

THIS CIRCULAR TO SHAREHOLDERS OF COASTAL CONTRACTS BHD. (“COASTAL” OR THE “COMPANY”) 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, solicitor, accountant, bank manager or other professional adviser immediately.

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COASTAL CONTRACTS BHD.

(Registration No.: 200001015043 (517649-A))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

- (I) **PROPOSED ESTABLISHMENT OF AN EMPLOYEES’ SHARE OPTION SCHEME (“ESOS”) OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF COASTAL (EXCLUDING TREASURY SHARES, IF ANY) AT ANY POINT IN TIME TO BE GRANTED TO THE ELIGIBLE DIRECTORS AND EMPLOYEES OF COASTAL AND ITS SUBSIDIARIES WHICH ARE NOT DORMANT (“PROPOSED ESOS”); AND**
- (II) **PROPOSED ALLOCATION OF ESOS OPTIONS TO THE DIRECTORS OF COASTAL AND PERSONS CONNECTED TO THEM PURSUANT TO THE PROPOSED ESOS**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser

UOBKayHian

UOB Kay Hian Securities (M) Sdn Bhd

(Registration No.: 199001003423 (194990-K))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting (“**EGM**”) of the Company will be held at the registered office of the Company at Block G, Lot 3B, Bandar Leila, 90000 Sandakan, Sabah on Thursday, 16 December 2021 at 11.30 a.m., or immediately following the conclusion or adjournment of the 21st Annual General Meeting (“**AGM**”) of the Company which will be held at the same venue and on the same date at 10.00 a.m., whichever is later.

The appointment of a proxy may be made in hard copy form or by electronic form. In the case of an appointment made in hard copy form, the Form of Proxy must be lodged at the registered office of the Company at Block G, Lot 3B, Bandar Leila, 90000 Sandakan, Sabah. In the case of electronic appointment, the Form of Proxy must be submitted to the electronic address at ir@coastalcontracts.com.

All Forms of Proxy submitted must be received by the Company not less than forty eight (48) hours before the appointed time for the EGM. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you subsequently wish to do so. The last date and time for lodging the Form of Proxy is on Tuesday, 14 December 2021 at 11.30 a.m.

Last date and time for lodging the Form of Proxy : Tuesday, 14 December 2021 at 11.30 a.m.

Date and time of the EGM : Thursday, 16 December 2021 at 11.30 a.m., or immediately following the conclusion or adjournment of the 21st AGM of the Company which will be held at the same venue and on the same date at 10.00 a.m., whichever is later

DEFINITIONS

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

“Act”	:	The Companies Act 2016, as amended from time to time and any re-enactment thereof
“Board”	:	Board of Directors of Coastal
“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 by-laws governing the Proposed ESOS, the draft of which is set out in Appendix I of this Circular, as may be amended, varied or supplemented from time to time
“Circular”	:	This circular to shareholders of Coastal dated 26 November 2021
“Coastal” or the “Company”	:	Coastal Contracts Bhd. (Registration No.: 200001015043 (517649-A))
“Coastal Group” or the “Group”	:	Coastal and its subsidiaries, collectively
“Coastal Share(s)” or “Share(s)”	:	Ordinary share(s) in Coastal
“Constitution”	:	The constitution of Coastal
“Director(s)”	:	The director(s) of Coastal having the meaning given in 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 takes effect, to be determined following full compliance with the relevant requirements of the Listing Requirements and the By-Laws
“EGM”	:	Extraordinary General Meeting
“Eligible Person(s)”	:	The eligible Director(s) and employee(s) of Coastal Group (excluding subsidiaries which are dormant), who meet the criteria of eligibility to participate in the Proposed ESOS as indicated in the By-Laws
“EPS”	:	Earnings per Share
“ESOS”	:	Employees’ Share Option Scheme
“ESOS Committee”	:	The committee appointed and duly authorised by the Board to administer the Proposed ESOS in the manner as indicated in the By-Laws
“ESOS Option(s)”	:	The right of a Participant to subscribe for new Coastal Shares pursuant to the contract constituted by the acceptance of an Offer as set out in the By-Laws

DEFINITIONS (Cont'd)

“Exercise Price”	:	The exercise price payable for Coastal Share(s) upon exercise of any ESOS Option(s)
“FYE”	:	Financial year ended/ending, as the case may be
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities, as amended or modified from time to time
“LPD”	:	1 November 2021, being the latest practicable date prior to the printing and despatch of this Circular
“Maximum Shares”	Scheme :	The maximum number of Coastal Shares which may be allotted and issued and/or transferred pursuant to the Proposed ESOS, which shall not in aggregate exceed 10% of the total number of issued Coastal Shares (excluding treasury shares, if any) at any point in time throughout the duration of the Proposed ESOS as provided in the By-Laws
“MFRS 2”	:	Malaysian Financial Reporting Standards 2 on “Share-Based Payment” issued by the Malaysian Accounting Standards Board
“NA”	:	Net assets
“Offer”	:	An offer made in writing by the ESOS Committee to an Eligible Person
“Participant”	:	An Eligible Person who has accepted an Offer
“Proposed ESOS”	:	The proposed establishment of an ESOS of up to 10% of the total number of issued Coastal Shares (excluding treasury shares, if any) at any point in time throughout the duration of the Proposed ESOS to be granted to the Eligible Persons
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“UOBKH” or “Adviser”	the :	UOB Kay Hian Securities (M) Sdn Bhd (Registration No.: 199001003423 (194990-K))
“VWAP”	:	Volume weighted average market price

All references to “we”, “us”, “our” and “ourselves” are to Coastal or Coastal Group. All references to “you” in this Circular are to the shareholders of Coastal.

Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include a corporation, unless otherwise specified.

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

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

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COASTAL CONTRACTS BHD.

(Registration No.: (200001015043 (517649-A))
(Incorporated in Malaysia)

Registered Office

Block G, Lot 3B
Bandar Leila, W.D.T. 259
90009 Sandakan, Sabah

26 November 2021

Board of Directors

Ng Chin Heng	<i>(Executive Chairman)</i>
Ng Chin Shin	<i>(Executive Director)</i>
Ng Chin Keuan	<i>(Executive Director)</i>
Jacob O Pang Su Yin	<i>(Independent Non-Executive Director)</i>
Loh Thian Sang @ Lo Thian Siang	<i>(Independent Non-Executive Director)</i>
Tuan Hj. Ir Intizam Bin Ayub	<i>(Independent Non-Executive Director)</i>

To: The shareholders of Coastal

Dear Sir/Madam,

- (I) **PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF COASTAL (EXCLUDING TREASURY SHARES, IF ANY) AT ANY POINT IN TIME TO BE GRANTED TO THE ELIGIBLE DIRECTORS AND EMPLOYEES OF COASTAL AND ITS SUBSIDIARIES WHICH ARE NOT DORMANT; AND**
- (II) **PROPOSED ALLOCATION OF ESOS OPTIONS TO THE DIRECTORS OF COASTAL AND PERSONS CONNECTED TO THEM PURSUANT TO THE PROPOSED ESOS**

1. INTRODUCTION

On 2 November 2021, UOBKH, on behalf of our Board, announced that Coastal proposes to undertake the establishment of an ESOS of up to 10% of the total number of issued Coastal Shares (excluding treasury shares, if any) at any point in time throughout the duration of the Proposed ESOS as provided in the By-Laws to the Eligible Person(s).

Subsequently, on 18 November 2021, UOBKH, on behalf of our Board, announced that Bursa Securities had vide its letter dated 17 November 2021, approved the listing of such number of additional new ordinary shares in Coastal representing up to 10% of the total number of issued Coastal Shares (excluding treasury shares, if any) to be issued pursuant to the exercise of ESOS Options under the Proposed ESOS, subject to the conditions as set out in **Section 7** of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED ESOS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSED ESOS TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM AND THE FORM OF PROXY ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.

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

2. DETAILS OF THE PROPOSED ESOS

The Proposed ESOS involves the granting of ESOS Options to the Eligible Persons to subscribe for new Coastal Shares pursuant to the Proposed ESOS at the Exercise Price in accordance with the By-Laws.

The Proposed ESOS will be administered by the ESOS Committee and shall be governed by the By-Laws.

2.1 The salient features of the Proposed ESOS are set out below:-

(a) Maximum number of Coastal Shares available under the Proposed ESOS

The maximum number of Coastal Shares which may be allotted and issued and/or transferred pursuant to the Proposed ESOS shall not in aggregate exceed 10% of the total number of issued Coastal Shares (excluding treasury shares, if any) at any point in time throughout the duration of the Proposed ESOS as provided in the By-Laws.

As at the LPD, the total number of issued Coastal Shares is 535,350,031 Shares (including 12,801,500 treasury shares held by the Company as at the LPD). For illustrative purposes, a total of up to 53,535,003 Coastal Shares may be allotted and issued and/or transferred under the Proposed ESOS.

(b) Basis of allotment and maximum allowable allotment

The maximum number of new Coastal 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, amongst others and where relevant, the position ranking, performance, seniority, length of service, contribution, employment grade and potential contribution to the continued success of the Group and shall be subject to the following:-

- (i) the Directors and senior management of the Group do not participate in the deliberation or discussion of their own allocation of ESOS Options and the allocation of ESOS Options to any persons connected with them; and
- (ii) the allocation to an Eligible Person who either singly or collectively through persons connected to such Eligible Person, holds 20% or more of the total number of Coastal Shares (excluding treasury shares, if any), must not exceed 10% of the Maximum Scheme Shares.

At any point in time during the duration of the ESOS, not more than 80% of the ESOS Options available under the Proposed ESOS shall be allocated, in aggregate, to the Directors and senior management of Coastal Group who are Eligible Persons, on the basis that they are crucial to the performance of the Group.

For avoidance of doubt, the ESOS Committee shall have the sole and absolute discretion in determining whether the granting of the ESOS Options to the Eligible Persons will be granted on a staggered basis over the duration of the Proposed ESOS or in 1 single grant and/or whether the ESOS Options will be subject to any vesting period or vesting conditions.

As at the LPD, the Company has yet to ascertain any vesting period and/or criteria, which will take into consideration, amongst others, the Group's financial performance and the Eligible Person's individual performance over the vesting period, that must be achieved prior to the vesting or the exercise of the ESOS Options. In any event, such vesting period and criteria will be determined by the ESOS Committee, in its sole and absolute discretion.

(c) Eligibility

Only Eligible Persons of the Group (excluding dormant subsidiaries) who meet the criteria as set out in the By-Laws are eligible to participate in the Proposed ESOS.

In the case of a Director or a major shareholder of Coastal and/or persons connected to them who is an Eligible Person, their specific allocations under the Proposed ESOS shall be approved by the shareholders of Coastal in a general meeting.

(d) Duration

The Proposed ESOS, when implemented, shall be in force for a period of 5 years from the Effective Date ("**Scheme Period**").

On or before the expiry of the above initial Scheme Period ("**Date of Expiry**"), the Company may, if the Board deems fit and upon the recommendation of the ESOS Committee, extend the Proposed ESOS for a further period of up to 5 years, commencing from the day after the Date of Expiry, but will not in aggregate exceed 10 years from the Effective Date or such longer period as may be allowed by the relevant authorities. Unless otherwise required by the relevant authorities, no further approvals (including from the Company's shareholders) shall be required for the extension of the Proposed ESOS. In the event the Proposed ESOS is extended, the Company shall serve appropriate notices on each Participant within 30 days prior to the Date of Expiry.

(e) Basis of determining the Exercise Price

Subject to any adjustments made under the By-Laws and pursuant to the Listing Requirements, the Exercise Price shall be based on the 5-day VWAP of the Coastal Shares immediately preceding the date of the Offer, with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities and/or any other relevant authorities from time to time during the duration of the Proposed ESOS, at the ESOS Committee's discretion.

(f) Ranking of the ESOS Options and new Coastal Shares to be allotted and issued arising from the exercise of the ESOS Options

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

The new Coastal Shares to be issued arising from the exercise of the ESOS Options shall, upon allotment and issuance, rank equally in all respects with the existing issued Coastal Shares, except that the new Coastal Shares will not be entitled to any dividends, rights, allotment and/or other forms of distribution that may be declared, made or paid to the shareholders of the Company for which the entitlement date precedes the date of allotment and issuance of the new Coastal Shares. The new Coastal Shares will be subject to all provisions of the Constitution relating to transfer, transmission or otherwise.

(g) Retention period

Pursuant to Paragraph 8.20 of the Listing Requirements, an eligible Non-Executive Director of Coastal shall not sell, transfer or assign the Coastal Shares obtained through the exercise of the ESOS Options offered to him/her within 1 year from the date of Offer, or such other retention period as may be prescribed by Bursa Securities or any other relevant authorities from time to time.

Save for the Non-Executive Directors, the new Coastal Shares to be allocated and issued and/or existing Coastal Shares (which are held as treasury shares, if any) to be transferred by the Company to the Participants pursuant to the exercise of the ESOS Options under the Proposed ESOS will not be subject to any retention period or restriction on transfer, disposal and/or assignment, unless otherwise determined by the ESOS Committee on the date of the Offer at its sole and absolute discretion.

(h) Listing of and quotation for the new Coastal Shares to be issued arising from the exercise of the ESOS Options

Bursa Securities has, vide its letter dated 17 November 2021 approved the listing of and quotation for such number of new Coastal Shares, representing up to 10% of the total number of issued Coastal Shares (excluding treasury shares, if any) to be issued pursuant to the exercise of the ESOS Options, subject to the conditions as stated under **Section 7** of this Circular.

