relevant authorities. In the event that the Scheme is extended in accordance with the terms and conditions herein, the ESOS Committee shall inform the extended duration of the Scheme to the relevant Grantees in such manner of communication as the ESOS Committee deems fit. Unless otherwise required by the relevant authorities, no further sanctions, approvals and/or authorisations shall be required for the extension of the Scheme provided that the Company shall serve appropriate notices to Grantees and make any announcements to Bursa Securities (if required) within thirty (30) days prior to the expiry of the original Scheme.

- 4.2 Offers can only be made during the duration of the Scheme before the Date of Expiry.
- 4.3 Subject to the compliance with the ACE Market Listing Requirements, other requirements of Bursa Securities and other relevant authorities, the ESOS Committee may at any time during the duration of the Scheme terminate the Scheme and shall immediately announce to Bursa Securities the:
- (i) effective date of termination of the Scheme;
  - (ii) number of Options exercised and/or Pappajack Shares vested; and
  - (iii) reasons for termination of the Scheme.

---

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

---

- 4.4 Notwithstanding anything to the contrary, all unvested and/or unexercised Options shall lapse on the Date of Expiry or earlier termination of the ESOS pursuant to By-Law 4.3.
- 4.5 The Company shall through its Adviser submit no later than five (5) Market Days after the Effective Date of the implementation of these By-Laws, a confirmation to Bursa Securities of the full compliance of By-Law 4.1 above stating the effective date of implementation of the Scheme, together with a certified true copy of the relevant resolutions passed by the shareholders of the Company in the general meeting approving the Scheme.
- 5. OFFER**
- 5.1 The ESOS Committee may, at any time during the duration of the Scheme as defined in By-Law 4 hereof, make Offer(s) in writing to any Eligible Person (based on the criteria of allocation as set out in By-Law 7 herein) selected by the ESOS Committee which selection shall be at the absolute discretion of the ESOS Committee and make the requisite announcements in respect thereof to Bursa Securities.
- 5.2 The actual number of new Pappajack Shares which may be offered to an Eligible Person shall be at the sole and absolute discretion of the ESOS Committee and, subject to any adjustments that may be made under By-Law 14 hereof, shall not be less than one hundred (100) Pappajack Shares but not more than the Maximum Allowable Allotment and shall always be in multiples of one hundred (100) Pappajack Shares.
- 5.3 The ESOS Committee shall state the following particulars in the letter of Offer:
- (a) The Offer Date;
  - (b) The total number of Pappajack Shares which the Eligible Person shall be entitled to subscribe for upon the exercise of the entire Option being offered;
  - (c) The Option Period;
  - (d) The Exercise Period (if any);
  - (e) The Exercise Price;
  - (f) The Acceptance Period as defined in By-Law 8.1;
  - (g) Vesting period, vesting conditions and performance targets (if any); and
  - (h) Any other information deemed necessary by the ESOS Committee.
- 5.4 Without prejudice to By-Law 18, in the event of an error on the part of the Company in stating any of the particulars referred to in By-Law 5.3, the following provisions shall apply:
- (a) Within one (1) month after discovery of the error, the Company shall issue a supplemental letter of Offer, stating the correct particulars referred to in By-Law 5.3;
  - (b) In the event that the error relates to particulars other than the Exercise Price, the Exercise Price applicable in the supplemental letter of Offer shall remain as the Exercise Price as per the original letter of Offer; and



---

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

---

- (c) In the event that the error relates to the Exercise Price, the Exercise Price applicable in the supplemental letter of Offer shall be the Exercise Price applicable as at the date of the original letter of Offer, save and except with respect to any Option which have already been exercised as at the date of issue of the supplemental letter of Offer.
- 5.5 Subject to By-Law 3 hereof, nothing herein shall prevent the ESOS Committee from making more than one (1) Offer to any Eligible Person **PROVIDED ALWAYS THAT** the total aggregate number of Pappajack Shares which may be offered to any Eligible Person (inclusive of Pappajack Shares previously offered under the Scheme, if any) shall not exceed the Maximum Allowable Allotment of that Eligible Person as set out in By-Law 7 hereof.
- 5.6 The ESOS Committee has the discretion not to make further additional Offers regardless of the amount of Available Balance.
- 5.7 The Offer shall automatically lapse and be null and void in the event of the death of the Eligible Person or the Eligible Person ceasing to be employed by the Pappajack Group (and in the case of a non-executive Director, his/her resigning from the Board) for any reason whatsoever prior to the acceptance of the Offer by the Eligible Person in the manner set out in By-Law 8 hereof.
- 5.8 An Offer may be made upon such terms and conditions as the ESOS Committee may decide from time to time. Each Offer shall be made in writing and is personal to the Eligible Person and is non-assignable and non-transferable. The ESOS Committee may, by giving notice in writing to the Eligible Person, vary or waive the terms of any vesting condition, performance targets, vesting period, service period or other conditions.
- 5.9 After each adjustment following an alteration of the Company's share capital as stipulated in By-Laws 14.1 and 14.2 and the Company informing the Grantee of such adjustment pursuant to By-Law 14.6, upon the return by a Grantee of the original letter of Offer to the Company, that letter of Offer shall be amended or a new letter of Offer shall be issued within one (1) month from the date of return of the original letter, to reflect the adjustment made to the number of Pappajack Shares available for subscription under the Option granted to the Grantee and/or the Exercise Price.
- 5.10 The Company shall keep and maintain at its own expense a register of Grantees and shall enter the name, address(es) and the number of the identity card issued under the National Registration Act 1959, or the passport number or other identification number, and the nationality of each Grantee, the Maximum Allowable Allotment, the number of Pappajack Shares under the Option(s) offered to each Grantee, the number of Pappajack Shares under the Option(s) exercised by each Grantee, the Offer Date and the Exercise Price and other particulars as may be prescribed under Section 129 of the Act.
- 5.11 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. ELIGIBILITY**
- 6.1 Subject to By-Laws 6.2, 6.4 and 6.5 below, any Director or Employee of the Pappajack Group shall be eligible to be considered for the offer of Option(s) under the Scheme.
- 6.2 In the case of an Eligible Person, he/ she will be eligible if at the date of the Offer, the following eligibility criteria is fulfilled:
- (a) he/ she shall have attained the age of at least eighteen (18) years and neither an undischarged bankrupt nor subject to any bankruptcy proceedings; and/or

---

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


---

- (b) he/ she is in the employment on a full time basis and on the payroll of any corporation within the Pappajack Group and his/ her employment must have been confirmed, irrespective whether he/ she was transferred to a corporation within Pappajack Group, in which case he/ she must have been a confirmed employee in that corporation within Pappajack Group, or he/ she is serving in a specific designation under an employment contract for a fixed duration of not less than 1 year, and has not served a notice to resign nor received a notice of termination; and/or
- (c) if a Director, he/ she is appointed and remains appointed as a Director of any corporation within the Pappajack Group as at the Offer Date; and/ or
- (d) is under such categories and criteria that the ESOS Committee may from time to time decide at its absolute discretion,

**PROVIDED ALWAYS THAT** nothing herein shall invalidate any selection of any Eligible Person which may have been made by the ESOS Committee on or prior to the Effective Date and that the selection of any Director or Employee for participation in the Scheme shall be at the discretion of the ESOS Committee and the decision of the ESOS Committee shall be final and binding. In determining the eligibility of an Eligible Person to participate in the ESOS, the ESOS Committee may take into account amongst other factors, the performance, contribution, employment grade, seniority and/or length of service to the relevant corporation within the Pappajack Group, and/or such other factors that the ESOS Committee may in its sole and absolute discretion deem fit. The ESOS Committee may, in its absolute discretion, determine any other conditions of eligibility or waive any of the conditions of eligibility as set out above. The eligibility and number of Options to be offered to an Eligible Person under the Scheme shall be at the sole and absolute discretion of the ESOS Committee and the decision of the ESOS Committee shall be final and binding.

6.3 No Offers, allocation of Options under the Scheme and the related allotment of Pappajack Shares shall be made to the following persons unless the shareholders of Pappajack in a general meeting shall have approved the specific allocation and allotment to such persons:

- (a) any person who is a director, major shareholder or chief executive of Pappajack or holding company of Pappajack ("**Interested Director**", "**Interested Major Shareholder**" and "**Interested Chief Executive**"); or
- (b) a person connected with an Interested Director, Interested Major Shareholder or Interested Chief Executive ("**Interested Person Connected with a Director, Major shareholder or Chief Executive**").

In a meeting to obtain shareholder approval in respect of the above allocation and allotment:

- (a) the Interested Director, Interested Major Shareholder, Interested Chief Executive or Interested Person Connected with a Director, Major Shareholder or Chief Executive; and
- (b) where the allocation and allotment is in favour of an Interested Person Connected with a Director, Major Shareholder or Chief Executive, such Interested Director, Interested Major Shareholder or Interested Chief Executive,

must not vote on the resolution approving the said allocation and allotment. An Interested Director, Interested Major Shareholder or Interested Chief Executive must ensure that such persons connected with him/her abstain from voting on the resolution approving the said allocation and allotment.