(i) Amendments and/or modification to the Proposed ESOS

Subject to the By-Laws and compliance with the Listing Requirements and the approvals of any other authorities (if required), the ESOS Committee may at any time and from time to time recommend to the Board any additions, amendments and/or modifications to and/or deletions of the By-Laws as it shall, in its sole and absolute discretion think fit. The Board shall have the power at any time and from time to time by resolution and without shareholders' approval to add to, amend, modify and/or delete all or any part of 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 any addition, amendment, modification and/or deletion is made, stating that the said addition, amendment, modification and/or deletion is in compliance with the provisions of the Listing Requirements pertaining to the Proposed ESOS and Rules of Bursa Depository pursuant to Paragraph 2.12 of the Listing Requirements.

(j) Alteration of capital

In the event of any alteration in the capital structure of Coastal during the Scheme Period, whether by way of rights issue, bonus issue or other capitalisation issues, subdivision or consolidation of Coastal Shares or reduction of capital or any other variation of capital being effected, the ESOS Committee may determine whether a material dilution or enlargement of the rights of the Participants would result from such alteration in the capital structure of Coastal during the Scheme Period and if it so determined, adjustments in:-

- (i) the Exercise Price; and/or
- (ii) the number of ESOS Options which have not been fully exercised at the relevant time and in respect of which the ESOS Option period has not expired ("**Unexercised Options**"),

shall be made in order to prevent dilution or enlargement provided that no adjustments shall be made in the event of any alteration in the capital structure of Coastal in respect of which rights/benefits accrued to the Shares pursuant to the provisions of the By-Laws.

(k) Termination of the Proposed ESOS

Subject to compliance with the requirements of Bursa Securities and any other applicable law, the Board may terminate the Proposed ESOS at its sole and absolute discretion upon recommendation by the ESOS Committee, at any time during the duration of the Proposed ESOS by written notice to the affected Participants without obtaining the approvals from the Participants or the approval from the shareholders of Coastal in a general meeting for the termination of the Proposed ESOS, and no further Offers shall be made by the ESOS Committee. In the event of termination, the Company shall make the necessary announcements to Bursa Securities in accordance with Paragraph 9.19(50) of the Listing Requirements, stating the following information:-

- (i) the effective date of termination;
- (ii) the number of ESOS Options exercised or Coastal Shares vested; and
- (iii) the reasons for termination.

3. 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 in time and the Exercise Price.

The proceeds arising from the exercise of the ESOS Options will be utilised for the working capital requirements of the Coastal Group, as and when received, within the tenure of the Proposed ESOS. As such, the exact timeframe for utilisation of the proceeds cannot be determined at this juncture.

The working capital requirement of the Group includes, amongst others, payment to trade creditors, staff costs, and general expenses. However, the detailed allocation to each component of working capital cannot be determined at this juncture as there is no certainty on the timing and amount to be raised from the exercise of the ESOS Options.

4. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSED ESOS

The main objective of the Proposed ESOS is to align the interests of the Eligible Persons with the corporate goals of Coastal Group. The Proposed ESOS will provide the Eligible Persons with an opportunity to have equity participation in the Company and thereby achieve the following:-

- (i) to recognise the contribution of the Eligible Persons whose services are valued and considered vital to the operations and continued growth of Coastal Group;
- (ii) 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 Coastal Shares, upon exercising of the ESOS Options;
- (iii) to increase the level of commitment, dedication and loyalty of the Eligible Persons by rewarding them with an equity stake in the Company; and
- (iv) to provide incentive for the Eligible Persons to participate more actively in the operations of the Group and encourage them to contribute to the future growth of the Group.

Further, the Participants are encouraged to hold the Coastal Shares pursuant to the exercise of the ESOS Options as long-term investments and not for any speculative and/or realisation of immediate gain to yield profit.

The Proposed ESOS is also extended to the Non-Executive Directors of Coastal as they provide valuable experience and opinion to the Board, whilst at the same time carry out the important function of monitoring the performance of the management.

5. EFFECTS OF THE PROPOSED ESOS

5.1 Issued share capital

The Proposed ESOS is not expected to have an immediate effect on the existing issued share capital of the Company until such time when the ESOS Options to be granted under the Proposed ESOS are exercised. The issued share capital of the Company will increase progressively depending on the number of new Coastal Shares to be allotted and issued arising from the exercise of the ESOS Options that may be granted under the Proposed ESOS.

For illustrative purposes, the proforma effects of the Proposed ESOS on the issued share capital of the Company based on the assumption that the number of ESOS Options granted amounts to 10% of the total number of issued Coastal Shares as at the LPD, are set out below:-

Minimum Scenario : Assuming all treasury shares are retained prior to the implementation of the Proposed ESOS

Maximum Scenario : Assuming all treasury shares are resold to the open market prior to the implementation of the Proposed ESOS

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
Issued share capital as at the LPD	535,350,031	307,049,826	535,350,031	307,049,826
Less: treasury shares	(12,801,500)	(13,336,455)	-	-
	522,548,531	293,713,371	535,350,031	307,049,826
Coastal Shares to be issued assuming full exercise of the ESOS Options granted	⁽¹⁾ 52,254,853	⁽²⁾ 58,002,887	⁽¹⁾ 53,535,003	⁽²⁾ 59,423,853
Enlarged issued share capital	574,803,384	351,716,258	588,885,034	366,473,679

Notes:-

- (1) For the avoidance of doubt, the maximum number of Coastal Shares, which may be allotted and issued and/or transferred pursuant to the Proposed ESOS shall not in aggregate exceed 10% of the total number of issued shares of the Company (excluding treasury shares, if any) at any point in time during the tenure of the Proposed ESOS.
- (2) Strictly for illustrative purpose only, calculated based on RM1.11, being approximately 9.76% discount to the 5-day VWAP of Coastal Shares up to and including the LPD of RM1.23 per Coastal Share.

5.2 NA per Share and gearing

Save for the potential impact of the MFRS 2 on share-based payment as well as the estimated expenses relating to the Proposed ESOS amounting to approximately RM0.12 million, the Proposed ESOS is not expected to have an immediate effect on the NA per Share and gearing of the Group until such time the new Coastal Shares are issued pursuant to the Proposed ESOS.

The effects on the NA per Share and gearing of the Group will depend on, amongst others, the Exercise Price of the ESOS Options, the number of new Coastal Shares to be allotted and issued upon the exercise of the ESOS Options and the potential effect on the future earnings of the Group arising from the adoption of the MFRS 2.

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

- (i) increase if the Exercise Price is higher than the NA per Share of the Group; or
- (ii) decrease if the Exercise Price is lower than the NA per Share of the Group,

at such point of exercise of the ESOS Options.

5.3 Earnings and EPS

The Proposed ESOS may have an effect on the earnings of the Group for the FYE 30 June 2022 and throughout the duration of the Proposed ESOS due to the possible impact of the MFRS 2. However, any potential effect on the EPS of Coastal Group in the future would depend on the number of ESOS Options granted and exercised, duration of the ESOS and the Exercise Price, as well as the impact of the MFRS 2.

Under the MFRS 2, the cost arising from the issuance of the ESOS Options is measured by the fair value of the ESOS Options and is recognised in the statement of comprehensive income upon vesting of each Offer, thereby reducing the earnings of Coastal Group. The fair value of the ESOS Options is determined after taking into consideration, amongst others, the historical volatility of Coastal Shares, the risk-free rate, the Exercise Price and the time to maturity of the ESOS Options from the vesting date of the ESOS Options. However, such expense recognised does not represent a cash outflow as it is merely an accounting treatment.

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

Further, the EPS of the Group may be diluted as a result of the increase in total number of issued Coastal Shares as and when the ESOS Options are exercised into new Coastal Shares, depending on the number of new Shares issued and/or existing Coastal Shares (held as treasury shares, if any) transferred to the Participants arising from the exercise of the ESOS Options.

5.4 Convertible securities

The Company does not have any convertible securities as at the LPD.

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5.5 Substantial shareholders' shareholdings

The Proposed ESOS is not expected to have an immediate effect on the substantial shareholders' shareholdings in Coastal until such time when the ESOS Options are exercised. Any potential effect on the substantial shareholdings in Coastal will depend on the number of ESOS Options granted and new Coastal Shares to be allotted and issued arising from the exercise of such ESOS Options at any time during the tenure of the Proposed ESOS.

The pro forma effects of the Proposed ESOS on the substantial shareholders' shareholdings are set out as follows:-

Minimum Scenario

Substantial shareholders	Shareholdings as at the LPD				Pro forma I			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(3)%	No. of Shares	(3)%
Ivory Asia Sdn Bhd	151,413,326	28.98	-	-	151,413,326	26.34	-	-
Pang Fong Chau	64,722,375	12.39	(4)180,270,426	34.50	64,722,375	11.26	(4)180,270,426	31.36
Samarang Asian Prosperity	50,004,200	9.57	-	-	50,004,200	8.70	-	-
Ng Chin Heng	28,857,100	5.52	(5)216,135,701	41.36	28,857,100	5.02	(5)216,135,701	37.60

Notes:-

- (1) Based on the existing issued share capital comprising 522,548,531 Shares (excluding 12,801,500 treasury shares) as at the LPD.
- (2) It is pertinent to note that the pro forma effects above have not taken into consideration any ESOS Options that may be granted to Ng Chin Heng and Pang Fong Chau who are Eligible Persons under the Proposed ESOS.
- (3) Based on the enlarged issued share capital comprising 574,803,384 Shares.
- (4) Deemed interest by virtue of the shareholdings of her spouse, Ng Chin Heng and Ivory Asia Sdn Bhd in Coastal pursuant to Section 8 of the Act.
- (5) Deemed interest by virtue of the shareholdings of his spouse, Pang Fong Chau and Ivory Asia Sdn Bhd in Coastal pursuant to Section 8 of the Act.

Maximum Scenario

Substantial shareholders	Shareholdings as at the LPD				Pro forma I Assuming all the treasury shares are resold			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Ivory Asia Sdn Bhd	151,413,326	28.98	-	-	151,413,326	28.28	-	-
Pang Fong Chau	64,722,375	12.39	(5)180,270,426	34.50	64,722,375	12.09	(5)180,270,426	33.67
Samarang Ucits – Samarang Asian Prosperity	50,004,200	9.57	-	-	50,004,200	9.34	-	-
Ng Chin Heng	28,857,100	5.52	(6)216,135,701	41.36	28,857,100	5.39	(6)216,135,701	40.37

Substantial shareholders	Pro forma II Assuming the maximum ESOS Options are granted, vested and exercised into new Coastal Shares ⁽³⁾			
	Direct		Indirect	
	No. of Shares	(4)%	No. of Shares	(4)%
Ivory Asia Sdn Bhd	151,413,326	25.71	-	-
Pang Fong Chau	64,722,375	10.99	(5)180,270,426	30.61
Samarang Ucits – Samarang Asian Prosperity	50,004,200	8.49	-	-
Ng Chin Heng	28,857,100	4.90	(6)216,135,701	36.70

Notes:-

- (1) Based on the existing issued share capital comprising 522,548,531 Shares (excluding 12,801,500 treasury shares) as at the LPD.
- (2) Based on the existing issued share capital comprising 535,350,031 Shares, assuming all treasury shares are resold to the open market prior to the implementation of the Proposed ESOS.
- (3) It is pertinent to note that the pro forma effects above have not taken into consideration any ESOS Options that may be granted to Ng Chin Heng and Pang Fong Chau who are Eligible Persons under the Proposed ESOS.
- (4) Based on the enlarged issued share capital comprising 588,885,034 Shares.
- (5) Deemed interest by virtue of the shareholdings of her spouse, Ng Chin Heng and Ivory Asia Sdn Bhd in Coastal pursuant to Section 8 of the Act.
- (6) Deemed interest by virtue of the shareholdings of his spouse, Pang Fong Chau and Ivory Asia Sdn Bhd in Coastal pursuant to Section 8 of the Act.

6. HISTORICAL SHARE PRICES

The monthly highest and lowest transacted prices of Coastal Shares traded on the Main Market of Bursa Securities for the past 12 months from November 2020 to October 2021 are as follows:-

	High (RM)	Low (RM)
2020		
November	0.685	0.565
December	0.850	0.610
2021		
January	0.745	0.660
February	0.870	0.675
March	0.920	0.735
April	0.825	0.785
May	0.820	0.720
June	0.825	0.745
July	0.795	0.735
August	0.785	0.705
September	0.845	0.735
October	1.480	0.785
The last transacted price of Coastal Shares as at 2 November 2021, being the last trading date prior to the announcement of the Proposed ESOS		1.290
Last transacted market price of Coastal Shares as at the LPD		1.220

(Source: Bloomberg)

7. APPROVALS REQUIRED/OBTAINED

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

- (i) Bursa Securities, for the listing of and quotation for the new Coastal Shares to be allotted and issued pursuant to the exercise of the ESOS Options on the Main Market of Bursa Securities;

The approval of Bursa Securities was obtained vide its letter dated 17 November 2021 and subject to the following conditions:-

Conditions	Status of compliance
(a) Coastal and UOBKH must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the proposal;	To be complied
(b) Coastal is required to furnish Bursa Securities with certified true copy of the resolution passed by the shareholders at the extraordinary general meeting approving the proposal;	To be complied
(c) Coastal and UOBKH are required to inform Bursa Securities upon completion of the proposal;	To be complied

Conditions	Status of compliance
(d) Coastal is required to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the proposal is completed;	To be complied
(e) Coastal is required to submit a confirmation to Bursa Securities of full compliance of the Proposed ESOS pursuant to paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation; and	To be complied
(f) Payment of additional listing fees pertaining to the exercise of ESOS Options, if relevant. In this respect, Coastal is required to furnish Bursa Securities on a quarterly basis a summary of the total number of new shares listed pursuant to the exercise of ESOS Options as at the end of each quarter together with a detailed computation of the listing fees payable.	To be complied

- (ii) the shareholders of Coastal for the Proposed ESOS at the forthcoming EGM; and
- (iii) any other relevant authorities and/or approvals, if required.

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

The voting on the resolutions pertaining to the Proposed ESOS at the forthcoming EGM will be taken on a poll.

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

All the Directors and chief executive of Coastal are Eligible Persons under the Proposed ESOS, and are therefore deemed interested to the extent of their respective potential allocations under the Proposed ESOS as well as the potential allocations to persons connected to them. Notwithstanding this, 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.

Accordingly, the Directors and chief executive of Coastal have abstained and will continue to abstain from deliberating, voting, expressing an opinion and making any recommendations at all relevant Board meetings in relation to their respective allocations as well as allocations to persons connected to them, if any, under the Proposed ESOS. The Directors and chief executive of Coastal will also abstain from voting in respect of their respective direct and/or indirect shareholdings in the Company on the ordinary resolutions pertaining to the proposed allocation to them as well as the proposed allocations to the persons connected to them under the Proposed ESOS, if any, to be tabled at the forthcoming EGM. The Directors and chief executive of Coastal will also undertake to ensure that persons connected to them, if any, will abstain from voting in respect of their direct and/or indirect shareholdings in the Company on the ordinary resolutions pertaining to the proposed allocation to the interested Directors and chief executive, as well as persons connected to them under the Proposed ESOS, if any, to be tabled at the forthcoming EGM.

The major shareholders of Coastal will abstain from voting in respect of their respective direct and/or indirect shareholdings in the Company on the ordinary resolutions pertaining to the proposed allocation to them as well as the proposed allocations to the persons connected to them under the Proposed ESOS, if any, to be tabled at the forthcoming EGM. The major shareholders will also undertake to ensure that persons connected to them, if any, will abstain from voting in respect of their direct and/or indirect shareholdings in the Company on the ordinary resolutions pertaining to the proposed allocation to them and persons connected to them under the Proposed ESOS, if any, to be tabled at the forthcoming EGM.

Save as disclosed above, none of the other Directors, chief executive and major shareholders of Coastal and/or persons connected to them have any interest, direct or indirect, in the Proposed ESOS.

The details of shareholdings of the Directors and major shareholders in Coastal as at the LPD are set out as follows:-

	Direct		Indirect	
	No. of Shares	(%)	No. of Shares	(%)
<u>Directors</u>				
Ng Chin Heng	28,857,100	5.52	⁽¹⁾ 216,839,900	41.50
Ng Chin Shin	23,851,320	4.56	-	-
Ng Chin Keuan	23,691,587	4.53	⁽²⁾ 20,000	*
Jacob O Pang Su Yin	-	-	-	-
Tuan Hj. Ir. Intizam Bin Ayub	-	-	-	-
Loh Thian Sang @ Lo Thian Siang	-	-	-	-
<u>Major shareholders</u>				
Ivory Asia Sdn Bhd	151,413,326	28.98	-	-
Pang Fong Thau	64,722,375	12.39	⁽³⁾ 180,270,426	34.50
Ng Chin Heng	28,857,100	5.52	⁽⁴⁾ 216,135,701	41.36

Notes:-

* Negligible

(1) Deemed interest by virtue of the shareholdings of his spouse, Pang Fong Thau, shareholdings of his son, Ng San Chen, shareholdings of his daughters, Ng San Yin and Alice Ng and Ivory Asia Sdn Bhd in Coastal pursuant to Section 8 of the Act.

(2) Deemed interest by virtue of the shareholdings of his spouse, Chin Nyuk Oi in Coastal pursuant to Section 8 of the Act.

(3) Deemed interest by virtue of the shareholdings of her spouse, Ng Chin Heng and Ivory Asia Sdn Bhd in Coastal pursuant to Section 8 of the Act.

(4) Deemed interest by virtue of the shareholdings of his spouse, Pang Fong Thau and Ivory Asia Sdn Bhd in Coastal pursuant to Section 8 of the Act.

9. TENTATIVE TIMEFRAME FOR IMPLEMENTATION

Barring any unforeseen circumstances, the Proposed ESOS is expected to be implemented by the end of 2021.

The tentative timetable in relation to the Proposed ESOS is set out below:-

Date(s)	Events
16 December 2021	EGM to obtain the approval of shareholders of Coastal for the Proposed ESOS
December 2021	Effective Date for implementation of the Proposed ESOS

10. PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed ESOS (being the subject matter of this Circular), there are no other corporate exercises that have been announced but not yet completed as at the LPD.

11. DIRECTORS' STATEMENT/RECOMMENDATION

The Board (save for the respective interested directors who have abstained from forming any opinion and making any recommendations relating to their respective allocations as well as allocations to persons connected to them, if any), after considering all aspects of the Proposed ESOS such as the rationale and the effects of the Proposed ESOS, is of the opinion that the Proposed ESOS and the proposed allocations to the directors is in the best interest of the Company.

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

12. EGM

The EGM, the notice of which is enclosed in this Circular, will be held at the registered office of the Company at Block G, Lot 3B, Bandar Leila, 90000 Sandakan, Sabah on Thursday, 16 December 2021 at 11.30 a.m., or immediately following the conclusion or adjournment of the 21st AGM of Coastal which will be held at the same venue and on the same date at 10.00 a.m., whichever is later, for the purpose of considering and, if thought fit, passing with or without modifications the resolutions so as to give effect to the Proposed ESOS.

If you are unable to attend and vote in person at the EGM and wish to appoint a proxy instead, you should complete and return the Form of Proxy in accordance with the instructions provided therein. The appointment of a proxy may be made in hard copy form or by electronic form. In the case of an appointment made in hard copy form, the Form of Proxy must be lodged at the registered office of the Company at Block G, Lot 3B, Bandar Leila, 90000 Sandakan, Sabah. In the case of electronic appointment, the Form of Proxy must be submitted to the electronic address at ir@coastalcontracts.com.

13. FURTHER INFORMATION

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

Yours faithfully,
For and on behalf of the Board of
COASTAL CONTRACTS BHD.

NG CHIN HENG
Executive Chairman

DRAFT BY-LAWS OF THE PROPOSED ESOS

By-Laws of Coastal Group Employees' Share Option Scheme 2021

COASTAL CONTRACTS BHD.**("Company" or "Coastal")****BY-LAWS OF THE COASTAL GROUP EMPLOYEES' SHARE OPTION SCHEME 2021****1. DEFINITIONS**

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

"Adviser"	:	A corporate finance adviser that may act as a principal adviser under the Securities Commission Malaysia's Guidelines on Submission of Corporate and Capital Market Product Proposals (as may be amended from time to time)
"Board"	:	The board of directors for the time being of the Company
"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"	:	These By-Laws governing the Scheme as may be amended, modified and/or supplemented from time to time in accordance with By-Law 22
"CDS"	:	The Central Depository System governed under the Securities Industry (Central Depositories) Act, 1991 as may be amended from time to time
"CDS Account"	:	The account established by Bursa Depository for a depositor for the recording of deposits and withdrawal of securities and dealings in such securities by that depositor
"Coastal" or "Company"	:	Coastal Contracts Bhd. (Registration No.: 200001015043 (517649-A)) and shall, where the context admits, include its successors in title
"Coastal Group" or "Group"	:	The Company and its Subsidiaries
"Coastal Share(s)" or "Share(s)"	:	Ordinary share(s) in the capital of the Company
"Companies Act"	:	Companies Act 2016, and any amendments made thereto from time to time and includes any re-enactment thereof
Constitution	:	Constitution of the Company, as amended from time to time
"Director"	:	A natural person that occupies or acts in the position of director in the Company and/or any of its Subsidiaries
"Disciplinary Action"	:	An action instituted by the Company or any of its Subsidiaries against an Eligible Person or Participant, as the case may be, in writing for an alleged misbehaviour,

DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)

By-Laws of Coastal Group Employees' Share Option Scheme 2021

		misconduct and/or any other act deemed to be unacceptable in the course of that Eligible Person's or Participant's employment, whether or not such action may give rise to a dismissal or termination of the employment contract and/or contract of service of such Eligible Person or Participant
"Effective Date"	:	The date on which this Scheme takes effect as shall be determined in accordance with By-Law 6.1
"Eligible Person"	:	Has the meaning given in By-Law 4.1
"ESOS Committee"	:	The committee to be appointed and approved by the Board pursuant to By-Law 20 to implement and administer the Scheme in accordance with the provisions of these By-Laws
"Executive Director"	:	A Director who holds a directorship in an executive capacity on the Offer Date and is involved in the day-to-day management of the Company and/or any of its Subsidiaries
"Exercise Price"	:	The price at which a Participant is entitled to subscribe for Coastal Shares pursuant to the exercise of an Option
"Listing Requirements"	:	The Main Market Listing Requirements of Bursa Securities which are applicable to the Company at any time, including any amendments thereto that may be made from time to time
"Market Day"	:	A day on which the stock market of Bursa Securities is open for trading in securities
"Maximum Scheme Shares"	:	Has the meaning given in By-Law 3.1
"Notice of Exercise"	:	Has the meaning given in By-Law 13.1
"Non-Executive Director"	:	A Director of the Company and/or any of its Subsidiaries who is not an Executive Director
"Offer"	:	An offer made in writing by the ESOS Committee to an Eligible Person
"Offeror"	:	Has the meaning given in By-Law 16.1(a)
"Offer Date"	:	The date on which an Offer is made or is deemed to be made by the ESOS Committee to an Eligible Person, which shall be the date the Offer is served in accordance with By-Law 32
"Offer Period"	:	The period of thirty (30) days from the Offer Date or such other period as may be determined by the ESOS Committee having regard to the Terms of Reference, and specified in the Offer during which an Offer may be accepted
"Option(s)"	:	The right to subscribe for new Coastal Shares at the Exercise Price on the terms and subject to the conditions of these By-Laws

DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)

By-Laws of Coastal Group Employees' Share Option Scheme 2021

- “Option Period” : The period during which an Option may be exercised as may be specified in the Offer, unless terminated in accordance with these By-Laws
- “Participant” : An Eligible Person who has duly accepted an Offer in accordance with these By-Laws and “Participants” shall be construed accordingly
- “Performance Period” : The period during which the Performance Targets as may be stipulated by the ESOS Committee and set out in the Offer are required to be performed
- “Performance Targets” : The performance targets and/or criteria approved by the ESOS Committee, as may be stipulated by the ESOS Committee and set out in an Offer, which are to be achieved during the Performance Period
- “persons connected” : Shall have the same meaning given in paragraph 1.01 of the Listing Requirements
- “RM” and “sen” : Ringgit Malaysia and sen respectively, the lawful currency of Malaysia
- “Scheme” : The employees’ share option scheme for the grant of Options established and governed under these By-Laws and known as the Coastal Group Employees’ Share Option Scheme 2021
- “Scheme Period” : The period of the Scheme as set out in By-Law 6.1
- “Senior Management” : Such employees as the ESOS Committee may in its sole and absolute discretion determine to be senior management of the Coastal Group
- “Service Period” : The period as may be determined by the ESOS Committee and stipulated in the Offer during which a Participant:
- (i) must remain in continuous employment and/or service with any corporation in the Coastal Group; and
 - (ii) must not have given a notice to resign or received a notice of termination
- “Subsidiaries” : Subsidiaries of the Company as defined in the Companies Act which are not dormant and shall include such subsidiaries which are existing as at the Effective Date and those subsequently acquired or incorporated at any time during the Scheme Period but exclude:
- (i) subsidiaries which have been divested in the manner provided in By-Law 27; and
 - (ii) any such subsidiary of the Company which, the Board and/or the ESOS Committee, in its sole and absolute discretion determine shall not fall within this expression
- “Terms of Reference” : The terms of reference which the Board may establish to

DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)

By-Laws of Coastal Group Employees' Share Option Scheme 2021

regulate and govern the ESOS Committee's functions and/or responsibilities under these By-Laws, as may be amended from time to time

"Unexercised Option(s)" : Options and any part thereof which have not been fully exercised at the relevant time and in respect of which the Option Period has not expired

"Vesting Date(s)" : The date or dates on which the Options or any part or proportion thereof granted shall vest in the Participant, as stipulated by the ESOS Committee in the Offer

1.2 In these By-Laws:

- (a) the headings and sub-headings herein are inserted for convenience only and shall not affect the interpretation of these By-Laws;
- (b) any reference to a statutory provision or an applicable law shall include a reference to:
 - (i) any and all subsidiary legislation made from time to time under that provision or law;
 - (ii) any listing requirements, policies and/or guidelines of Bursa Securities and/or the Securities Commission Malaysia (in each case, 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 by Bursa Securities and/or the Securities Commission Malaysia);
 - (iii) 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 Offer made, offered and/or accepted within the duration of the Scheme Period; and
 - (iv) any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly replaced;
- (c) any liberty, power or discretion which may be exercised or any decision or determination which may be made hereunder by the ESOS Committee (including any selection) may be exercised in the ESOS Committee's sole and absolute discretion having regard only to the Terms of Reference (where applicable) and the ESOS Committee shall not be under any obligation to give any reasons thereof, except as may be required by the relevant authorities;
- (d) if an event is to occur on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day; and
- (e) words denoting one (1) gender include all other genders and words denoting the singular include the plural and vice versa.