---

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

---

- 6.4 For the avoidance of doubt, the following persons are not Eligible Persons and do not qualify for participation in the Scheme:
- (a) subject to By-Law 25 below, employees of a corporation which has ceased to be a subsidiary of Pappajack;
  - (b) a director or employee of a corporation within the Group which is dormant; and
  - (c) employees that are on probation.
- 6.5 A Grantee under the Scheme shall not be entitled to participate in any other share issuance scheme for employees which may be implemented by any other corporation in the Pappajack Group during the duration of the Scheme unless otherwise approved by the Board and in accordance with the relevant laws and the ACE Market Listing Requirements.
- 6.6 Eligibility under the Scheme does not confer on an Eligible Person a claim or right to participate in or any rights whatsoever under the Scheme and an Eligible Person does not acquire or have any rights over or in connection with the Options or the Pappajack Shares comprised herein unless an Offer has been made by the ESOS Committee to the Eligible Person and the Eligible Person has accepted the Offer in accordance with the terms and conditions of the Offer and the Scheme.
- 6.7 Subject to By-Laws 3.1 and 7.1, in the event that the ESOS Committee has determined that certain Eligible Persons are entitled to be offered additional Options and the Available Balance is insufficient to grant their full additional entitlements, the Available Balance may be distributed on such basis as the ESOS Committee may determine.
- 6.8 The ESOS Committee has the discretion not to make further Offers regardless of the amount of Available Balance.
- 6.9 Where an Offer is made to an Eligible Person who is a member of the ESOS Committee, such grant of Option shall be decided and carried out by the ESOS Committee PROVIDED ALWAYS that such Eligible Person and persons connected to him/her who are also members of the ESOS Committee shall abstain from all deliberations and voting in respect of the proposed Option(s) to be granted to him/her at the relevant ESOS Committee meetings.

**7. MAXIMUM ALLOWABLE ALLOTMENT AND BASIS OF ALLOCATION**

- 7.1 Subject to any adjustments which may be made under these By-Laws and the maximum allowable allocation limit on the total number of Pappajack Shares (including Pappajack Shares already issued under the Scheme) under Options pursuant to By-Law 3, the aggregate number of new Pappajack Shares that may be offered and allotted to any of the Eligible Persons of the Pappajack Group who are entitled to participate in the Scheme shall be on the basis set out in By-Law 7.2 subject always to the following main parameters:
- (i) the Directors and senior management do not participate in the deliberation or discussion of their own allocation of Options as well as allocation of Options to persons connected with them, if any;
  - (ii) the number of Pappajack Shares allocated to any Eligible Person who, either singly or collectively through persons connected with the Eligible Person, holds twenty per centum (20%) or more of the total number of issued Pappajack Shares (excluding treasury shares), shall not exceed ten per centum (10%) of the total number of Pappajack Shares to be issued under the Scheme; and

---

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

---

- (iii) not more than sixty per centum (60%) of the total new Pappajack Shares available under the Scheme shall be allocated in aggregate to the Directors and senior management of Pappajack Group on the basis that they are crucial to the performance of Pappajack Group as determined by the ESOS Committee at their sole and absolute discretion, ("**Maximum Allocation**"). The Maximum Allocation was determined after taking into consideration, the number of Eligible Person falling within the grading of directors and senior management of the Pappajack Group, as well as their position, seniority, length of service, performance and contribution to the Group,

provided always that it is in accordance with any prevailing guidelines issued by Bursa Securities, the ACE Market Listing Requirements or any other relevant authorities as amended from time to time.

- 7.2 The basis for determining the aggregate number of new Pappajack Shares that may be offered under the Scheme and/or to an Eligible Person shall be at the sole and absolute discretion of the ESOS Committee after taking into consideration, inter alia, the performance, contribution, employment grade, seniority and/or length of service to the Group by the Eligible Person and/or such other matters which the ESOS Committee may in its sole and absolute discretion deem fit and the maximum allowable allocation limit on the total number of Pappajack Shares (including Pappajack Shares already issued under the Scheme) under Option to be offered to an Eligible Person shall be based on the category and/or group of Employees as decided by the ESOS Committee.
- 7.3 Subject to By-Law 18, the ESOS Committee may at its sole and absolute discretion and pursuant to By-Law 17, amend or vary and/or include or preclude any basis or criteria which is applied in considering Offers to Eligible Persons including details of the category of Employees and/or thresholds of Maximum Allowable Allotment for which it shall deem necessary to introduce during the duration of the Scheme provided that these additional categories and/or basis are in compliance with the relevant ACE Market Listing Requirements and applicable laws.
- 7.4 Any Eligible Person who holds more than one (1) position within the Pappajack Group (including a Director who is an Employee of the Pappajack Group and who sits on the board(s) of directors of any one (1) or more corporations within the Pappajack Group), and is therefore an Eligible Person in more than one category or capacity, shall be entitled to the Maximum Allowable Allotment of only one (1) category to be determined by the ESOS Committee at its sole and absolute discretion.
- 7.5 In the event that an Eligible Person is promoted to a higher category, he/she shall be entitled to continue to hold and to exercise all unexercised Option(s) held by him/her as at the effective date of promotion and his/her Maximum Allowable Allotment shall be increased in accordance with his/her new category as provided in By-Law 7.2 effective from such date, subject to the maximum number of Pappajack Shares available under the Scheme as stipulated in By-Law 3.1.
- 7.6 In the event that an Eligible Person is demoted to a lower category, he/she shall be entitled to continue to hold and to exercise all unexercised Option(s) held by him/her as at the effective date of demotion and his/her Maximum Allowable Allotment shall be reduced in accordance with his/her new category as provided in By-Law 7.2 effective from such date, unless otherwise determined by the ESOS Committee. In the event the total number of Pappajack Shares in respect of Option(s) which have been accepted by such demoted Eligible Person up to the effective date of his/her demotion is higher than the Maximum Allowable Allotment for his/her new category pursuant to such demotion, he/she shall not be entitled to be offered any further Option(s) unless and until he/she is subsequently promoted to a higher category or in such event where the Maximum Allowable Allotment is amended as provided in By-Law 7.3 or revised by the ESOS Committee resulting in his/her Maximum Allowable Allotment being increased to an amount greater than the total number of Pappajack Shares in respect of Option(s) which have already been accepted by him/her.

---

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

---

- 7.7 The ESOS Committee shall not be obliged in any way to offer to an Eligible Person all of the specified Maximum Allowable Allotment. The decision of the ESOS Committee shall be final and binding.
- 7.8 The allocation of Options pursuant to the Scheme shall be verified by the Company's Audit Committee, as being in compliance with the criteria set out in these By-Laws (where relevant) at the end of each financial year of the Company.
- 7.9 The ESOS Committee may at its discretion decide whether the granting of the Option to the Eligible Person will be based on:
- (a) 1 single offer at a time determined by the ESOS Committee; or
  - (b) several offers where the vesting of the Option comprised in those offers is staggered or made in several tranches at such times and on such terms and conditions as may be determined by the ESOS Committee,

Provided always that the aggregate number of new Pappajack Shares in respect of the Offers granted to any Eligible Person shall not exceed the amount stipulated in By-Law 3 above.

In the event the ESOS Committee decides that the vesting of the Options is to be staggered or made in several tranches, the number of Options to be granted pursuant to each vesting of the Option and the timing for the vesting of the same shall be decided by the ESOS Committee at its sole and absolute discretion and each vesting of the Option shall be separate and independent from the others.

**8. ACCEPTANCE OF THE OFFER**

- 8.1 An Offer shall be valid for a period of thirty (30) calendar days from the Offer Date or up to the date immediately before the Date of Expiry (whichever is the earlier) or such longer period as the ESOS Committee at its discretion, determines on a case to case basis ("**Acceptance Period**"). Acceptance of the Offer by an Eligible Person shall be made by way of a written notice from the Eligible Person to the ESOS Committee in the form prescribed by the ESOS Committee and accompanied by the payment of Ringgit Malaysia One (RM1.00) only as non-refundable consideration for the acceptance of each Offer (regardless of the number of shares comprised therein).
- 8.2 In the event that the Eligible Person fails to accept the Offer or pay the acceptance consideration as set out in By-Law 8.1 hereof within the Acceptance Period and in the manner aforesaid, the Offer shall be deemed to have lapsed.

**9. EXERCISE PRICE**

- 9.1 The Exercise Price of each Share comprised in any Option shall be based on the five (5) day volume weighted average market price of Pappajack Shares immediately preceding the Offer Date, with a discount of not more than ten percent (10%) or such other percentage of discount as may be permitted by any prevailing guidelines issued by Bursa Securities and/or other relevant authorities as amended from time to time, as determined by the Board upon recommendation of the ESOS Committee which shall be binding and conclusive. The ESOS may be implemented in tranches, with each tranche being assigned with a different Exercise Price. The Exercise Price shall be stipulated in each Offer.
- 9.2 The Exercise Price shall be stipulated on each certificate of Option.