2. THE SCHEME

- 2.1 The Scheme shall be called the "**Coastal Group Employees' Share Option Scheme 2021**".

DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)

By-Laws of Coastal Group Employees' Share Option Scheme 2021

3. MAXIMUM NUMBER OF SHARES AVAILABLE UNDER THE SCHEME

- 3.1 Subject to By-Law 3.2, the maximum number of Coastal Shares which may be allotted and issued and/or transferred pursuant to the Scheme shall not, at any point in time, when aggregated with the total number of Coastal Shares allotted and issued and/or transferred and/or to be allotted and issued and/or transferred under any other employees' share option scheme involving the issuance and/or transfer of Coastal Shares which may be implemented from time to time by the Company, exceed ten percent (10%) of the total number of issued ordinary shares of the Company (excluding treasury shares, if any) or such other percentage of the total number of issued ordinary shares of the Company (excluding treasury shares, if any) that may be permitted by Bursa Securities or any other relevant authorities from time to time during the Scheme Period ("**Maximum Scheme Shares**").
- 3.2 In the event the Company purchases or cancels its own shares in accordance with the Companies Act or otherwise howsoever or undertakes any other corporate proposal resulting in the reduction of its total number of issued ordinary shares (excluding treasury shares, if any), the following provisions shall apply in respect of future Offers (provided that all the valid Offers which are pending acceptances, and Options that have not been vested and/or Options that have been vested, prior to such purchase and/or reduction of the total number of issued ordinary shares of the Company shall remain valid or exercisable in accordance with the provisions of these By-Laws as if that reduction/adjustment had not occurred):
- (a) if, after such purchase, cancellation and/or reduction, the aggregate number of Coastal Shares in respect of the Options granted (whether or not exercised) by the Company as at the date of purchase, cancellation and/or reduction of Shares is greater than the Maximum Scheme Shares, no further Offers shall be made by the ESOS Committee until such aggregate number of Coastal Shares to be issued and/or transferred under the Scheme falls below the Maximum Scheme Shares; and
 - (b) if, after such purchase, cancellation and/or reduction, the aggregate number of Coastal Shares in respect of the Options granted (whether or not exercised) by the Company as at the date of purchase, cancellation and/or reduction of Shares is less than the Maximum Scheme Shares, the ESOS Committee may make further Offers but only until such aggregate number of Coastal Shares to be issued and/or transferred under the Scheme is equivalent to the Maximum Scheme Shares after such purchase, cancellation and/or reduction.

4. ELIGIBILITY

4.1 Any person who is:

- (a) a Director; and/or
- (b) an employee of a corporation in the Coastal Group,

who meets the following criteria as at the Offer Date shall be eligible for consideration and selection by the ESOS Committee ("**Eligible Person**"):

- (aa) if he/she is either:
 - (i) employed on a full time basis and is on the payroll of any corporation in the Coastal Group and has not served a notice to resign or received a notice of termination; or
 - (ii) a contract worker recruited under a contract of employment and has been employed within the Coastal Group for a period of at least six (6) months, unless otherwise decided by the ESOS Committee in its sole and absolute discretion;

DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)

By-Laws of Coastal Group Employees' Share Option Scheme 2021

- (bb) if he/she has been appointed as a Non-Executive Director for at least one (1) year, unless otherwise decided by the ESOS Committee in its sole and absolute discretion;
- (cc) if his/her employment has been confirmed in writing and not under a probationary period;
- (dd) if he/she has attained the age of eighteen (18) years, is not an undischarged bankrupt and is not subject to any bankruptcy proceedings; and
- (ee) if he/she fulfils any other criteria and/or falls within such category as may be determined by the ESOS Committee at its sole and absolute discretion from time to time.

The ESOS Committee may, in its absolute discretion, waive any of the conditions of eligibility as set out above.

- 4.2 Notwithstanding By-Law 4.1, the specific allocations of Options granted by the Company to any Eligible Person who is a Director or major shareholders of the Company or persons connected with them under the Scheme, shall be subject to the approval of the shareholders of the Company at a general meeting.
- 4.3 Notwithstanding By-Law 4.1, the ESOS Committee may from time to time, at its sole and absolute discretion select and identify suitable persons to be offered the Options. In the event any Eligible Person is a member of the ESOS Committee, then such Eligible Person shall not participate in the deliberation or discussion of his/her own respective selection and allocation of Options to himself/herself or any person connected with him/her.
- 4.4 Eligibility for consideration under the Scheme does not confer an Eligible Person with any rights whatsoever under or to participate in the Scheme and an Eligible Person does not acquire or have any rights over or in connection with the Options unless an Offer has been made in writing by the ESOS Committee to the Eligible Person and the Eligible Person has accepted the Offer in accordance with the terms of the Offer and the provisions of these By-Laws.
- 4.5 The selection of any Director or employee for participation in the Scheme shall be made by the ESOS Committee at its sole and absolute discretion and whose decision shall be final and binding.
- 4.6 The ESOS Committee shall have the discretion to determine whether a Director or employee participating in the Scheme shall at any one point in time participate or be eligible to participate in any other employees' share option scheme implemented by any other company within the Group. Such participation shall be subject to the rules and regulations governing employees' share option schemes as promulgated by Bursa Securities or any other relevant authorities.
- 4.7 A set of criteria on eligibility and allocation as determined by the ESOS Committee from time to time shall be made available to the Eligible Persons.
- 4.8 An employee who during the duration of the Scheme Period becomes an Eligible Person may be eligible for Options (to be decided by the ESOS Committee) subject to the maximum allowable allotment for the category to which he/she has been admitted.
- 4.9 The allotment of Options under By-Law 4.8 shall be from the balance of the Options available under the Scheme subject to By-Law 3.1.

5. BASIS OF ALLOTMENT AND MAXIMUM ALLOWABLE ALLOTMENT

- 5.1 Subject to any adjustments which may be made under By-Law 18, the aggregate maximum number of Coastal Shares that may be granted to an Eligible Person shall be determined entirely at the sole and absolute discretion of the ESOS Committee ("**Maximum Allowable Allocation**") provided that:

DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)

By-Laws of Coastal Group Employees' Share Option Scheme 2021

- (a) the Directors and Senior Management of the Group do not participate in the deliberation or discussion of their own allocation of Options and the allocation of Options to any persons connected with them; and
 - (b) no allocation of more than ten percent (10%) of the Maximum Scheme Shares shall be made to any Eligible Person who, either singly or collectively through persons connected with such Eligible Person (as defined in the Listing Requirements), holds twenty percent (20%) or more of the total number of issued ordinary shares of the Company (excluding treasury shares, if any).
- 5.2 Subject to By-Law 5.1 and any adjustments which may be made under By-Law 18, the ESOS Committee shall determine, at its sole and absolute discretion, the actual number of Options to be allocated to an Eligible Person and the vesting period (if any) after taking into consideration, amongst others, the provisions of the Listing Requirements or other applicable regulatory requirements prevailing during the duration of the Scheme Period relating to employees' and/or director's share issuance scheme and various factors pertaining to the Eligible Person such as position, ranking, performance, seniority, length of service, contribution, employment grade and potential contribution to the continued success of the Group and/or any other factors deemed appropriate by the ESOS Committee. At any point in time during the Scheme Period, not more than eighty percent (80%) of the available Options under the Scheme shall be allocated, in aggregate, to the Directors and Senior Management of the Group who are Eligible Persons, on the basis that they are crucial to the performance of the Group. Such allocation will be determined after taking into consideration, amongst others, the number of Directors and Senior Management, their degree of influence on the prospects of the Group as well as their ranking, seniority, length of services and contribution to the Group.
- 5.3 An Eligible Person who holds more than one (1) position within the Group, and by holding such positions, the Eligible Person is in more than one (1) category, shall only be entitled to the maximum allowable allotment of any one (1) of those categories. The ESOS Committee shall be entitled at its discretion to determine the applicable category.
- 5.4 The ESOS Committee shall have the sole and absolute discretion in determining whether the granting of the Options to the Eligible Person will be granted on a staggered basis over the duration of the Scheme Period or in one (1) single grant and/or whether the Options will be subject to any vesting period, and if so, to determine the vesting conditions including whether such vesting are subject to Performance Targets, of which such determination will be carried out at a later date after the establishment of the Scheme and the formation of the ESOS Committee. The ESOS Committee has the discretion to determine whether an Eligible Person is required to achieve any specific Performance Targets before he/she may exercise the Options granted to him/her. Any such Performance Targets if set, shall be stated in the offer letter to the Eligible Person.
- 5.5 The ESOS Committee shall ensure that:
 - (a) the allocation of Options to Eligible Persons is verified at the end of each financial year of the Company by the Company's audit committee, as being in compliance with the criteria referred to in By-Law 5.1; and
 - (b) a statement by the Company's audit committee, verifying such allocation, is included in the Company's annual report.
- 5.6 In the event an Eligible Person is promoted, such promoted Eligible Person may be eligible for consideration for additional Options to be decided by the ESOS Committee at its sole and absolute discretion.
- 5.7 In the event an Eligible Person is demoted to a lower grade for any reason whatsoever, such Eligible Person shall only be entitled to the allocation of that lower grade unless an Offer has been made and accepted by him/her before such demotion. Where he/she has accepted an Offer which exceeds the Maximum Allowable Allotment applicable to that lower grade, he/she shall not be entitled to any further allocation.

DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)

By-Laws of Coastal Group Employees' Share Option Scheme 2021

6. SCHEME DURATION AND TERMINATION OF THE SCHEME

- 6.1 The effective date on which the Scheme takes effect shall be such date after all relevant requirements of the Listing Requirements and all of the following conditions have been fulfilled or satisfied ("**Effective Date**"):
- (a) receipt of the approval or approval-in-principle, as the case may be, of Bursa Securities for the issuance and listing of and quotation for the Coastal Shares on Bursa Securities to be issued pursuant to the Scheme;
 - (b) approval of the shareholders of the Company in a general meeting for the Scheme;
 - (c) the submission to Bursa Securities of the final copy of the By-Laws together with a letter of compliance pursuant to paragraph 6.42 of the Listing Requirements;
 - (d) receipt of approval of any other relevant authorities, where applicable; and
 - (e) fulfilment or waiver (as the case may be) of all conditions attached to any of the above mentioned approvals (if any).

The Scheme shall take effect on the Effective Date and shall continue to be in force for a period of five (5) years ("**Scheme Period**"). On or before the expiry of the Scheme Period, the Scheme may be extended at the sole and absolute discretion of the Board upon recommendation of the ESOS Committee, without having to obtain approval from the shareholders of the Company in a general meeting, for a further period of up to five (5) years immediately from the expiry of the Scheme Period, but will not in aggregate exceed ten (10) years from the Effective Date or such longer period as may be allowed by Bursa Securities and or any other relevant authorities. In the event that the Scheme is extended, the Company shall serve appropriate notices on each Participant within thirty (30) days prior to the expiry of the Scheme Period.

- 6.2 Within five (5) Market Days from the Effective Date, the Company shall through the Adviser submit a confirmation letter to Bursa Securities of full compliance with approvals and/or conditions set out in By-Law 6.1 stating the Effective Date of the Scheme, together with a certified true copy of the relevant resolution passed by the shareholders of the Company in the general meeting approving the Scheme.
- 6.3 Notwithstanding anything set out in these By-Laws and subject always to compliance with Bursa Securities and any other applicable law, the Scheme may be terminated by the Board at its sole and absolute discretion upon recommendation by the ESOS Committee at any time during the Scheme Period by written notice to the affected Participants, without obtaining the approvals from the Participants or the approval from the shareholders of the Company in a general meeting for the termination of the Scheme, whereupon no further Options shall be vested, no further Offer shall be made by the ESOS Committee and any unaccepted Offer, Unexercised Options shall be deemed to have been terminated and cancelled and be null and void on the date specified in the notice of termination ("**Termination Date**") provided that the ESOS Committee may in its sole and absolute discretion, permit the vesting of any Options to the Participant, the acceptance of any outstanding Offer by the Eligible Person, and/or the exercise of any Unexercised Options by the Participant subject to such terms and conditions as may be prescribed notwithstanding that:
- (a) the Vesting Date is not due or has not occurred;
 - (b) the Option Period has not commenced; and/or
 - (c) other terms and conditions set out in the Offer has not been fulfilled/satisfied.

- 6.4 The Scheme may be terminated by the Company at any time during the duration of the Scheme and the Company shall make an announcement immediately to Bursa Securities and comply with the requirements of Bursa Securities or any other relevant authorities. The announcement shall include:

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

7. RETENTION PERIOD

- 7.1 Subject to By-Law 7.3, the new Coastal Shares to be allotted and issued and/or existing Coastal Shares (which are held as treasury shares, if any) to be transferred to a Participant pursuant to the Scheme will not be subject to any retention period and/or such other restrictions of transfer. However, the Participants are encouraged to hold the Coastal Shares to be issued and/or transferred pursuant to the exercise of the Options as long-term investments and not for any speculative and/or realisation of immediate gain to yield profit.
- 7.2 The ESOS Committee shall be entitled to prescribe or impose, in relation to any Offer, any condition relating to any retention period or restriction on transfer of the Coastal Shares to be issued and/or transferred pursuant to the exercise of the Options in its sole and absolute discretion.
- 7.3 In the case of a Non-Executive Director, the new Coastal Shares allotted and issued and/or existing Coastal Shares (which are held as treasury shares, if any) to be transferred to such Non-Executive Director pursuant to the Scheme shall be subject to a retention period of one (1) year commencing from the Offer Date or such other retention period as may be prescribed by Bursa Securities or any other relevant authorities from time to time.
- 7.4 The expression "retention period" referred to in By-Law 7.1 shall mean the period in which the Coastal Shares allotted and issued and/or transferred, pursuant to this Scheme must not be sold, transferred, assigned or otherwise disposed of by the Participant.

8. OFFER UNDER THE SCHEME

- 8.1 The ESOS Committee may from time to time during the Scheme Period, make an Offer to an Eligible Person to participate in the Scheme. The ESOS Committee shall have the sole and absolute discretion in determining whether the Options will be offered in one (1) single offer or several offers.
- 8.2 Nothing herein shall prevent the ESOS Committee from making more than one (1) Offer to any Eligible Person provided always that the aggregate number of Coastal Shares in respect of the Options granted shall not exceed the Maximum Allowable Allocation.
- 8.3 In the event the ESOS Committee decides to make more than one (1) Offer to an Eligible Person, the number of Options to be offered in each Offer shall be decided by the ESOS Committee at its sole and absolute discretion. Each Offer shall be separate and independent from the other.
- 8.4 Notwithstanding anything set out in these By-Laws and subject to the Listing Requirements, no Offers may be granted to any person who is a director, a major shareholder (whom is also a director and/or employee, if any) or the chief executive of Coastal Group, or a person connected with a director, major shareholder (whom is also a director and/or employee, if any) or chief executive of Coastal Group, unless the entitlement of that person under the ESOS has been approved by the shareholders of the Company in a general meeting.

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9. TERMS OF THE OFFER

9.1 The ESOS Committee may stipulate any terms and conditions it deems appropriate in an Offer and the terms and conditions of each Offer may differ.

9.2 The terms and conditions set out in the letter of the Offer may include the following, where applicable:

- (a) Exercise Price;
- (b) number of Coastal Shares entitled to be received upon the exercise of the Option;
- (c) Option Period;
- (d) Offer Period;
- (e) Vesting Date(s);
- (f) Performance Targets;
- (g) Performance Period;
- (h) Service Period;
- (i) closing date for acceptance of the Offer;
- (j) manner and conditions of exercise of the Options,

and may include such/any other information and/or conditions as may be deemed necessary by the ESOS Committee.

9.3 In the event of any error in the stating of any particulars referred to in By-Law 9.2 or otherwise in the Offer, the ESOS Committee may, to the extent permitted by law, issue a supplemental letter of Offer stating the correct particulars and the revised particulars of the Offer shall take effect on the date of the revised letter of Offer except for Options which have already been exercised as at the date of the revised letter of Offer.

10. EXERCISE PRICE

10.1 Subject to the Listing Requirements and to any adjustment which may be made under By-Law 18, the Exercise Price shall be determined by the ESOS Committee based on the volume weighted average market price of the Coastal Shares for the five (5) Market Days 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 Bursa Securities or any other relevant authorities from time to time during the duration of the Scheme Period.

10.2 The Exercise Price as determined by the Board shall be conclusive and binding on the Participants.

11. ACCEPTANCE OF THE OFFER

11.1 An Offer may only be accepted by the Eligible Person during the Offer Period in such form and manner as may be prescribed in the Offer and shall be accompanied by a non-refundable consideration sum of Ringgit Malaysia One (RM1.00) only payable to the Company (regardless of the number of Options comprised therein).

11.2 The date of receipt by the ESOS Committee of such form together with the consideration sum of Ringgit Malaysia One (RM1.00) shall be the date of acceptance of the Offer by the Eligible

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Person, provided that the Scheme is not terminated pursuant to By-Law 6.3.

- 11.3 Unless the ESOS Committee otherwise decides, in the event the Eligible Person fails to accept the Offer in the manner prescribed within the Offer Period, the Offer shall automatically lapse and shall be null and void, and the Offer may, at the sole and absolute discretion of the ESOS Committee, be re-offered to other Eligible Persons in accordance with these By-Laws provided that the ESOS Committee shall not be precluded from making a fresh Offer to the Eligible Person subsequently.
- 11.4 The number of Coastal Shares offered in the lapsed Offer shall be deducted from the Maximum Allowable Allocation or the balance of the Maximum Allowable Allocation for the Eligible Person. The Offer not taken up resulting from the non-acceptance of the Offer within the Offer Period shall thereafter form part of the balance of Offers under the Scheme for future Offers.
- 11.5 Upon acceptance of the Offer in accordance with these By-Laws, the Eligible Person shall be referred to as a Participant for the purposes of these By-Laws.

12. SATISFACTION OF CONDITIONS

- 12.1 The determination as to whether the stipulated conditions in the Offer and criteria in By-Law 4.1 have been fulfilled shall be made by the ESOS Committee.
- 12.2 In the event the conditions stipulated in an Offer in respect of any one (1) or more Participant cannot be fully achieved/satisfied, the ESOS Committee may in its sole and absolute discretion by notice in writing to such Participant(s), waive, vary or revise any condition stipulated in the Offer and/or impose such other conditions as the ESOS Committee deems fit in respect of the vesting of the Options to such Participants.
- 12.3 No Participant shall have any right to or interest in the Coastal Shares or right to exercise the Options granted to him/her unless and until the ESOS Committee has made a determination under the provisions of By-Laws 12.1 and with effect from the Vesting Date or the date during the Option Period on which the Options are duly exercised and the remittance for the full amount of the monies for the Coastal Shares in respect of which the Options are exercised is paid pursuant to By-Law 13.
- 12.4 In relation to the new Coastal Shares to be allotted and issued and/or existing Coastal Shares (which are held as treasury shares, if any) to be transferred pursuant to an exercise of an Option, the ESOS Committee shall, in accordance with the provisions of the Constitution, the Securities Industry (Central Depositories) Act 1991 and the Rules of Bursa Malaysia Depository Sdn Bhd, within eight (8) Market Days after the ESOS Committee's receipt of the Notice of Exercise and remittance for the full amount of monies for Coastal Shares in respect of which the Option is exercised pursuant to By-Law 13.1 (or such other period as may be prescribed or allowed by Bursa Securities):
- (a) issue and allot and/or procure the transfer of the relevant number of Coastal Shares;
 - (b) despatch a notice of allotment and issue and/or transfer of such Coastal Shares issued and/or transferred pursuant to the Option to the Participant; and
 - (c) make an application for the quotation of such relevant number of Coastal Shares issued pursuant to the Option (where applicable).

13. EXERCISE OF OPTIONS

- 13.1 An Option may be exercised by a Participant within the Option Period in full or in part by notice in writing to the Company or the ESOS Committee in the prescribed form as may be amended from time to time during the Option Period or in any other manner as may be determined by the ESOS Committee from time to time during the Option Period ("**Notice of Exercise**").

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- 13.2 The partial exercise of Options granted in an Offer shall not preclude the Participant from exercising the balance of Unexercised Options during the Option Period.
- 13.3 Every such notice or any other manner of exercise of an Option referred to in By-Law 13.1 must be in the form prescribed by the ESOS Committee as may be amended from time to time and be accompanied by a remittance for the full amount in Ringgit Malaysia in the form of a banker's draft or cashier's order drawn and payable in Malaysia or such other mode acceptable to the ESOS Committee for the full amount of the subscription monies (calculated based on the Exercise Price in accordance with By-Law 10 herein) payable for the Shares in respect of which the Option is exercised.
- 13.4 Any failure to comply with the procedures specified by the ESOS Committee or to provide information required by the Company in the Notice of Exercise or inaccuracy in the CDS Account number provided in the Notice of Exercise shall result in the Notice of Exercise being rejected at the sole and absolute discretion of the ESOS Committee, and the ESOS Committee shall inform the Participant of the rejection of the Notice of Exercise within fourteen (14) Market Days from the date of rejection and the Participant shall be deemed not to have exercised his/her Option.
- 13.5 Each Participant shall at its own cost and expense open a CDS Account and a trading account with a nominee company or a broker approved by the ESOS Committee. The new Shares to be issued pursuant to the exercise of an Option will be credited directly into the CDS Account of the Participant and a notice of allotment stating the number of shares credited into the CDS Account will be issued to the Participant. No physical share certificate will be issued to the Participant.
- 13.6 Subject to the sole and absolute discretion of the ESOS Committee to waive any breach, failure by a Participant to comply with the procedure for an exercise of Option as stipulated in the provisions of By-Law 13 will invalidate the purported exercise of such Option by the Participant.
- 13.7 The Group, the Board (including Directors that had resigned but were on the Board during the Option Period) and the ESOS Committee shall not under any circumstances be held liable to any person for any cost, losses, expenses, damages, liabilities, gains or profits foregone, howsoever arising in the event of any delay on the part of the Company in allotting and issuing the new Coastal Shares and/or transferring the existing Coastal Shares (which are held as treasury shares, if any) or in procuring Bursa Securities to list and quote the Shares subscribed for by a Participant or any delay in receipt or non-receipt by the Company of the Notice of Exercise in respect of the Options or for any errors in any Offer of Options.

14. DISCIPLINARY ACTIONS

- 14.1 In the event an Eligible Person is subjected to a Disciplinary Action after an Offer is made but before the acceptance thereof by such Eligible Person, the Offer is deemed withdrawn and no longer capable of acceptance, unless otherwise decided by the ESOS Committee who may in so doing, impose such terms and conditions as it deems appropriate having regard to the nature of the Disciplinary Action made or brought against the Eligible Person. Nothing herein shall prevent the ESOS Committee (but the ESOS Committee shall not be obliged to do so) from making a fresh Offer to such Eligible Person in the event such Disciplinary Action is dismissed and/or found in his/her favour, or if such Disciplinary Action is withdrawn provided that such Offer is made within the duration of the Scheme Period.
- 14.2 In the event a Participant is subjected to a Disciplinary Action, the right of the Participant to exercise any Unexercised Option shall be suspended pending the outcome of the Disciplinary Action unless otherwise decided by the ESOS Committee who may in so doing, impose such terms and conditions as it deems appropriate having regard to the nature of the Disciplinary Action made or brought against the Participant. Nothing herein shall prevent the ESOS Committee (but the ESOS Committee shall not be obliged to do so) from making a fresh Offer and/or reinstating the right of the Participant to exercise any Unexercised Option in the event

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such Disciplinary Action is dismissed and/or found in his/her favour or if such Disciplinary Action is withdrawn provided that such Offer and/or reinstatement is made within the duration of the Scheme Period. If the ESOS Committee does not reinstate such right of the Participant prior to the expiry of the Scheme Period, the Offer and acceptance thereof shall automatically lapse and shall immediately become null and void.

For the avoidance of doubt, where a Disciplinary Action is initiated against a Participant after the exercise by such Participant of his/her Option(s) in accordance with the terms of these By-Laws or after the Participant has been given the right to have the relevant number of Options vested in him/her on the Vesting Date, shall not affect the right of the Participant to receive the Coastal Shares pursuant to such exercise of Option.

15. TERMINATION OF OFFERS AND UNEXERCISED OPTION(S)

15.1 Subject to By-Laws 15.2 and 15.3, any Options that have yet to be vested to a Participant and/or any unaccepted Offer in respect of an Eligible Person and/or any Unexercised Option in respect of a Participant shall forthwith lapse and/or be deemed to be cancelled and/or ceased to be exercisable by a Participant, as the case may be, without any liability to or right to claim against the Company, any member of the Coastal Group, the Board and/or the ESOS Committee upon the occurrence of any one (1) or more of the following events:

- (a) resignation, termination or cessation of employment of an Eligible Person or Participant, for any reason;
- (b) expiry, termination or cessation of a contract of service of an Eligible Person or Participant, for any reason;
- (c) resignation, retirement or removal of a Director, for any reason;
- (d) bankruptcy of an Eligible Person or Participant; or
- (e) any other circumstances prescribed by the ESOS Committee from time to time.

15.2 In the event of the termination or cessation of employment or contract of service of the Eligible Person or Participant with the Coastal Group in any of the following circumstances:

- (a) retirement on attaining the retirement age under the Coastal Group's retirement policy;
- (b) retirement before attaining the normal retirement age;
- (c) ill-health, injury, physical or mental disability or mental disorder;
- (d) redundancy or retrenchment, or cessation of service pursuant to the acceptance by the Eligible Person or Participant of voluntary separation scheme offered by the Company or a relevant member of the Coastal Group;
- (e) transfer to any company outside the Coastal Group at the direction of the Company;
- (f) termination or non-renewal of contract of service;
- (g) winding-up or liquidation of a relevant member of the Coastal Group; or
- (h) any other circumstances which are acceptable to the ESOS Committee in its sole and absolute discretion,

the ESOS Committee may in its sole and absolute discretion permit the exercise of any Unexercised Option by the Participant at any time until a prescribed date subject to such terms and conditions as may be prescribed notwithstanding that:

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- (i) the Vesting Date is not due or has not occurred;
- (ii) the Option Period has not commenced; and/or
- (iii) other terms and conditions set out in the Offer has not been fulfilled/satisfied,

provided that unless the ESOS Committee in its sole and absolute discretion so permits such vesting or exercise, as the case may be by notice in writing to the Participant, any unaccepted Offer and/or any Unexercised Option in respect of a Participant shall forthwith lapse and/or be deemed to be cancelled and/or cease to be capable of vesting in a Participant and/or cease to be exercisable, as the case may be, without any liability to or right to claim against the Company and/or ESOS Committee.