---

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

---

9.3 The Exercise Price shall be subject to any adjustments provided under By-Law 14 herein.

**10. EXERCISE OF OPTION**

- 10.1 Subject to By-Laws 10.2 and 10.7 hereof, an Option can be exercised by the Grantee by notice in the prescribed form to the Company on the first or fifteenth day of every month during the Exercise Period in respect of all or any part of the Pappajack Shares comprised in the Option, such part being in multiples of one hundred (100) Pappajack Shares. For the avoidance of doubt, if the first or fifteenth day of any month shall fall on a day which is not a Market Day, then the notice in writing by the Grantee to the Company shall be submitted on the Market Day immediately following the first or fifteenth of the said month provided such dates are within the Exercise Period. Any partial exercise of an Option shall not preclude the Grantee from exercising the Option in respect of the balance of the Pappajack Shares comprised in the Option.
- 10.2 Subject to By-Laws 14 and 18 hereof, the ESOS Committee may, at any time and from time to time, before and after an Option is granted, limit the exercise of the Option to a maximum number of new Pappajack Shares and/or such percentage of the total new Pappajack Shares comprised in the Option during such periods within the Option Period, subject the exercise of the Option to any vesting period and/or vesting condition determined by the ESOS Committee at its sole and absolute discretion including but not limited to service objectives, performance targets (as may be measured by qualitative and/or quantitative key performance indicators) being achieved before an Option(s) can be exercised and/or impose any other terms and/or conditions (including the time period to exercise the Options) as the ESOS Committee may, in its sole discretion deem appropriate including amending or varying any terms and conditions imposed earlier.
- 10.3 Every such notice to exercise the Option referred to in By-Law 10.1 hereof shall be accompanied by a remittance in RM in the form of a bankers' draft or cashiers' order drawn and payable in Malaysia or any other form acceptable to the ESOS Committee for the full amount of subscription/exercise monies (calculated in accordance with the provisions of By-Law 9 hereof) in relation to the number of new Pappajack Shares in respect of which the written notice is given.
- 10.4 The Company shall allot and issue such new Pappajack Shares to the Grantee in accordance with the provisions of the Company's Constitution, the Central Depositories Act and the Rules of Bursa Depository, despatch the notice of allotment to the Grantee and make an application for the listing of and quotation for the new Pappajack Shares within eight (8) Market Days from the receipt by the Company of the aforesaid notice and remittance from the Grantee or such other period as may be prescribed or allowed by Bursa Securities.
- 10.5 The ESOS Committee, the Board of Pappajack and the Company shall not under any circumstances whatsoever be liable for any costs, losses, expenses, charges, liabilities and damages whatsoever and howsoever arising whether directly or indirectly from any delay on the part of the Company in allotting and issuing the new Pappajack Shares or in procuring the relevant authorities to list and quote the new Pappajack Shares for which the Grantee is entitled to subscribe or otherwise or any delay in receipt or non-receipt by the Company of the notice to exercise the Option(s) or for any errors in any Offers or any other matters or dealings which are outside the control of the Company, the Board and/or the ESOS Committee.

---

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

---

- 10.6 The Grantee who exercises his/her Option shall provide the ESOS Committee with his/her CDS Account number or the CDS Account number of his/her Authorised Nominee, as the case may be, in the notice referred to in By-Law 10.1 hereof. The new Pappajack Shares to be issued pursuant to the exercise of an Option will be credited directly into the CDS Account of the Grantee or his/her Authorised Nominee, as the case may be and a notice of allotment stating the number of shares credited into such CDS Account will be issued to the Grantee within eight (8) Market Days from the receipt by the Company of the written notice of exercise of the Option together with the requisite remittance of subscription/ exercise monies or such other period as may be prescribed or allowed by Bursa Securities and no physical share certificate will be issued.
- 10.7 In the event that a Grantee is subject to disciplinary proceedings (whether or not such disciplinary proceedings will give rise to a dismissal or termination of service) the ESOS Committee shall have the right, to suspend the Grantee's Option pending the outcome of such disciplinary proceedings. The ESOS Committee may impose such terms and conditions as the ESOS Committee shall deem appropriate having regard to the nature of the charges made or brought against the Grantee **PROVIDED ALWAYS THAT:**
- (a) in the event that such Grantee shall subsequently be found not guilty of the charges which give rise to such disciplinary proceedings, the ESOS Committee shall reinstate the rights of such Grantee to exercise his/her Option;
  - (b) in the event the disciplinary proceedings result in a recommendation for the dismissal or termination of service of such Grantee, the Option shall immediately cease without notice and be null and void and of no further force and effect upon pronouncement of the dismissal or termination of service of such Grantee notwithstanding that such recommendation may be subsequently challenged by the Grantee in any other forum; and
  - (c) in the event such Grantee is found guilty but not dismissed or termination of service is not recommended, the ESOS Committee shall have the right to determine at its discretion whether or not the Grantee may continue to exercise his/her Option and if so, to impose such limits, terms and conditions as it deems appropriate, on such exercise.

The Board may, after a warning /caution letter has been issued to a Grantee by the relevant corporation within the Pappajack Group, recommend to the ESOS Committee to suspend the Grantee's Option. The ESOS Committee shall, upon receipt of such recommendation by the Board, suspend the Grantee's Option until such time as the Board determines at its discretion whether or not the Grantee may continue to exercise his/her Option and if so, whether to impose such limits, terms and conditions as the Board deems appropriate, on such exercise.

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

- (i) he/ she is suspended from work pending investigation into his/ her conduct;
  - (ii) he/ she is issued with a letter requiring him/ her to attend an internal domestic inquiry; or
  - (iii) such other instances as the Board may deem as being subject to disciplinary proceedings.
- 10.8 All Options to the extent unexercised on the expiry of the Option Period applicable thereto shall lapse.

---

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

---

- 10.9 Any failure to comply with the procedures specified by the ESOS Committee or to provide information as required by the Company in the notice to exercise or inaccuracy in the CDS Account number provided shall result in the notice to exercise being rejected at the discretion of the ESOS Committee. The ESOS Committee shall inform the Grantee of the rejection of the notice of exercise within ten (10) Market Days from the date of rejection and the Grantee shall not have deemed to have exercised his/her Option.
- 10.10 Every Option shall be subjected to the condition that no new Pappajack Shares 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 or such period as may be extended.

**11. RIGHTS ATTACHING TO OPTIONS AND THE NEW PAPPAJACK SHARES**

- 11.1 The Options shall not carry any right to vote at any general meeting of the Company.
- 11.2 A Grantee shall not be entitled to any dividends, rights or other entitlements on his/her unexercised and/or unvested Option(s) in relation to the Pappajack Shares yet to be issued.
- 11.3 The new Pappajack Shares to be issued upon the exercise of the Options shall upon allotment or issuance and full payment, rank *pari passu* in all respects with the then existing Pappajack Shares save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions declared, made or paid to shareholders, the Entitlement Date of which is prior to the date of issuance of the said new Pappajack Shares and are subject to the provisions of the Constitution of the Company and the ACE Market Listing Requirement, if any.

**12. NON-TRANSFERABILITY**

- 12.1 An Option is personal to the Grantee and subject to the provisions of By-Laws 13.1, 13.2, 13.3 and 13.4, it is exercisable only by the Grantee personally during his/her lifetime whilst he/she is in the employment (and in the case of non-executive Director, whilst he/she is appointed) in any corporation in the Pappajack Group.
- 12.2 An Option so granted shall not be transferred, assigned, disposed of or subject to any encumbrances by the Grantee save and except in the event of the death of the Grantee as provided under By-Law 13.4. Any such transfer, assignment, disposal or encumbrance shall result in the automatic cancellation of the Option.

**13. TERMINATION / LAPSING OF THE OPTION**

- 13.1 In the event a Grantee ceases to be in the employment of the Pappajack Group (and in the case of non-executive Director, resigning from the Board) for whatever reason prior to the full exercise of an Option, such Option or the balance thereof, as the case may be, shall forthwith cease to be valid without any claim against the Company **PROVIDED ALWAYS THAT** the ESOS Committee may, at its absolute discretion, by notice in writing, permit such Option to remain exercisable during the Option Period if such cessation occurs by reason of:
- (i) retirement on attaining the retirement age under Pappajack Group's retirement policy; or
  - (ii) retirement before attaining the normal retirement age but with the consent of the ESOS Committee; or
  - (iii) transfer to any corporation outside the Pappajack Group at the direction of the Company;



---

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


---

- (iv) redundancy; or
- (v) death, ill-health, injury, physical or mental disability or insanity;
- (vi) bankruptcy of the Grantee; or
- (vii) any other circumstances which are acceptable to the ESOS Committee subject to the approval and/or ratification by the Board.

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

- 13.2 Unless otherwise agreed in writing by the ESOS Committee at its absolute discretion, upon the resignation of the Grantee from his/her employment or directorship with the Pappajack Group (as the case may be), an Option shall lapse forthwith on the date the Grantee tenders his/her resignation. Any Option which lapses upon the resignation of the Grantee from his/her employment or directorship with Pappajack Group (as the case may be), at the discretion of the ESOS Committee, shall be offered to other Eligible Persons.
- 13.3 In the event of the liquidation of the Company, all unexercised or partially exercised Options shall lapse.
- 13.4 Where a Grantee dies before the expiry of the Option Period and the ESOS Committee permits such Grantee's unexercised Option(s) to remain exercisable, the whole or any part of the Option held by the Grantee that is unexercised may be exercised by the legal representatives of the Grantee in accordance with the terms and/or conditions as set out by the ESOS Committee **PROVIDED ALWAYS THAT** no Option shall be exercised after the expiry of the Option Period.

#### **14. ALTERATION OF SHARE CAPITAL DURING THE OPTION PERIOD**

- 14.1 Notwithstanding anything contained in these By-Laws and subject to any applicable laws and the ACE Market Listing Requirements, in the event of any alteration in the capital structure of the Company during the Option Period, whether by way of capitalisation issue, a rights issue, bonus issue, consolidation or subdivision of Pappajack Shares, reduction of capital or any other variation of capital, the Company shall cause such adjustment to be made to:

- (a) the Exercise Price; and/or
- (b) the number of Pappajack Shares which a Grantee shall be entitled to subscribe for upon the exercise of each Option,

to ensure that the capital outlay to be incurred by the Grantee in subscribing for the same proportion of new Pappajack Shares to which the Grantee was entitled to prior to the event giving rise to such adjustments (i.e. not taking into account the Option already exercised) shall remain unaffected.