- 15.3 The ESOS Committee shall be entitled to exercise its powers, rights and discretion conferred under By-Law 15.2 in the event of death of a Participant and may permit the Participant's legal or personal representatives, or such other person nominated by the Participant to exercise the rights of the Participant.
- 15.4 Any unaccepted Offer and/or Unexercised Option that ceases to be capable of being exercised by a Participant, pursuant to this By-Law 15, will continue to be available under the Scheme.
- 15.5 Any unaccepted Offer, and/or Unexercised Option shall forthwith lapse and/or be deemed to be cancelled and/or cease to be capable of vesting/exercisable, as the case may be, without any claim against the Company and/or ESOS Committee upon the occurrence of one (1) or more of the following events:
- (a) winding-up or liquidation of the Company; or
 - (b) termination of the Scheme pursuant to By-Law 6.
- 15.6 In the event that any order is made or resolution is passed for the liquidation of the Company, all Unexercised Options or partially exercised Options shall automatically lapse and shall be null and void and have no further effect, in which event the Option shall be automatically terminated on the following date:
- (a) in the case of a voluntary winding-up, the date on which a provisional liquidator is appointed by the Company; or
 - (b) in the case of an involuntary winding-up, the date on which a petition for winding up is served on the Company.

16. TAKEOVER AND DISPOSAL OF ASSETS

- 16.1 In the event of:
- (a) a take-over offer being made for the Company through a general offer to acquire the whole of the issued ordinary shares of the Company (or such part thereof not at the time owned by the person making the general offer ("**Offeror**") or any persons acting in concert with the Offeror) and such takeover offer is announced by the Offeror as being unconditional or have become unconditional;
 - (b) the Offeror becoming entitled or bound to exercise the right of compulsory acquisition of Shares under the provisions of any statutes, rules and/or regulations applicable at that point of time and gives notice to the Company that it intends to exercise such right on a specific date; or
 - (c) the entry into and carrying into effect of a contract where the Company disposes of all or a substantial portion of all of its assets,

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upon determination by the ESOS Committee at its sole and absolute discretion, any Unexercised Option may immediately be exercised by a Participant or the Participant's legal and personal representatives, as the case may be, at any time subject to such terms and conditions (if any) as may be prescribed by the ESOS Committee notwithstanding that:

- (i) the Vesting Date is not due or has not occurred;
- (ii) the Option Period has not commenced; and/or
- (iii) other terms and conditions set out in the Offer has not been fulfilled/satisfied.

16.2 All Offers and/or Options which the ESOS Committee permits to be vested, accepted or exercisable pursuant to By-Law 16.1 shall unless the ESOS Committee in its sole and absolute discretion determine otherwise, automatically terminate, lapse and shall become null and void to the extent unvested, unaccepted or unexercised by the date prescribed by the ESOS Committee, notwithstanding that the Option Period has not commenced or expired.

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

17.1 In the event of:

- (a) 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 or its amalgamation with any other company or companies, the ESOS Committee may upon determination by the ESOS Committee, permit the exercise of any Unexercised Option by the Participant or the Participant's legal and personal representatives, as the case may be, at any time commencing from the date upon which the compromise or arrangement is sanctioned by the court or a date to be specified by the ESOS Committee within the Option Period up to such period as may be determined by the ESOS Committee provided that no Options shall be exercised after the expiry of the Option Period; or
- (b) the Company decides to merge with other company or companies, the ESOS Committee may permit the exercise of any Unexercised Options by the Participant or Participant's legal and personal representatives, as the case may be, at any time commencing from the unconditional date of the said transaction until the date prescribed by the ESOS Committee within the Option Period,

subject to such terms and conditions as may be prescribed, or termination of Options notwithstanding that:

- (i) the Vesting Date is not due or has not occurred;
- (ii) the Option Period has not commenced; and/or
- (iii) other terms and conditions set out in the Offer has not been fulfilled/satisfied.

17.2 All Offers and/or Options which the ESOS Committee permits to be vested, accepted or exercisable pursuant to By-Law 17.1 shall, unless the ESOS Committee in its sole and absolute discretion determine otherwise, be automatically terminated, lapse and shall become null and void to the extent unvested, unaccepted or unexercised by the date prescribed by the ESOS Committee, notwithstanding that the Option Period has not commenced or expired.

18. ALTERATION OF CAPITAL

18.1 In the event of any alteration in the capital structure of the Company during the Scheme Period, whether by way of rights issue, bonus issue or other capitalisation issues, subdivision or consolidation of Coastal Shares or reduction of capital or any other variation of capital being

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effected, the ESOS Committee may determine whether a material dilution or enlargement of the rights of the Participants would result from such alteration in the capital structure of the Company during the Scheme Period and if it so determines (i.e. that a material dilution or enlargement of the rights of the Participants would result from such alteration in the capital structure of the Company), adjustments in:

- (a) the Exercise Price; and/or
- (b) the number of Unexercised Options,

shall be made in order to prevent dilution or enlargement provided that no adjustments shall be made in the event of any alteration in the capital structure of the Company in respect of which rights/benefits arising therefrom are accrued to the Shares pursuant to By-Law 19.

- 18.2 If the ESOS Committee decides that no material dilution or enlargement of the rights of the Participants would result from an alteration in the capital structure of the Company and no adjustments will be made, the ESOS Committee shall inform the Participants of this decision through an announcement to all the Directors and employees of the Group to be made in such manner deemed appropriate by the ESOS Committee.
- 18.3 Subject to By-Law 18.5, any adjustment in the Exercise Price and/or number of Options shall comply with the requirements of any applicable statutes, rules, regulations and/or conditions issued by the relevant authorities (including the Listing Requirements) and shall, where appropriate and to the extent possible, endeavour to give each Participant the same proportion of the issued ordinary shares of the Company as that to which he/she was previously entitled.
- 18.4 The provisions of By-Laws 18.1, 18.2 and 18.3 shall not apply where a change in the capital structure of the Company arises from:
- (a) the issue by the Company of Coastal Shares or other securities convertible into Coastal Shares or rights to acquire or subscribe for Coastal Shares in consideration or part consideration for or in connection with any acquisition of any securities, assets or business by the Coastal Group;
 - (b) a special issue, restricted issue or private placement of Coastal Shares or other securities;
 - (c) any implementation of a share buy-back arrangement by the Company under Section 127 of the Companies Act;
 - (d) the cancellation of all or a portion of the shares pursuant to the relevant provisions of the Companies Act;
 - (e) an issue of Coastal Shares arising from the exercise of any conversion rights attached to securities convertible to Coastal Shares or upon exercise of any other rights including warrants and convertible loan stocks (if any) issued by the Company;
 - (f) an issue of any further Offers or Coastal Shares pursuant to the Scheme and the allotment and issuance of Coastal Shares for the purpose of satisfying Options;
 - (g) any issue of Coastal Shares arising from a dividend reinvestment scheme which allows the Company's shareholders an option to elect their cash dividend entitlements into new Coastal Shares; and
 - (h) any issue of Coastal Shares as share dividend as long as it is not a material capital distribution.
- 18.5 All adjustments other than a bonus issue, subdivision or consolidation of shares pursuant to this By-Law 18, shall be confirmed in writing by an approved company auditor or Adviser, who shall act as an expert and not as an arbitrator, to be in his/her opinion fair and reasonable, and

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such confirmation shall be final and binding on all parties. For the purposes of these By-Laws, an approved company auditor shall have the meaning given in Section 2(1) of the Companies Act.

18.6 Any adjustment pursuant to this By-Law 18 shall be made in accordance with the formulae as set out below:

- (a) If and whenever a consolidation or subdivision of Coastal Shares occurs, then the Exercise Price shall be adjusted and the revised/additional number of Options to be issued shall be calculated in accordance with the following formula:

$$\text{New Exercise Price} = S \times \left[\frac{U}{V} \right]$$

For consolidation of shares:-

$$\text{Revised number of Options} = T \times \left[\frac{V}{U} \right]$$

For subdivision :-

$$\text{Additional number of Options} = T \times \left[\frac{V}{U} \right] - T$$

where:

S = existing Exercise Price;

T = existing number of Options that remains unexercised;

U = aggregate number of Shares in the share capital of the Company immediately preceding such consolidation or subdivision; and

V = aggregate number of new Shares in the share capital of the Company after such consolidation or subdivision.

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

- (b) If and whenever the Company shall make any issue of Coastal Shares to its ordinary shareholders credited as fully paid, by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature), the Exercise Price shall be adjusted in the following manner:

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

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

$$\text{Additional number of Options} = T \times \left[\frac{A+B}{A} \right] - T$$

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where:

- A = the aggregate number of issued Coastal Shares immediately before such bonus issue or capitalisation issue;
- B = the aggregate number of Coastal Shares to be issued pursuant to any allotment to ordinary shareholders of the Company credited as fully paid by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature);
- S = as S above; and
- T = as T above.

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

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

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

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

and in respect of the case referred to in By-Laws 18.6(c)(ii) and (c)(iii) hereof, the additional number of Options to be issued shall be calculated as follows:

$$\text{Additional number of Options} = T \times \left[\frac{C}{C-D^*} \right] - T$$

where:

- C = the Current Market Price (as defined in By-Law 18.6(h) below) of each Coastal Share on the Market Day immediately preceding the date on which the Capital Distribution or, as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing any such announcement) immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation;
- D = (aa) in the case of an offer or invitation to acquire or subscribe for Coastal Shares by way of rights under By-Law 18.6(c)(ii) above or for securities convertible into Coastal Shares or securities with rights to acquire or subscribe for Coastal Shares under By-Law 18.6(c)(iii) above, the value of rights attributable to one (1) Coastal Share (as defined below); or
- (bb) in the case of any other transaction falling within By-Law 18.6(c)

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hereof, the fair market value, as determined by the Adviser and/or an auditor of the Company, of that portion of the Capital Distribution attributable to one (1) Coastal Share;

S = as S above; and

T = as T above.

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

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

where:

C = as C above;

E = the subscription price for one (1) additional Coastal Share under the terms of such offer or invitation or subscription price for one (1) additional Coastal Share upon conversion of the convertible securities or exercise of such rights to acquire or subscribe for one (1) Coastal Share under the offer or invitation;

F = the number of Coastal Shares necessary for the Company's shareholder to hold in order to be offered or invited to acquire or subscribe for one (1) additional Coastal Share or security convertible into rights to acquire or subscribe for one (1) additional Coastal Share; and

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

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

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

where:

C = as C above;

E* = the subscription price for one (1) additional Coastal Share under the terms of such offer or invitation to acquire or subscribe for Coastal Shares; and

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

For the purpose of By-Law 18.6(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 Coastal Shares (not falling under By-Law 18.6(b) hereof) or other securities credited as fully or partly paid-up by way of capitalisation of profits or reserves (whether of a capital or income nature).

Any dividend charged or provided in the accounts of any period shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders of the Company as shown in the audited consolidated profit and loss accounts of the Company.

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

- (d) If and whenever the Company makes an allotment to its ordinary shareholders as provided in By-Law 18.6(b) above and also makes an offer or invitation to its ordinary shareholders as provided in By-Law 18.6(c)(ii) or (c)(iii) above and the record date for the purpose of the allotment is also entitlement date for the purpose of the offer or invitation, the Exercise Price shall be adjusted in the following manner:

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

and where the Company makes an allotment to its ordinary shareholders as provided in By-Law 18.6(b) above and also makes an offer or invitation to its ordinary shareholders as provided in By-Law 18.6(c)(ii) above and the record date for the purpose of the allotment is also the entitlement date for the purpose of the offer or invitation, the additional number of Options to be issued shall be calculated as follows:

Additional number of Options

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

where:

- B = as B above;
- C = as C above;
- G = the aggregate number of issued Coastal Shares on the entitlement date;
- H = the aggregate number of new Coastal Shares under an offer or invitation to acquire or subscribe for Coastal Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into Coastal Shares or rights to acquire or subscribe for Coastal Shares, as the case may be;
- H* = the aggregate number of new Coastal Shares under an offer or invitation to acquire or subscribe for Coastal Shares by way of rights;
- I = the subscription price of one (1) additional Coastal Share under the offer or invitation to acquire or subscribe for Coastal Shares or the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Coastal Share, as the case may be;
- I* = the subscription price of one (1) additional Coastal Share under the offer or invitation to acquire or subscribe for Coastal Shares;
- S = as S above; and
- T = as T above.

Such adjustment will be effective (if appropriate retroactively) from the commencement of the next Market Day 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 Coastal Shares as provided in By-Law 18.6(c)(ii) above

DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)

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together with an offer or invitation to acquire or subscribe for securities convertible into Shares or rights to acquire or subscribe for Coastal Shares as provided in By-Law 18.6(c)(iii) above, the Exercise Price shall be adjusted in the following manner:

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

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

Additional number of Options

$$= T \times \left[\frac{(G + H^*) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

where:

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 = the aggregate number of Coastal Shares to be issued to its ordinary shareholders upon conversion of such securities or exercise of such rights to subscribe for Coastal 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 Coastal Share;

S = as S above; and

T = as T above.

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

- (f) If and whenever the Company makes an allotment to its ordinary shareholders as provided in By-Law 18.6(b) above and also makes an offer or invitation to its ordinary shareholders to acquire or subscribe for Coastal Shares as provided in By-Law 18.6(c)(ii) above, together with rights to acquire or subscribe for securities convertible into Coastal Shares or with rights to acquire or subscribe for Shares as provided in By-Law 18.6(c)(iii) above, and the record 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 in the following manner:

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

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

Additional number of Options

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

DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)

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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;
S	=	as S above; and
T	=	as T above.