- 14.2 The following provisions shall apply in relation to an adjustment which is made pursuant to By-Law 14.1:
- (a) any adjustment to the Exercise Price shall be rounded up to the nearest one (1) sen; and

---

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

---

- (b) in determining a Grantee's entitlement to subscribe for Pappajack Shares, any fractional entitlements will be disregarded.
- 14.3 By-Law 14.1 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 Pappajack Shares or other securities convertible into Pappajack Shares or rights to acquire or subscribe for Pappajack Shares in consideration or part consideration for an acquisition of any other securities, assets or business by the Company and/or its related corporation;
  - (b) a special issue of new Pappajack Shares to Bumiputera investors nominated by the Ministry of International Trade and Industry, Malaysia and/or other government authority to comply with the Government policy on Bumiputera capital participation;
  - (c) a private placement/restricted issue of new Pappajack Shares by the Company;
  - (d) an issue of new Pappajack Shares arising from the exercise of any conversion rights attached to securities convertible to Pappajack Shares or upon exercise of any other rights including warrants and/or convertible loan stocks (if any) issued by the Company;
  - (e) an issue of new Pappajack Shares upon the exercise of Options pursuant to the Scheme;
  - (f) any issue of Pappajack Shares pursuant to a dividend reinvestment scheme or share dividend in accordance with the ACE Market Listing Requirements so long as it is not a Capital Distribution (as defined below) or bonus issue;
  - (g) a share buy-back arrangement by the Company, pursuant to Section 127 of the Act;
  - (h) an issue of further Options to Eligible Persons under these By-Laws; and
  - (i) any other proposals which will not result in an adjustment to the reference price of the Pappajack Shares and as amended from time to time by the relevant authorities such as Bursa Securities and Securities Commission Malaysia.
- 14.4 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Division 7 of Part III of the Act, By-Law 14.1 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, save that By-Law 14.3 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 which falls within By-Law 14.3.
- 14.5 In the event the Court sanctions a compromise or arrangements between the Company and its members proposed for the purposes of, or in connection with, a scheme for arrangement or reconstruction of the Company under the Act or its amalgamation with any other company or companies under the Act any Option should remain exercisable by the Grantee at any time and from time to time in the period commencing with the date upon which the compromise or arrangements is sanctioned by the court and ending with the date upon which it becomes effective or within the Option Period, whichever expires first. Upon the compromise or arrangement becoming effective, all Options, to the extent unexercised shall automatically lapse and shall become null and void.
- 14.6 Upon any adjustment being made, the ESOS Committee shall within thirty (30) Market Days of the effective date of such adjustment or such other time period as may be prescribed by Bursa Securities or such other relevant authorities from time to time give notice in writing to the Grantee, or his/her legal or personal representative where the Grantee is deceased, to inform him/her of the adjustment and the event giving rise thereto.

---

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


---

- 14.7 Save for any alteration in the capital structure of the Company during the Option Period arising from bonus issues, subdivision or consolidation of shares, all adjustments must be confirmed in writing either by an approved company auditor or Pappajack's Adviser, acting as an expert and not as an arbitrator, to be in his/her opinion fair and reasonable. In addition, the Company shall, at the request of any Grantee, furnish such Grantee with a certificate from an approved company auditor or Pappajack's Adviser (as the case may be) to the effect that in the opinion of such auditor or Pappajack's Adviser (as the case may be), acting as an expert and not as an arbitrator, an adjustment is fair and reasonable either generally or as regards such Grantee, and such certification shall be final and binding on all parties. For the purposes of this By-Law, an approved company auditor shall have the meaning given in Section 2 of the Act and shall be the external auditors for the time being of the Company or such other external auditors as may be nominated by the Board.
- 14.8 The Company shall be guided by the adjustment as provided in By-Law 14.9 in determining the adjustments to be made pursuant to this By-Law 14.
- 14.9 In addition to By-Law 14.1 and not in derogation thereof, the Exercise Price and the number of new Pappajack 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 an Adviser and/or an auditor:

- (a) If and whenever a Pappajack Share by reason of any consolidation or subdivision (including if so permitted by the relevant authorities, a subdivision by way of a bonus issue by the Company of Pappajack Shares without capitalisation of profits or reserves) or conversion occurs, the Exercise Price shall be adjusted and the adjusted number of Pappajack Shares relating to the Option to be issued shall be calculated in accordance with the following formula:

$$(i) \quad \text{New Exercise Price} = \frac{S \times L}{M}$$

$$(ii) \quad \text{Adjusted number of Pappajack Shares} = \frac{T \times M}{L}$$

Where:

- L = the aggregate number of Pappajack Shares in issue and fully paid-up immediately prior to the consolidation or subdivision or conversion; and
- M = the aggregate number of Pappajack Shares in issue and fully paid-up immediately after such consolidation or subdivision or conversion; and
- S = existing Exercise Price; and
- T = existing number of Pappajack Shares relating to the Option that remains unexercised; and

Each such adjustment will be effective from the day on which the consolidation or subdivision or conversion becomes effective.

- (b) If whenever the Company shall make any issue of Pappajack Shares to ordinary shareholders for which no consideration is payable or which are credited as fully paid, by way of capitalisation of profits or reserves (including any capital redemption reserve fund and other than an issue of Pappajack Shares to its members who had an option to take cash or other dividend in lieu of the relevant Pappajack Shares), the Exercise Price shall be adjusted as follows:

---

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


---

$$\text{New Exercise Price} = S \times \frac{A}{(A + B)}$$

and the adjusted number of Pappajack Shares relating to the Option shall be calculated as follows:

$$\text{Adjusted number of Pappajack Shares} = \frac{T \times (A + B)}{A}$$

Where:

A = the aggregate number of issued and fully paid-up Pappajack Shares on the Entitlement Date immediately before such capitalisation;

B = the aggregate number of Pappajack Shares to be issued pursuant to any allotment to ordinary shareholders credited as fully paid by way of capitalisation of profits or reserves (including any capital redemption reserve fund and other than an issue of Pappajack Shares to its members who had an option to take cash or other dividend in lieu of the relevant Pappajack Shares);

S = as above.

T = as above.

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

- (c) If and whenever the Company shall make:
- (i) a Capital Distribution (as defined below) to ordinary shareholders whether on a reduction of capital or otherwise (save and except any capital reduction involving the cancellation of capital which is lost or unrepresented by available assets or involving any purchase by the Company of its own Pappajack Shares in accordance with the Act and all other applicable laws and regulations); or
  - (ii) any offer or invitation to its ordinary shareholders whereunder they may acquire or subscribe for Pappajack Shares by way of rights; or
  - (iii) any offer or invitation to its ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into Pappajack Shares or securities with rights to acquire or subscribe for Pappajack Shares,

then and in respect of each such case, the Exercise Price shall be adjusted as follows:

$$\text{New Exercise Price} = S \times \frac{C - D}{C}$$

---

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


---

and in respect of the case referred to in Clause (c)(ii) hereof, the adjusted number of Pappajack Shares comprised in the Option to be issued shall be calculated as follows:

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

Where:

- T = as above;
- C = the Current Market Price of each Pappajack Share on the Market Day immediately preceding the date on which the Capital Distribution or, as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing any such announcement) immediately preceding the date of the announcement of the Entitlement 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 Pappajack Shares by way of rights under By-Law 14.9(c)(ii) above or for securities convertible into Pappajack Shares or securities with rights to acquire or subscribe for Pappajack Shares under By-Law 14.9(c)(iii) above, the value of rights attributable to one (1) Pappajack Share (as defined below); or
- (ii) in the case of any other transaction falling within By-Law 14.9(c) hereof, the fair market value, as determined by the Adviser and/or an auditor, of that portion of the Capital Distribution attributable to one (1) Pappajack Share.

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

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

Where:

- C = as C above;
- E = the consideration for one (1) additional Pappajack Share under the terms of such offer or invitation or subscription price for one (1) additional Pappajack Share upon conversion of the convertible securities or exercise of such rights to acquire or subscribe for one (1) Pappajack Share under the offer or invitation;
- F = the number of Pappajack Shares which it is necessary for a Pappajack shareholder to hold in order to be offered or invited to acquire or subscribe for one (1) additional Pappajack Share or security convertible into rights to acquire or subscribe for one (1) additional Pappajack Share; and
- D\* = the value of rights attributable to one (1) Pappajack Share (as defined below).

---

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


---

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

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

Where:

- C = as C above;
- E\* = the acquisition/ subscription price for one (1) additional Pappajack Share under the terms of such offer or invitation; and
- F\* = the number of Pappajack Shares which it is necessary for a Pappajack shareholder to hold in order to be offered or invited to acquire or subscribe for one (1) additional Pappajack Share.

For the purpose of Clause (c) hereof, “Capital Distribution” shall (without prejudice to the generality of that expression) include distributions in cash or specie (other than dividend) or by way of issue of Pappajack Shares (not falling under Clause (b) hereof) or other securities credited as fully or partly paid-up by way of capitalisation of profits or reserves (including any capital redemption reserve fund) (but excluding an issue of Pappajack Shares to its members who had an option to take cash or other dividend in lieu of the relevant Pappajack Shares).

Any distribution out of profits or reserves (including any capital redemption reserve fund) made (whenever paid) shall be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders as shown in the audited consolidated profit and loss accounts of the Company.