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

- (g) If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders of the Company and requiring an adjustment under By-Laws 18.6(c)(ii), (c)(iii), (d), (e) or (f) above), the Company shall issue either any Coastal Shares or any securities convertible into Coastal Shares or any rights to acquire or subscribe for Coastal Shares, and in any such case, the Total Effective Consideration per Coastal Share (as defined below) is less than ninety percent (90%) of the Average Price for one (1) Coastal Share (as defined below) or, as the case may be, the price at which the Coastal Shares will be allotted and issued upon conversion of such securities or exercise of such rights is determined, the Exercise Price shall be adjusted in the following manner:

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

where:

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

DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)

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For the purpose of By-Law 18.6(g), the "Total Effective Consideration" shall be determined by the Board with the concurrence of an auditor or relevant expert in the following manner:

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

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

For the purpose of By-Law 18.6(g), the Average Price of a Coastal Share shall be the average price of one (1) Coastal Share as derived from the last transacted prices for one (1) or more board lots of Coastal Shares as quoted on Bursa Securities on the Market Days comprised in the period used as a basis upon which the issue price of such Coastal Shares is determined.

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

- (h) For the purpose of By-Laws 18.6(c), (d), (e) and (f), the "Current Market Price" in relation to one (1) Coastal Share for any relevant day shall be either the last transacted price or the volume weighted average market price for the five (5) consecutive Market Days before such date, as the case may be.

- 18.7 If an event occurs that is not set out in By-Law 18.6 or if the application of any of the formulae to an event results in a manifest error or in the opinion of ESOS Committee is not appropriate, the ESOS Committee may agree to an adjustment subject to the provision of By-Law 18.3 provided that the Participants shall be notified of the adjustment through an announcement to all the Directors and employees of the Group to be made in such manner deemed appropriate by the ESOS Committee.
- 18.8 In the event a fraction of a Coastal Share arises from the adjustments pursuant to this By-Law 18, the number of Coastal Shares shall automatically be rounded down to the nearest whole number.
- 18.9 The provisions of By-Law 18 shall also apply to a situation where the Offer Period has not lapsed and the Offer has not been accepted by the Participant or withdrawn by the ESOS Committee.

DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)

By-Laws of Coastal Group Employees' Share Option Scheme 2021

19. RIGHTS ATTACHED TO SHARES

- 19.1 The new Coastal Shares to be allotted and issued upon the exercise of any Options granted under the Scheme, will, upon the allotment and issue:
- (a) be subject to the relevant provisions of the Constitution in relation to their transfer, transmission or otherwise; and
 - (b) rank *pari passu* in all respects with the then existing Coastal Shares, except that the new Coastal Shares shall not be entitled to any dividends, rights, allotments and/or other form of distributions which may be declared, made or paid to shareholders of the Company, for which the entitlement date of which is prior to the date of allotment of such Coastal Shares.
- 19.2 The Options shall not carry any rights to vote at any general meeting of the Company until and unless such Participants exercise their ESOS Options into new Coastal Shares.

20. ADMINISTRATION

- 20.1 The Scheme shall be implemented and administered by the ESOS Committee consisting of such persons from the Board and/or Senior Management of the Group, appointed by the Board from time to time.
- 20.2 Subject to these By-Laws and Terms of Reference, the ESOS Committee shall administer the Scheme in such manner as it shall in its sole and absolute discretion deem fit and with such powers and duties as are conferred upon it by the Board.
- 20.3 For the purpose of administering the Scheme, the ESOS Committee may do all such acts and things and enter into any transactions, agreements, deeds, documents or arrangements, and make rules, regulations or impose terms and conditions or delegate part of its power relating to the administration of the Scheme, as the ESOS Committee may in its sole and absolute discretion deem fit, necessary and/or expedient for the implementation and administration of, and to give full effect to the Scheme.
- 20.4 The ESOS Committee in the exercise of this power may correct any defect, supply any omission, or reconcile any inconsistency in the Scheme or in any agreement providing for an Option in a manner and to the extent it shall deem necessary to expedite and make the Scheme fully effective.
- 20.5 The Board shall have power at any time and from time to time to:
- (a) approve, rescind and/or revoke the appointment of any member of the ESOS Committee and appoint replacement members to the ESOS Committee;
 - (b) make, issue and/or amend the Terms of Reference at any time and from time to time; and
 - (c) assume and/or exercise or execute any of the powers and authorities conferred upon the ESOS Committee pursuant to these By-Laws.

21. LISTING OF AND QUOTATION FOR THE NEW SHARES TO BE ISSUED ARISING FROM THE EXERCISE OF THE OPTIONS

- 21.1 The new Coastal Shares to be allotted will not be listed or quoted on Bursa Securities until an application is made to Bursa Securities for such listing and quotation of the new Coastal Shares.

DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)

By-Laws of Coastal Group Employees' Share Option Scheme 2021

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

- 22.1 Subject to By-Law 22.2 and compliance with the Listing Requirements and the approvals of any other regulatory authorities (if required), the ESOS Committee may at any time and from time to time recommend to the Board any additions, amendments and/or modifications to and/or deletions of these By-Laws as it shall in its sole and absolute discretion think fit and the Board shall at any time and from time to time have the power by resolution to add to, amend, modify and/or delete all or any part of these By-Laws upon such recommendation.
- 22.2 The approval of the shareholders of the Company in a general meeting shall not be required in respect of additions, amendment and/or modification to or deletion of these By-Laws save and except if such addition, amendment, modifications and/or deletion would:
- (a) increase the number of Coastal Shares available for issuance and/or transfer under the Scheme beyond the Maximum Scheme Shares; or
 - (b) provide an advantage to any Eligible Person or group of Eligible Persons or all the Eligible Persons in respect of any matters which are required to be contained in the By-Laws by virtue of Appendix 6E of the Listing Requirements.
- 22.3 Where any addition, amendment, modifications and/or deletion is made to these By-Laws, the Company shall within five (5) Market Days from the effective date of the said addition, amendment, modification and/or deletion, cause to be submitted to Bursa Securities the amended and/or modified By-Laws and a confirmation letter that such addition, amendment, modification and/or deletion complies and does not contravene any of the provisions of the Listing Requirements.

23. NON-TRANSFERABILITY

- 23.1 The rights of a Participant under an exercise of Options shall be personal to him/her and cannot be assigned, transferred, disposed of, or otherwise subjected to encumbrances in any manner whatsoever unless By-Law 15.3 applies. Any such attempt to assign, transfer, dispose or encumber any Options shall result in the automatic cancellation of such Options.

24. DISPUTES

- 24.1 In the event of any dispute between the ESOS Committee with an Eligible Person or any Participant or group of Participants, as to any matter or thing of any nature arising hereunder, such dispute or difference shall be referred to the ESOS Committee and the ESOS Committee shall then determine such dispute or difference by a written decision given to the Eligible Person and/or Participant(s), as the case may be **PROVIDED THAT** where the dispute is raised by a member of the ESOS Committee, the said member shall abstain from voting in respect of the decision of the ESOS Committee in that instance. In the event the Eligible Person or Participant, as the case may be, shall dispute the decision of the ESOS Committee within fourteen (14) days of receipt of the written decision, then such dispute or difference shall be referred to the Board whose decision shall be final and binding on all parties in all respect, provided that any Director who is also in the ESOS Committee shall abstain from voting.
- 24.2 Notwithstanding By-Law 24.1 above, matters concerning adjustments made pursuant to By-Law 18 shall be referred to external auditors of the Company or Adviser, who shall act as experts and not as arbitrators and whose decision shall be final and binding in all respects.

25. SCHEME NOT A TERM OF EMPLOYMENT/ CONTRACT OF SERVICE

- 25.1 This Scheme does not form part of nor shall it in any way be construed as forming part of the terms and conditions of employment or contract of service of any Eligible Person. This Scheme shall not confer or be construed to confer on any Eligible Person any special rights or privileges

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over the Eligible Persons' terms and conditions of employment or contract of service in the Coastal Group nor any rights in addition to compensation or damages that the Eligible Person may be normally entitled to arising from the cessation of such employment or contract of service.

26. COMPENSATION

- 26.1 No Eligible Persons or Participants who cease to hold office in or employment or under a contract of service with the Coastal Group shall be entitled to any compensation for the loss of any right or benefit or prospective right or benefit under the Scheme.
- 26.2 The Company, the Board and the ESOS Committee shall not be liable for any compensation, loss or damages of any claim, action or proceeding by any Eligible Person or Participant or legal or personal representatives or such other person nominated by the Participant, whatsoever and howsoever arising from the suspension or termination of rights to exercise his/her Options, ceasing to be valid pursuant to the provisions of these By-Laws.

27. DIVESTMENT FROM THE GROUP

- 27.1 If a Participant who held office or was in the employment or under a contract of service with a corporation of the Coastal Group which has ceased to be a Subsidiary as a result of a restructuring or divestment exercise or otherwise (other than a takeover or reconstruction as provided under these By-Laws), the ESOS Committee may in its sole and absolute discretion permit the exercise of any Unexercised Options by the Participant at any time subject to such terms and conditions as may be prescribed, or termination of Options notwithstanding that:
- (a) the Option Period has not commenced; and/or
 - (b) other terms and conditions set out in the Offer has not been fulfilled/satisfied.
- 27.2 All Options which may be allowed by the ESOS Committee to be exercisable under By-Law 27.1(b), to the extent unexercised by the date prescribed by the ESOS Committee, shall automatically lapse and shall become null and void and may be re-allocated to other Eligible Persons at the discretion of the ESOS Committee.

28. TRANSFER TO/FROM THE GROUP

- 28.1 In the event that:
- (a) an employee or a Director who was employed in a company which is related to the Company pursuant to Section 7 of the Companies Act is subsequently transferred from such company to any company within the Group; or
 - (b) an employee who was in the employment of a company which subsequently becomes a member of the Group as a result of a restructuring or acquisition exercise or otherwise involving the Company and/or any company within the Group with any of the first mentioned company stated in (a) above;

(the first mentioned company in (a) and (b) is herein referred to as the "**Previous Company**"), such an employee of the Previous Company will be eligible to participate in the Scheme for its remaining Option Period, if the affected employee becomes and is an Eligible Person within the meaning under this By-Laws.

For the avoidance of doubt, in the event of any acquisition or incorporation of any company into the Group pursuant to subsection (b) above as a subsidiary as defined in Section 4 of the Companies Act or any other statutory regulation in place thereof during the Scheme Period, the Scheme shall apply to the employees of such company on the date such company becomes a

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subsidiary of the Group (provided that such subsidiary is not dormant) falling within the meaning of the expression of Eligible Person under By-Law 4.1 and the provisions of this By-Laws shall apply.

A company shall be deemed to be divested from the Group or disposed of from the Group in the event that the effective interest of the Company in such company is reduced from fifty per centum (50%) and above to less than fifty per centum (50%) so that such company would no longer be a subsidiary of the Company pursuant to Section 4 of the Companies Act.

29. COSTS, EXPENSES AND TAXES

- 29.1 The Company shall bear all fees, costs and expenses (including but not limited to administrative and handling charges) incurred in relation to the Scheme including but not limited to the costs and expenses relating to the issue and allotment of the new Coastal Shares and/or transfer of existing Coastal Shares (which are held as treasury shares, if any) pursuant to the exercise of the Options.
- 29.2 For the avoidance of doubt, all other costs, fees, levies, charges and/or taxes, including, without limitation, income taxes that are incurred by a Participant pursuant to By-Law 29.1 or relating to the exercise of any Options and any holding or dealing of such Coastal Shares (such as, but not limited to brokerage commissions and stamp duty) shall be borne by that Participant and the Company shall not be liable for any of such costs, fees, levies, charges and/or taxes.

30. CONSTITUTION

- 30.1 Notwithstanding the terms and conditions contained in this Scheme, if a situation of conflict should arise between any provision of these By-Laws and the Constitution and/or the Listing Requirements, the provisions of the Constitution and/or the Listing Requirements shall prevail to the extent of such conflict.

31. ERRORS AND OMISSIONS

- 31.1 If, in consequence of an error or omission, the ESOS Committee discovers or determines that:
- (a) an Eligible Person who was selected by the ESOS Committee as a Participant, has not been given the opportunity to participate in the Scheme on any occasion;
 - (b) the number of Options on any occasion is found to be incorrect; or
 - (c) the number of the new Coastal Shares allotted and issued and/or existing Coastal Shares (which are held as treasury shares, if any) to be transferred to any Participant (including those allotted and issued and/or transferred pursuant to the vesting of the Coastal Shares pursuant to the exercise of Options) on any occasion is found to be incorrect,

and such error or omission cannot be corrected within the relevant period specified in the Scheme, the ESOS Committee may do all such acts and things to rectify such error or omission and ensure that the Participant is given the opportunity to participate in the Scheme and/or the aggregate number of Coastal Shares to which the Participant is correctly entitled to is credited into his/her CDS Account.

32. NOTICES

- 32.1 Any notice or request under the Scheme required to be given to or served upon the ESOS Committee by an Eligible Person or Participant or any correspondence to be made between an Eligible Person or Participant to the ESOS Committee shall be given or made in writing and

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sent to the registered office of the Company or such other office which the ESOS Committee may have stipulated for a particular purpose of delivery by hand (with acknowledgement of receipt) or registered letter.