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

- (d) If and whenever the Company makes an allotment to its ordinary shareholders as provided in Clause (b) above and also makes an offer or invitation to its ordinary shareholders as provided in Clause (c)(ii) or (iii) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the Exercise Price shall be adjusted as follows:

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

and where the Company makes an allotment to its ordinary shareholders as provided in Clause (b) above and also makes an offer or invitation to its ordinary shareholders as provided in Clause (c)(ii) above and the Entitlement Date for the purpose of the allotment is also the book closure date for the purpose of the offer or invitation, the adjusted number of Pappajack Shares relating to the Option to be issued shall be calculated as follows:

$$\text{Adjusted Number of Pappajack Shares} = T \times \frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)}$$

---

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


---

Where:

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

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

- (e) If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Pappajack Shares as provided in By-Law 14.9(c)(ii) above together with an offer or invitation to acquire or subscribe for securities convertible into or rights to acquire or subscribe for Pappajack Shares as provided in Clause (c)(iii) above, the Exercise Price shall be adjusted as follows:

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

and the adjusted number of Pappajack Shares relating to the Option to be issued shall be calculated as follows:

$$\text{Adjusted Number of Pappajack Shares} = \frac{T \times (G + H^*) \times C}{(G \times C) + (H^* \times I^*)}$$

Where:

- C = as C above;
- G = as G above;
- H = as H above;

---

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


---

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

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

- (f) If and whenever the Company makes an allotment to its ordinary shareholders as provided in Clause (b) above and also makes an offer or invitation to acquire or subscribe for Pappajack Shares to its ordinary shareholders as provided in By-Law 14.9(c)(ii) above, together with rights to acquire or subscribe for Pappajack Shares as provided in By-Law 14.9(c)(iii) above, and the Entitlement Date for the purpose of allotment is also the Entitlement Date for the purpose of the offer or invitation, the Exercise Price shall be adjusted by multiplying it by the following fraction:

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

and the adjusted number of Pappajack Shares relating to the Option to be issued shall be calculated as follows:

$$\text{Adjusted Number of Pappajack Shares} = T \times \frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)}$$

Where:

B	=	as B above;
C	=	as C above;
G	=	as G above;
H	=	as H above;
H*	=	as H* above;
I	=	as I above;
I*	=	as I* above;
J	=	as J above;
K	=	as K above; and
T	=	as T above.

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



---

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

---

- (g) For the purpose of By-Law 14.9:

“Current Market Price” means in relation to each Pappajack Share for any relevant day the five (5) day volume weighted average market price for each Pappajack Share on Bursa Securities for the five (5) consecutive Market Days before such date for one or more board lots of Pappajack Shares on Bursa Securities or in such other manner as may from time to time be stipulated in any guidelines prescribed by any competent authorities, if any.

- 14.10 Notwithstanding the other provisions referred to in By-Law 14.9, in any circumstances where the Board considers that adjustments to the Exercise Price and/or any additional new Pappajack Shares relating to Options to be issued as provided for under the provisions hereof should not be made or should be calculated on a different basis or different date or that an adjustment to the Exercise Price and/or the issuance of additional new Pappajack Shares relating to Options should be made notwithstanding that no adjustment or further issuance is required under the provisions hereof, the Company may appoint an Adviser and/or an auditor to consider whether for any reasons whatever the adjustment calculation or determination to be made (or the absence of an adjustment calculation or determination) is appropriate or inappropriate as the case may be. If such Adviser and/or auditor shall consider the adjustment calculation or determination to be inappropriate, the adjustments shall be modified or nullified (or an adjustment calculation or determination made even though not required to be made) in such manner as may be considered by such Adviser and/or auditor to be in their opinion appropriate.
- 14.11 The decision of the Board as to whether any adjustment shall be made or not made to the Exercise Price and/or the number of the new Pappajack Shares relating to Options or any portion thereof pursuant to this By-Law 14 shall be binding, final and conclusive.

**15. QUOTATION OF NEW PAPPAJACK SHARES**

- 15.1 If at the time of allotment of the new Pappajack Shares pursuant to the exercise of an Option, the existing issued Pappajack Shares are quoted on Bursa Securities, the Company shall make an application to Bursa Securities for the listing and quotation of the new Pappajack Shares so allotted in accordance with By-Law 10.4.
- 15.2 The Company and the ESOS Committee shall not be liable for any losses, costs and damages relating to the delay on the part of the Company in allotting and issuing the Pappajack Shares under any circumstances.

**16. RETENTION PERIOD**

The new Pappajack Shares to be allotted and issued arising from the exercise of the Option may be subjected to such retention period as may be imposed by the ESOS Committee at its discretion. Nevertheless, the Grantee is encouraged to hold the new Pappajack Shares as an investment rather than for any speculative purposes and/or for the realisation of any immediate gain.

Notwithstanding the above, pursuant to Rule 8.22 of the ACE Market Listing Requirements, a Grantee who is a non-executive director of the Company or any company in the Group which is not dormant, must not sell, transfer or assign Pappajack Shares obtained through the exercise of ESOS Options within one (1) year from the Offer Date or such period as may be prescribed by Bursa Securities.

---

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

---

**17. ADMINISTRATION**

17.1 This Scheme shall be administered by the ESOS Committee comprising such persons as shall be appointed from time to time by the Board of Pappajack. The Board of Pappajack shall have the discretion as it deems fit to approve, rescind and/or revoke the appointment of any person in the ESOS Committee. The ESOS Committee shall be vested with such powers and duties as are conferred upon it by the Board of Pappajack to administer the Scheme in such manner it shall in its discretion deem fit. The ESOS Committee may, for the purpose of administering the Scheme, do all acts and things and enter into any transactions, agreements, deeds, documents or arrangements, and make rules, regulations or impose terms and conditions or delegate part of its power relating to the Scheme which the ESOS Committee may in its discretion consider to be necessary or desirable for giving full effect to the Scheme.

17.2 Any decision or determination of the ESOS Committee made pursuant to the provisions of the Scheme (other than a matter to be certified and/or approved by the auditors or the Advisers) shall be final, binding and conclusive (including for the avoidance of doubt, any decision pertaining to any dispute as to the interpretation of the Scheme or any rule, regulation or procedure hereunder or as to any rights under the Scheme). The ESOS Committee shall not be required to furnish any reason for any decision or determination made by it except as may be required by the relevant authorities.

17.3 If in consequence of an error or omission, the ESOS Committee discovers or determines that:

- (a) an Eligible Person has not been given the opportunity to participate in the Scheme on any occasion; or
- (b) the number of Pappajack Share(s) comprised in any Option is found to be incorrect;

the ESOS Committee may subject to By-Law 5.11 do all such acts and things to rectify such error or omission and ensure that the Eligible Person is given the opportunity to participate in the Scheme and/or the number of Pappajack Share(s) under Option(s) is corrected.

**18. MODIFICATION, VARIATION AND/OR AMENDMENT TO THE SCHEME**

18.1 Subject to the compliance with the requirements of Bursa Securities and any other relevant authorities and their approvals being obtained (if required under the ACE Market Listing Requirements and applicable laws and regulations), the ESOS Committee may at any time and from time to time recommend to the Board any additions, amendments or modification to or deletions of these By-Laws as it shall in its discretion think fit and the Board shall have the power by resolution to add to, amend or delete all or any of these By-Laws upon such recommendation **PROVIDED ALWAYS THAT** no additions or amendments to or deletions of these By-Laws shall be made which will:

- (a) Prejudice any rights then accrued to any Grantee without the prior consent or sanction of that Grantee;
- (b) Prejudice any rights of the shareholders of the Company without the prior approval of the Company's shareholders in a general meeting; or
- (c) Alter to the advantage of any Eligible Person in respect of any matters which are required to be contained in the By-Laws by virtue of Appendix 6E of the ACE Market Listing Requirements, without the prior approval of the Company's shareholders in a general meeting unless allowed otherwise by the provisions of the ACE Market Listing Requirements.

---

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

---

- 18.2 Any amendments/modifications to the By-Laws shall not contravene any of the provisions of the guidelines on employee share issuance schemes as stipulated under the ACE Market Listing Requirements and/or any other relevant regulatory authority in relation to ESOS.
- 18.3 Upon amending and/or modifying all or any of the provisions of the Scheme, the Company shall within five (5) Market Days after the effective date of the amendments caused to be submitted to Bursa Securities the amended By-Laws and a confirmation letter in the form required under the ACE Market Listing Requirements that the said amendment and/or modification complies and does not contravene any of the provisions of the ACE Market Listing Requirements on ESOS and the Rules of Bursa Depository.
- 18.4 The Grantees shall be given written notices in the term and conditions prescribed by the ESOS Committee from time to time if any conditions, amendments to and/or modifications of these By-Laws within five (5) Market Days of any of the foregoing taking effect.

**19. DISPUTES**

In the event of any dispute or difference arising between the ESOS Committee and an Eligible Person or a Grantee, as to any matter or thing of any nature arising hereunder, the ESOS Committee shall determine such dispute or difference by a written decision (without the obligation to give any reason thereof) to the Eligible Person or the Grantee, as the case may be **PROVIDED THAT** where the dispute or difference is raised by a member of the ESOS Committee, the said member shall abstain from voting in respect of the decision of the ESOS Committee in that instance. The said decision shall be final and binding on the parties in all respects.

**20. SCHEME NOT A TERM OF EMPLOYMENT**

This Scheme shall not form part of or constitute or in any way be construed as a term or condition of employment of any employee. 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 Pappajack Group under which the Eligible Person is employed or any rights additional to any compensation or damages that the Eligible Person may be normally entitled to arising from the cessation of such employment.

**21. COSTS AND EXPENSES**

All fees, costs and expenses incurred in relation to the administration and management of the Scheme including but not limited to the fees, costs and expenses relating to the allotment and issue of the new Pappajack Shares pursuant to the exercise of any Option shall be borne by the Company. Notwithstanding this, the Grantee shall bear any fees, costs and expenses incurred in relation to his/her acceptance and exercise and/or loss of the Option, loss of Option certificate(s), opening and maintaining of his/her respective CDS Account and sale of Pappajack Shares in the market.

**22. CONSTITUTION**

Notwithstanding the terms and conditions contained in these By-Laws, if a situation of conflict should arise between these By-Laws and the Constitution of the Company, the provisions of the Constitution of the Company shall prevail at all times save and except where such provisions of the By-Laws are included pursuant to the ACE Market Listing Requirements in which event such provisions of the By-Laws shall prevail.

---

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

---

**23. INSPECTION OF AUDITED ACCOUNTS**

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

**24. TRANSFER FROM OTHER CORPORATIONS TO THE PAPPAJACK GROUP**

In the event that:

- (i) a Director or an Employee who was employed in a corporation which is not within the Pappajack Group and is subsequently transferred from such corporation to any corporation within the Pappajack Group; and
- (ii) a Director or an Employee who was in the employment of a corporation which subsequently becomes a member of the Pappajack Group as a result of a restructuring exercise or otherwise involving Pappajack and/or any corporation within the Pappajack Group with any of the first mentioned company stated in (i) above;

(the first mentioned corporation in (i) and (ii) above are hereinafter referred to as the "Previous Company"), such a Director or an Employee of the Previous Company ("the **Affected Director/Employee**"), subject to By-Law 6 hereof, will:

- (i) be entitled to continue to exercise all such unexercised Option(s) which were granted to him/her under the Previous Company's ESOS in accordance with the By-Laws of such Previous Company's ESOS but he/she shall not, upon such transfer or restructuring or divestment as the case may be, be eligible to participate for further options of such Previous Company's ESOS; and/or
- (ii) be eligible to participate in the Scheme only for the remaining duration of the Scheme, subject to the ESOS Committee's approval; and/or
- (iii) if the Affected Director/Employee had participated in the Previous Company's ESOS, the number of new Pappajack Shares to be offered to such Affected Director/Employee under the Scheme shall be subject to the discretion of the ESOS Committee.

**25. DIVESTMENT FROM THE PAPPAJACK GROUP**

25.1 If a Grantee who was in the employment of a corporation in the Pappajack Group, which was subsequently divested wholly, or in part, from the Pappajack Group, then such Grantee:

- (i) may at the discretion of the ESOS Committee, be entitled to continue to exercise all such unexercised Option(s) which were granted to him/her under the Scheme within a period as shall be determined by the ESOS Committee from the date of completion of such divestment and within the Option Period, failing which the right of such Grantee to subscribe for that number of the new Pappajack Shares or any part thereof granted under such unexercised Option(s) shall automatically lapse upon the expiration of the relevant period and be null and void and of no further force and effect; and

---

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

---

- (ii) shall not be eligible to participate for further Option(s) under the Scheme. For the avoidance of doubt, where the Grantee was in the employment of a corporation in the Pappajack Group and that Company was subsequently partially divested from the Pappajack Group, which resulted in a subsequent holding of fifty percent (50%) or more by the Pappajack Group, then such Grantee shall be entitled to all his/ her rights in relation to the unexercised Option(s) and he/ she shall be eligible for further participation of the Option(s) under the Scheme.

25.2 For the purpose of By-Law 25.1, a corporation shall be deemed to be divested from the Pappajack Group in the event that such corporation would no longer be a subsidiary of Pappajack pursuant to Section 4 of the Act.

**26. TAKEOVER**

Notwithstanding By-Law 10 hereof and subject to the provisions of any applicable statutes, rules, regulations and/or conditions issued by the relevant regulatory authorities, in the event of:

- (i) a take-over offer being made for the Company, under the Malaysian Rules on Take-Over, Mergers and Compulsory Acquisition issued by the Securities Commission Malaysia, to acquire the whole of the issued ordinary share capital of the Company (or such part thereof not at the time held by the person making the take-over offer (“**Offeror**”) or any persons acting in concert with the Offeror), any unexercised Options shall remain in force and be exercisable until the expiry of the Option Period applicable thereto unless otherwise determined by the ESOS Committee at its absolute discretion; and
- (ii) the Offeror becoming entitled or bound to exercise the right of compulsory acquisition of new Pappajack Shares under the provisions of the Capital Markets and Services Act, 2007 and gives notice to the Company that it intends to exercise such right on a specific date, a Grantee will be entitled to exercise all or any part of his/her Option from the date of service of the said notice to the Company until and inclusive of the date on which the right of compulsory acquisition is exercised **PROVIDED ALWAYS THAT** any Options to the extent unexercised after the date on which the right of compulsory acquisition is exercised shall lapse and immediately cease to have any effect.

**27. SCHEME OF ARRANGEMENT, AMALGAMATION AND RECONSTRUCTION**

Notwithstanding By-Law 10 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 the Act or its amalgamation with any other company or companies under the Act, any Option shall remain exercisable by the Grantee 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 or such other date as the ESOS Committee may deem fit. Upon such date, all Options, to the extent unexercised shall automatically lapse and shall become null and void.

**28. SUBSEQUENT EMPLOYEE SHARE ISSUANCE SCHEMES**

Without derogating the right of the Company to implement more than one (1) ESOS during the duration of this Scheme as set out in By-Law 3.3, the Company may establish a new ESOS after the Date of Expiry subject to the approval of the relevant authorities and/or the shareholders of the Company.

---

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

---

**29. NO COMPENSATION**

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

**30. TAXES**

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

**31. 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.

**32. SEVERABILITY**

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

**33. GOVERNING LAW AND JURISDICTION**

- 33.1 These By-Laws shall be governed and construed in accordance with the laws of Malaysia and the Grantee shall submit to the exclusive jurisdiction of the Courts of Malaysia in all matters connected with the obligations and liabilities of the parties hereto under or arising out of these By-Laws.
- 33.2 Any proceeding or action shall be instituted or taken in Malaysia and the Grantee irrevocably and unconditionally waives any objection on the ground of venue or forum non-convenience or any other grounds.
- 33.3 Any Offer made to Eligible Persons pursuant to the Scheme is strictly made in Malaysia only and shall not be deemed to be made or offered in any country or jurisdiction other than Malaysia unless specifically mentioned otherwise by the ESOS Committee in the Offer.

---

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

---

- 33.4 In order to facilitate the making of an Offer under the Scheme, the Board may provide for such special terms and conditions to apply to such Offers to Eligible Persons who are employed by a corporation within the Pappajack Group in a particular jurisdiction or who are nationals of any particular jurisdiction that is outside Malaysia, as the Board may consider necessary or appropriate to accommodate differences in applicable law, tax policy or custom. Moreover, the Board may approve such supplements to or amendments or restatements of the Scheme as it may consider necessary or appropriate for such purposes, without thereby affecting the terms and conditions of the Scheme as they are in effect, and the secretary of the Company or any other appropriate officer of the Company may certify any such document as having or any other appropriate officer of the Company may certify such document as having been approved and adopted in the same manner as this Scheme. No such special terms, supplements or amendments however shall include any provision that is inconsistent with the terms and/or conditions of this Scheme as then in effect unless this Scheme could have been amended to eliminate such inconsistency.

**34. NOTICE**

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

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

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

- 34.2 Any certificate, notification or other notice required to be given to the Company or the ESOS Committee shall be properly given if sent by registered post or delivered by hand to the Company at its business address at 11B, Jalan TK1/11A, Taman Kinrara Seksyen 1, 47180 Puchong, Selangor, Malaysia or any other business address which may be notified in writing by the ESOS Committee from time to time.
- 34.3 Notwithstanding By-Law 34.1, where any notice is required to be given by the Company or the ESOS Committee under these By-Laws in relation to matters which may affect all Grantees or Eligible Persons, as the case may be, the Company or the ESOS Committee may give notice through an announcement to all Grantees, Eligible Persons and/or employees of the Pappajack 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 By-Law 34.1 shall be deemed to be sufficiently given, served or made to all affected Grantee or Eligible Person, as the case may be.

**35. DECISION OF ESOS COMMITTEE**

- 35.1 Any decision made by the ESOS Committee under the By-Laws shall, save for any manifest or error, be final and binding.

---

**ADDITIONAL INFORMATION**

---

**1. DIRECTORS' RESPONSIBILITY STATEMENT**

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

**2. CONSENT AND CONFLICT OF INTEREST****2.1 Principal Adviser**

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

RHB Investment Bank, its subsidiaries and associated companies, as well as its holding company, RHB Bank Berhad ("**RHB Bank**"), and the subsidiaries and associated companies of RHB Bank ("**RHB Banking Group**") form a diversified financial group. RHB Banking Group may extend credit facilities or engage in private banking, commercial banking and investment banking transactions including, among others, brokerage, securities trading, asset and fund management and credit transaction service businesses. RHB Banking Group has engaged and may in the future, engage in transactions with and perform services for the Company and/or its affiliates, in addition to the role as set out in this Circular. RHB Banking Group, its directors and major shareholders may from time to time hold or deal in the securities of the Company and/or its affiliates for their own accounts or their proprietary accounts.

Furthermore, in the ordinary course of business, RHB Banking Group may at any time offer or provide its services or engage in any transactions (whether on its own account or otherwise) with the Company and/or its affiliates and/or any other entity or person, hold long or short positions in the securities offered by the Company and/or its affiliates, make investments recommendations and/or publish or express independent research views on such securities and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of the Company and/or its affiliates.

The business of RHB Banking Group generally act independently of each other, and accordingly, there may be situations where parts of RHB Banking Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the said regulations issued by the relevant authorities governing its advisory business, which require, among others, segregation between dealing and advisory activities and Chinese Wall between different business divisions.

As at the LPD, RHB Banking Group has extended credit facilities amounting to RM30.00 million ("**Credit Facilities**") (which has been fully drawn down) to Pappajack Group. The Credit Facilities represent approximately 0.10% of the audited consolidated NA of RHB Bank of approximately RM28.72 billion as at 31 December 2022.



---

**ADDITIONAL INFORMATION (CONT'D)**


---

Notwithstanding the above, RHB Investment Bank is of the opinion that concerns of any potential conflict of interest that exists or is likely to exist in relation to its capacity as the Principal Adviser to Pappajack for the Proposals is mitigated by the following:

- (a) RHB Investment Bank is a licensed investment bank and its appointment as the Principal Adviser to Pappajack for the Proposals is in the ordinary course of its business and RHB Investment Bank does not receive or derive any financial interest or benefits save for the professional fees received in relation to its appointment as the Principal Adviser to Pappajack for the Proposals;
- (b) the Credit Facilities were approved by RHB Banking Group's relevant credit committee and granted on an arm's length basis and is not material when compared to the audited consolidated NA of RHB Bank of approximately RM28.72 billion as at 31 December 2022;
- (c) the Corporate Finance division of RHB Investment Bank is required under its investment banking license to comply with strict policies and guidelines issued by the Securities Commission Malaysia, Bursa Securities and Bank Negara Malaysia governing its advisory operations. These guidelines require, among others, the establishment of Chinese Wall policies, clear segregation between dealing and advisory activities and the formation of an independent committee to review its business operations; and
- (d) the conduct of RHB Banking Group in its banking business is strictly regulated by the Financial Services Act, 2013, the Capital Markets and Services Act, 2007 and RHB Banking Group's own internal controls which includes, segregation of reporting structures, in that its activities are monitored and reviewed by independent parties and committees.

As at the LPD, save as disclosed above, RHB Investment Bank confirms that it is not aware of any conflict of interest that exists or is likely to exist in relation to its capacity as the Principal Adviser of Pappajack for the Proposals.

## **2.2 Independent Market Researcher**

Providence, being the Independent Market Researcher on the outlook of the pawnbroking industry in Malaysia, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, the extract of its IMR Report and all references thereto in the form and context in which they appear in this Circular.

Providence confirms that it is not aware of any conflict of interest that exists or is likely to exist in relation to its role as the Independent Market Researcher on the outlook of the pawnbroking industry in Malaysia.

## **3. MATERIAL COMMITMENTS**

As at the LPD, there is no material commitment incurred or known to be incurred by the Group which may have a material impact on the financial results/position of the Group.

## **4. CONTINGENT LIABILITIES**

As at the LPD, there is no contingent liabilities incurred or known to be incurred by the Group, which upon becoming enforceable, may have a material impact on the financial results/position of the Group.

---

**ADDITIONAL INFORMATION (CONT'D)**

---

**5. MATERIAL LITIGATION, CLAIMS OR ARBITRATION**

As at the LPD, the Group is not involved in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board is not aware and does not have any knowledge of any proceedings pending or threatened against the Group, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of the Group.

**6. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the Company's Registered Office at Level 5, Tower 2, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur during normal business hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the forthcoming EGM:

- (i) Constitution of Pappajack;
- (ii) audited financial statements of Pappajack Group for the FYE 31 December 2021 and FYE 31 December 2022;
- (iii) draft By-Laws of the Proposed ESOS;
- (iv) IMR Report; and
- (v) letters of consent and declaration of conflict of interest referred to in Section 2 above.

<b>THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK</b>
--



## **PAPPAJACK BERHAD**

(Registration No. 202001042414 (1398735-V))  
(Incorporated in Malaysia)

### **NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting ("**EGM**") of Pappajack Berhad ("**Pappajack**" or the "**Company**") will be held at Four Points by Sheraton Puchong, Putera 1 & 2 (Function Room), Level 1, Puchong Financial Centre (PFCC), Jalan Puteri 1/2, Bandar Puteri, 47100 Puchong, Selangor on Wednesday, 14 June 2023 at 3.00 p.m. or after the conclusion or adjournment (as the case may be) of the 2nd Annual General Meeting of Pappajack scheduled to be held on the same day, same venue at 2.00 p.m., whichever is later for the purpose of considering and, if thought fit, passing the following resolutions by way of poll:

#### **ORDINARY RESOLUTION 1**

**PROPOSED PRIVATE PLACEMENT OF UP TO 100,200,000 NEW ORDINARY SHARES IN PAPPAJACK ("PAPPAJACK SHARES" OR "SHARES") ("PLACEMENT SHARES"), REPRESENTING 15% OF THE TOTAL NUMBER OF ISSUED SHARES (EXCLUDING TREASURY SHARES, IF ANY) OF THE COMPANY ("PROPOSED PRIVATE PLACEMENT")**

**"THAT** subject to the approvals of all relevant authorities and/or parties being obtained, approval be and is hereby given to the Board of Directors of the Company ("**Board**") to issue and allot up to 100,200,000 Placement Shares, representing 15% of the total number of issued shares (excluding treasury shares, if any) of the Company, by way of private placement to independent third party investor(s) to be identified later ("**Placees**") to be implemented in one or more tranches within 6 months from the date of approval of Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the Proposed Private Placement or any extended period as may be approved by Bursa Securities;

**THAT** approval be and is hereby given to the Board to determine the issue price of the Placement Shares at a later date after receipt of all relevant approvals for the Proposed Private Placement and the issue price of the Placement Shares shall be priced at a discount of not more than 10% to the 5-day volume weighted average share price of the Pappajack Shares immediately preceding the price-fixing date;

**THAT** such Placement Shares shall, upon issuance and allotment, rank equally in all respects with the then existing Pappajack Shares, save and except that they will not be entitled to any dividend, right, allotment and/or any other distribution that may be declared, made or paid prior to the date of issuance and allotment of the Placement Shares and the Placement Shares will be subject to all provisions of the Company's Constitution relating to transfer, transmission and otherwise;

**THAT** pursuant to Section 85(1) of the Companies Act, 2016 ("**Act**") read together with Clause 54 of the Company's Constitution, approval be and is hereby given to waive the pre-emptive rights of the existing shareholders of the Company to be offered new Pappajack Shares ranking equally to the existing issued shares of the Company arising from the issuance and allotment of the Placement Shares pursuant to the Proposed Private Placement **AND THAT** the Board is exempted from the obligation to offer such Placement Shares first to the existing shareholders of the Company in respect of the issuance and allotment of the Placement Shares to the Placees pursuant to the Proposed Private Placement;

**THAT** authority be and is hereby given to the Board to utilise the proceeds from the Proposed Private Placement for such purposes as set out in Section 2.1.4 of the circular to shareholders of the Company dated 19 May 2023 ("**Circular**") and the Board be and is hereby 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 and/or expedient subject to the approval of the relevant authorities, where required and in the best interest of the Company;

**AND THAT** the Board be and is hereby empowered and authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/or arrangements (including without limitations, the affixation of the Company's Common Seal in accordance with the Company's Constitution) as may be necessary or expedient in order to implement, finalise, give effect and complete the Proposed Private Placement with full powers to assent to any condition, modification, variation and/or amendment in any manner as may be required or imposed by the relevant authorities or as the Board may deem necessary or expedient in the best interest of the Company."

## **ORDINARY RESOLUTION 2**

### **PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME ("ESOS") OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES (EXCLUDING TREASURY SHARES, IF ANY) OF PAPPAJACK AT ANY POINT IN TIME DURING THE DURATION OF THE ESOS ("PROPOSED ESOS")**

"**THAT** subject to the approvals of all relevant authorities and/or parties being obtained, approval be and is hereby given to the Board to establish the ESOS involving up to 10% of the total number of issued shares (excluding treasury shares, if any) of the Company from time to time for the benefit of eligible Directors (including non-executive Directors) and employees of Pappajack and its subsidiaries ("**Pappajack Group**" or "**Group**") (excluding dormant subsidiaries, if any) who meet the criteria of eligibility for participation in the Proposed ESOS ("**Eligible Persons**"), and the Board be and is hereby authorised for the following:

- (i) to establish, appoint and authorise an ESOS committee ("**ESOS Committee**") to implement and administer the ESOS for the benefit of the Eligible Persons, in accordance with the draft by-laws governing the Proposed ESOS ("**By-Laws**") as set out in Appendix I of the Circular;
- (ii) to issue and allot from time to time such number of new Shares as may be required to be issued pursuant to the exercise of options granted under the Proposed ESOS ("**ESOS Options**"), **PROVIDED THAT** the total number of new Shares to be issued under the Proposed ESOS shall not in aggregate exceed 10% of the total number of issued Shares (excluding treasury shares, if any) of Pappajack at any point in time during the duration of the Proposed ESOS **AND THAT** the new Shares to be issued and allotted upon the exercise of any ESOS Options will, upon issuance and allotment, rank equally in all respects with the existing Pappajack Shares, save and except that the new Pappajack Shares will not be entitled to any dividends, rights, allotments, and/or other forms of distribution where the entitlement date precedes the relevant date of issuance and allotment of the new Pappajack Shares and such Shares will be subject to all provisions of the Company's Constitution relating to transfer, transmission and otherwise;
- (iii) to do all necessary and make such applications as may be necessary at the appropriate time or times to Bursa Securities for the listing and quotation of the new Shares which may from time to time be issued and allotted arising from the exercise of the ESOS Options;
- (iv) to modify, vary and/or amend the By-Laws from time to time as may be required/permitted by the authorities or deemed necessary by the authorities or the Board **PROVIDED THAT** such modifications, variations and/or amendments are effected in accordance with the provisions of the By-Laws relating to modifications, variations and/or amendments, deeds or undertakings, to deliver and/or impose such terms and conditions and/or delegate part of its powers as may be necessary or expedient in order to implement, finalise and give full effect to the Proposed ESOS; and

- (v) to extend the duration of the ESOS, if the Board deems fit, for up to a maximum period of an additional 5 years ("**Extension**") upon the recommendation by the ESOS Committee, **PROVIDED ALWAYS THAT** the initial ESOS period of 5 years and such Extension made pursuant to the By-Laws shall not in aggregate exceed a duration of 10 years or such other period as may be prescribed by Bursa Securities, and that the Board be and is hereby authorised to implement the Extension and do all such acts and things and to execute all necessary documents to give full effect to and complete the Extension with full power to assent to or make any modifications, variations and/or amendments as may be required by the relevant authorities and to take all steps and actions as may be required by the relevant authorities and as the Board may deem necessary and/or expedient to finalise, implement and give full effect to and complete the Extension;

**THAT** pursuant to Section 85(1) of the Act read together with Clause 54 of the Company's Constitution, approval be and is hereby given to waive the pre-emptive rights of the existing shareholders of the Company to be offered new Pappajack Shares ranking equally to the existing issued shares of the Company arising from the issuance and allotment of the new Shares to be issued pursuant to the exercise of the ESOS Options granted under the Proposed ESOS;

**THAT** the Board be and is hereby empowered and authorised to do all acts, deeds and things and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/or arrangements (including without limitations, the affixation of the Company's Common Seal in accordance with the Company's Constitution) as may be necessary or expedient in order to implement, finalise, give effect and complete the Proposed ESOS and terms of the By-Laws with full powers to assent to any condition, modification, variation and/or amendment in any manner as may be required or imposed by the relevant authorities or as the Board may deem necessary or expedient in the best interest of the Company;

**AND THAT** the draft By-Laws, as set out in Appendix I of the Circular, be and is hereby approved and adopted."

#### **ORDINARY RESOLUTIONS 3 to 10**

#### **PROPOSED ALLOCATION OF ESOS OPTIONS TO DIRECTORS OF PAPPAJACK AND PERSONS CONNECTED TO THEM UNDER THE PROPOSED ESOS**

"**THAT** subject to the approvals of all relevant authorities and/or parties being obtained, approval be and is hereby given to the Board to authorise the ESOS Committee, at any time and from time to time throughout the duration of the Proposed ESOS, to offer and grant to the following persons, ESOS Options to subscribe for new Shares under the Proposed ESOS:

- |        |  |                        |
|--------|--|------------------------|
| (i)    | Chong Chee Fire (Independent Non-Executive Chairman)               | Ordinary resolution 3  |
| (ii)   | Lim Boon Hua (Managing Director/Chief Executive Officer)           | Ordinary resolution 4  |
| (iii)  | Law Book Ching (Executive Director)                                | Ordinary resolution 5  |
| (iv)   | Dato' Magaret Ting Thien Hung (Independent Non-Executive Director) | Ordinary resolution 6  |
| (v)    | Koo Woon Kan (Independent Non-Executive Director)                  | Ordinary resolution 7  |
| (vi)   | Cheong Woon Yaw (Independent Non-Executive Director)               | Ordinary resolution 8  |
| (vii)  | Lim Boon Keong (Area Manager and brother of Lim Boon Hua)          | Ordinary resolution 9  |
| (viii) | Lee Kooi Lan (Area Manager and spouse of Lim Boon Hua)             | Ordinary resolution 10 |

Provided always that:

- (i) the abovementioned persons must not participate in the deliberation and/or discussion of their own respective allocation;
- (ii) not more than 10% of the total number of new Shares to be issued under the Proposed ESOS would be allocated to any one of the abovementioned persons who, either singly or collectively through persons connected to them, holds 20% or more of the total number of issued shares of the Company; and
- (iii) the allocation of ESOS Options to the abovementioned persons shall be subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws, the ACE Market Listing Requirements of Bursa Securities, or any prevailing guidelines issued by Bursa Securities, as amended from time to time.

**THAT** at any one time during the duration of the Proposed ESOS, not more than 60% of the total number of ESOS Options available under the Proposed ESOS could be allocated, in aggregate to the directors and senior management of Pappajack Group (excluding dormant subsidiaries, if any) pursuant to the Proposed ESOS.

**AND THAT** the Board is also authorised to issue and allot the corresponding number of new Shares arising from the exercise of the ESOS Options that may be granted to them under the Proposed ESOS."

**BY ORDER OF THE BOARD  
PAPPAJACK BERHAD**

**WONG YOUN KIM** (MAICSA 7018778)

Company Secretary  
Kuala Lumpur  
19 May 2023

***Explanatory Note to Ordinary Resolution 1 and Ordinary Resolution 2:***

*Pursuant to Section 85(1) of the Act read together with Clause 54 of the Company's Constitution, the shareholders of the Company have a statutory pre-emptive right to be offered any new Shares of the Company which rank equally to existing Shares issued by the Company. By you voting in favour of the proposed Ordinary Resolutions 1 and/or 2, you will be waiving your statutory pre-emptive rights, and accordingly the proposed Ordinary Resolutions 1 and/or 2, if passed, will be taken to mean and will tantamount to the shareholders of the Company agreeing to waive and exclude their statutory pre-emptive rights under Section 85(1) of the Act and Clause 54 of the Company's Constitution to be first offered any new Shares to be issued by the Company pursuant to the Proposed Private Placement and/or the Proposed ESOS.*

**Notes:**

1. *A proxy may but need not be a member of the Company.*
2. *To be valid, this form, duly completed must be deposited at the Registered Office of the Company, Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, not less than 24 hours before the time for holding the meeting, provided that in the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/her/ their proxy, provided always that the rest of the proxy form, other than the particulars of the proxy/proxies have been duly completed by the member(s).*
3. *A member may appoint up to 2 proxies to attend, participate, speak and vote at the same meeting. Where a member appoints 2 proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
4. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least 1 proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
5. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

6. *If the appointor is a corporation, this form must be executed under its common seal or under the hand of an attorney duly authorised.*
7. *Only depositors whose names appear in the Record of Depositors as at 7 June 2023 shall be entitled to attend the EGM.*

**Personal data privacy:**

*By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, speak and vote at the EGM, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM, and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"); (ii) warrants that where the member disclose the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained prior consent of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*

<b>THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK</b>
--

**PAPPAJACK BERHAD**  
 [Registration No. 202001042414 (1398735-V)]  
 (Incorporated in Malaysia)

**PROXY FORM**

<b>CDS Account No.</b>	
<b>No. of Shares Held</b>	

\*I/We \_\_\_\_\_ \*NRIC No./Co. No. \_\_\_\_\_

(FULL NAME IN BLOCK LETTERS)

of \_\_\_\_\_

(FULL ADDRESS)

Telephone No. \_\_\_\_\_ Email Address: \_\_\_\_\_

being a \*member / members of Pappajack Berhad [Registration No. 202001042414 (1398735-V)] (the "**Company**"), hereby appoint the following person(s):

Name of Proxy	NRIC No	Address	No. of Shares to be represented
1.			
2.			

or failing him/her, 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 Four Points by Sheraton Puchong, Putera 1 & 2 (Function Room), Level 1, Puchong Financial Centre (PFCC), Jalan Puteri 1/2, Bandar Puteri, 47100 Puchong, Selangor on Wednesday, 14 June 2023 at 3.00 p.m. or after the conclusion or adjournment (as the case may be) of the 2nd Annual General Meeting of Pappajack scheduled to be held on the same day, same venue at 2.00 p.m., whichever is later and to vote as indicated below:

		FIRST PROXY		SECOND PROXY	
		For	Against	For	Against
Resolution 1	Proposed private placement of up to 100,200,000 new ordinary shares in the Company, representing 15% of the total number of issued shares (excluding treasury shares, if any) of the Company				
Resolution 2	Proposed establishment of an employees' share option scheme (" <b>ESOS</b> ") of up to 10% of the total number of issued shares (excluding treasury shares, if any) of Pappajack at any point in time during the duration of the ESOS				
Resolution 3	Proposed allocation of ESOS options to Chong Chee Fire (Independent Non-Executive Chairman)				
Resolution 4	Proposed allocation of ESOS options to Lim Boon Hua (Managing Director/Chief Executive Officer)				
Resolution 5	Proposed allocation of ESOS options to Law Book Ching (Executive Director)				
Resolution 6	Proposed allocation of ESOS options to Dato' Magaret Ting Thien Hung (Independent Non-Executive Director)				
Resolution 7	Proposed allocation of ESOS options to Koo Woon Kan (Independent Non-Executive Director)				
Resolution 8	Proposed allocation of ESOS options to Cheong Woon Yaw (Independent Non-Executive Director)				
Resolution 9	Proposed allocation of ESOS options to Lim Boon Keong (Area Manager and brother of Lim Boon Hua)				





Resolution 10	Proposed allocation of ESOS options to Lee Kooi Lan (Area Manager and spouse of Lim Boon Hua)				
---------------	---	--	--	--	--

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

*\*Strike out whichever is not desired.*

Dated this \_\_\_\_ day of \_\_\_\_\_ 2023

\_\_\_\_\_  
Signature of Shareholder(s) / Common Seal

**Notes:**

1. *A proxy may but need not be a member of the Company.*
2. *To be valid, this form, duly completed must be deposited at the Registered Office of the Company, Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, not less than 24 hours before the time for holding the meeting, provided that in the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/her/ their proxy, provided always that the rest of the proxy form, other than the particulars of the proxy/proxies have been duly completed by the member(s).*
3. *A member may appoint up to 2 proxies to attend, participate, speak and vote at the same meeting. Where a member appoints 2 proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
4. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least 1 proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
5. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
6. *If the appointor is a corporation, this form must be executed under its common seal or under the hand of an attorney duly authorised.*
7. *Only depositors whose names appear in the Record of Depositors as at 7 June 2023 shall be entitled to attend the EGM.*

**Personal data privacy:**

*By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, speak and vote at the EGM, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM, and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"); (ii) warrants that where the member disclose the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained prior consent of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*

*Fold this flap for sealing*

*Then fold here*

AFFIX  
STAMP

**PAPPAJACK BERHAD**  
Registration No. 202001042414 (1398735-V)  
Registered Office  
Acclime Corporate Services Sdn Bhd  
Level 5, Tower 8, Avenue 5, Horizon 2,  
Bangsar South City,  
59200 Kuala Lumpur

*1<sup>st</sup> fold here*