- 32.2 Unless otherwise provided in these By-Laws, any notice which under the Scheme is required to be given to or served upon an Eligible Person or Participant or correspondence to be made with an Eligible Person or Participant shall be deemed to be sufficiently given, served or made:
- (a) if it is sent by ordinary post to the Eligible Person or the Participant 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 Participant, such notice or request shall be deemed to have been received on the date of delivery;
 - (c) if it is transmitted by facsimile, such notice or request shall be deemed to have been received, upon the printing of the transmission log print-out indicating the date, time and transmission of all the pages; or
 - (d) if it is sent by electronic media, including but not limited to electronic mail, or via a general or specific notice placed on any human resource electronic management system to the Eligible Person or the Participant, such notice or request shall be deemed to have been received upon the said notice or request being sent by the Company.
- 32.3 Notwithstanding By-Law 32.2, 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 the Eligible Persons or Participants pursuant to the Scheme, as the case may be, the Company or ESOS Committee may give notice through an announcement to all employees of the Group to be made in such manner deemed appropriate by the ESOS Committee (including via electronic media). Upon the making of such an announcement, the notice to be made under By-Law 32.2 shall be deemed to be sufficiently given, served or made to all affected Eligible Persons or Participants, as the case may be.

33. SEVERABILITY

- 33.1 If at any time any provision of these By-Laws is or becomes illegal, void or unenforceable in any respect, the same shall be ineffective to the extent of such illegality, voidness or unenforceability without invalidating the remainder thereof, and any such illegality, voidness or unenforceability shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation or provision herein contained.

34. DELAY OF PERFORMANCE

- 34.1 The performance of any obligations provided herein may be delayed, prohibited or become impossible by reason of events beyond the control of the Company or the ESOS Committee.

35. DISCLAIMER OF LIABILITY

- 35.1 Notwithstanding any provisions contained herein and subject to the Companies Act, the ESOS Committee, the Board and the Company shall not under any circumstances be liable for any cost, loss, expense, damage, liability whatsoever incurred, arising and/or suffered by any Participant by reason of the following, including but not limited to:
- (a) the Company and/or ESOS Committee's delay in allotting and issuing new Coastal Shares and/or transferring the existing Coastal Shares (which are held as treasury shares, if any) and/or applying for or procuring the listing of the new Coastal Shares on Bursa Securities in accordance with these By-Laws for any reason whatsoever; and/or

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(b) any other matter or dealing outside the control of the Company.

35.2 The Participant shall at all times indemnify and keep the Company indemnified against all losses, damages, claims, proceedings, demands, actions, penalties and expenses whatsoever that may be made or brought against and/or suffered by the Company at any time as a result of and/or in connection with or arising from any failure on the part of the Participant to perform and/or observe the terms and conditions and stipulations of the By-Laws as from and including the Effective Date or for any act or default under or for any breach of any provision of the By-Laws by the Participant or that may be incurred suffered or sustained by the Company as a result thereof and the Participant shall promptly upon a demand being made by the Company pay to the Company all amounts so paid incurred suffered or sustained by the Company.

36. DECISION OF THE ESOS COMMITTEE

36.1 Any decision and/or determination made by the ESOS Committee under these By-Laws shall, in the absence of any manifest error, be final and binding.

37. SUBSEQUENT EMPLOYEES' SHARE OPTION SCHEME

37.1 The Company may implement more than one (1) employees' share option scheme provided that the aggregate number of Shares available under all the schemes implemented by the Company is not more than ten percent (10%) of the total number of issued Shares at any point in time during the Scheme Period or such other limit prescribed by any guideline, rule and/or regulation of the relevant authorities from time to time throughout the duration of the Scheme Period.

38. GOVERNING LAW

38.1 The Scheme shall be governed by and construed in accordance with the laws of Malaysia. The Participant, by accepting the Offer irrevocably submits to the exclusive jurisdiction of the courts in Malaysia.

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

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

38.4 No action has been or will be taken by the Company to make an Offer valid in any country or jurisdiction other than Malaysia or to ensure compliance of the Offer with all applicable laws and regulations in any other country or jurisdiction other than Malaysia. No action has or will be taken by the Company to ensure compliance by the Eligible Person to whom an Offer is made,

DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)

By-Laws of Coastal Group Employees' Share Option Scheme 2021

with all applicable laws and regulations in such other country or jurisdiction in which the Eligible Person accepts the Offer.

- 38.5 Any Eligible Person to whom an Offer is made is required to ensure that they comply with all applicable laws and regulations in each country or jurisdiction in or from which they accept the Offer. By their acceptance of the Offer, each Participant has represented, warranted and agreed that they have and will continue to observe all applicable laws and regulations in the jurisdiction in which they accept the Offer.

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. CONSENTS AND DECLARATION OF CONFLICT OF INTERESTS

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

UOBKH has given its written confirmation that there is no situation of conflict of interests that exists or is likely to exist in relation to its role as the Adviser to Coastal for the Proposed ESOS.

3. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, the Group is not engaged 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.

4. MATERIAL COMMITMENTS

As at the LPD, saved as disclosed below, there are no material commitments incurred or known to be incurred by our Group which, upon becoming enforceable, may have a material impact on the financial results or position of our Group:-

	RM'000
Capital expenditure:-	
Property, plant and equipment	38,858

5. CONTINGENT LIABILITIES

As at the LPD, save as disclosed below, there are no contingent liabilities incurred or known to be incurred by our Group which, upon becoming enforceable, may have a material impact on the financial results or position of our Group:-

	RM'000
Corporate guarantees given to financial institutions in respect of banking facilities granted to subsidiaries	741,688

FURTHER INFORMATION (cont'd)

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at Block G, Lot 3B, Bandar Leila, 90000 Sandakan, Sabah during normal business hours (except public holidays) from the date of this Circular up to the time stipulated for the holding of the forthcoming EGM:-

- (a) the Constitution;
- (b) audited consolidated financial statements of Coastal Group for the past 2 FYEs 30 June 2020 and 30 June 2021;
- (c) draft By-Laws as set out in **Appendix I** of this Circular; and
- (d) the letter of consent and declaration of conflict of interests referred to in **Section 2** of **Appendix II** of this Circular.

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COASTAL CONTRACTS BHD.

(Registration No.: 200001015043 (517649-A))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of COASTAL CONTRACTS BHD. (“**COASTAL**” or “**Company**”) will be held at the registered office of the Company at Block G, Lot 3B, Bandar Leila, 90000 Sandakan, Sabah on Thursday, 16 December 2021 at 11.30 a.m., or immediately following the conclusion or adjournment of the 21st Annual General Meeting of the Company which will be held at the same venue and on the same date at 10.00 a.m., whichever is later.

ORDINARY RESOLUTION 1

PROPOSED ESTABLISHMENT OF AN EMPLOYEES’ SHARE OPTION SCHEME (“ESOS”) OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF COASTAL (“COASTAL SHARE(S)” OR “SHARE(S)”) (EXCLUDING TREASURY SHARES, IF ANY) AT ANY POINT IN TIME TO BE GRANTED TO THE ELIGIBLE DIRECTORS AND EMPLOYEES OF COASTAL AND ITS SUBSIDIARIES WHICH ARE NOT DORMANT (“PROPOSED ESOS”)

“**THAT**, subject to and conditional upon the approvals of all relevant authorities, the Board of Directors of the Company (“**Board**”) be and is hereby authorised to establish, implement and administer an ESOS for the benefit of eligible Directors and employees of Coastal and its subsidiary companies (excluding subsidiaries which are dormant, if any), who meet the criteria of eligibility for participation in the Proposed ESOS (“**Eligible Person(s)**”) under which options will be granted to the Eligible Persons to subscribe for new Coastal Shares in accordance with the draft by-laws of the Proposed ESOS (“**By-Laws**”) as set out in **Appendix I** of the circular to shareholders dated 26 November 2021, and to adopt and approve the By-Laws and do all such acts, execute all such documents and to enter into all such transactions, arrangements, agreements, deeds and undertakings and to make such rules or regulations or impose such terms and conditions or delegate part of its power as may be necessary or expedient in order to give full effect to the Proposed ESOS and terms of the By-Laws;

THAT, the Board be and is hereby authorised to issue, allot and/or transfer from time to time such number of Coastal Shares as may be required pursuant to the exercise of the options under the Proposed ESOS (“**ESOS Option(s)**”) provided that the aggregate number of Coastal Shares to be issued, allotted and/or transferred shall not exceed 10% of the total number of issued Coastal Shares (excluding treasury shares, if any) at any point in time throughout the duration of the Proposed ESOS and that such new Coastal Shares arising from the exercise of the ESOS Options shall, upon issuance and allotment, rank equally in all respects with the existing issued Coastal Shares, except that the new Coastal Shares will not be entitled to any dividends, rights, allotment and/or any other forms of distribution (“**Distribution**”) that may be declared, made or paid to shareholders of the Company, for which the entitlement date for the Distribution precedes the date of which the new Coastal Shares are credited into the Central Depository System account with Bursa Malaysia Depository Sdn Bhd of the Eligible Persons who have accepted the offer, and such new Coastal Shares will be subject to the constitution of the Company relating to transfer, transmission and otherwise of Coastal Shares;

THAT, the Board be and is hereby authorised to make such applications as may be necessary at the appropriate time or times to Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the listing of and quotation for the new Coastal Shares which may hereafter from time to time be allotted and issued pursuant to the exercise of the ESOS Options to be granted under the Proposed ESOS;

AND THAT, subject to the By-Laws and compliance with the Main Market Listing Requirements of Bursa Securities and the approvals of any other authorities (if required), the Board be and is hereby authorised to amend and/or modify the By-Laws from time to time as may be required/permitted by the authorities or deemed to be necessary by the Board provided that such amendments and/or modifications are effected in accordance with the provisions in the By-Laws relating to amendments and/or modifications, to extend the duration of the ESOS, provided always that such extension made pursuant to the By-Laws shall not in aggregate exceed a duration of 10 years from the effective date of implementation of the Proposed ESOS, or such longer period as may be allowed by the relevant authorities, without having to obtain any further approvals (including approval of the shareholders of the Company in a general meeting) and to take all such acts and steps and to enter into such transactions, agreements, arrangements, undertakings, indemnities, transfers, assignments, deeds and/or guarantees with any party or parties, to deliver and/or cause to be delivered all such documents and to make such rules or regulations, or impose such terms and conditions or delegate part of its powers as may be necessary or expedient to implement, finalise and to give full effect to the Proposed ESOS.”

ORDINARY RESOLUTIONS 2 TO 18

PROPOSED ALLOCATION OF ESOS OPTIONS TO THE DIRECTORS OF COASTAL AND PERSONS CONNECTED TO THEM

“**THAT**, subject to the passing of Ordinary Resolution 1 as well as the approvals of all relevant authorities, and for so long as this approval remains in force, approval be and is hereby given to the Board to authorise the ESOS Committee, to make an ESOS offer at any time and from time to time to each of the Directors of Coastal and persons connected with them as named therein below:-

(i)	Ng Chin Heng (Executive Chairman)	Ordinary Resolution 2
(ii)	Ng Chin Shin (Executive Director)	Ordinary Resolution 3
(iii)	Ng Chin Keuan (Executive Director)	Ordinary Resolution 4
(iv)	Jacob O Pang Su Yin (Independent Non-Executive Director)	Ordinary Resolution 5
(v)	Loh Thian Sang @ Lo Thian Siang (Independent Non-Executive Director)	Ordinary Resolution 6
(vi)	Tuan Hj. Ir. Intizam Bin Ayub (Independent Non-Executive Director)	Ordinary Resolution 7
(vii)	Pang Fong Thau ⁽¹⁾	Ordinary Resolution 8
(viii)	Ng San Yin ⁽¹⁾	Ordinary Resolution 9
(ix)	Ng San Chen ⁽¹⁾	Ordinary Resolution 10
(x)	Alice Ng ⁽¹⁾	Ordinary Resolution 11
(xi)	Ng San Yang ⁽¹⁾	Ordinary Resolution 12
(xii)	Lau Joo Ting ⁽¹⁾	Ordinary Resolution 13
(xiii)	Ng Chin Heong ⁽¹⁾	Ordinary Resolution 14
(xiv)	Ng Chui Lai ⁽¹⁾	Ordinary Resolution 15
(xv)	Ng Chin Kok ⁽¹⁾	Ordinary Resolution 16
(xvi)	Ng Lai Whoon ⁽¹⁾	Ordinary Resolution 17
(xvii)	Komkrisk Mahakunkitchareon ⁽¹⁾	Ordinary Resolution 18

Note:-

(1) *The employees of the Company and persons connected to Ng Chin Heng, Ng Chin Shin and Ng Chin Keuan.*

provided always that:-

- (a) the abovementioned persons must not participate in the deliberation or discussion of their own allocation of ESOS Options and the allocation of ESOS Options to any persons connected to them;
- (b) the allocation to him/her, either singly or collectively through persons connected with him/her, holds 20% or more of the total number of issued shares of the Company (excluding treasury shares, if any), must not exceed 10% of the total number of issued shares of the Company (excluding treasury shares, if any) at any point in time throughout the duration of the Proposed ESOS as provided in the By-Laws; and

- (c) not more than 80% of the ESOS Options available under the Proposed ESOS shall be allocated, in aggregate, to the Directors and senior management of the Company who are Eligible Persons;

THAT the proposed allocation of ESOS Options to the abovementioned persons shall be subject always to such terms and conditions of the Proposed ESOS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws governing and constituting the Proposed ESOS;

AND THAT the Board be further authorised to allot and issue and/or transfer such number of Coastal Shares pursuant to the Proposed ESOS to the abovementioned persons from time to time, subject to their exercise of such ESOS Options.”

BY ORDER OF THE BOARD
COASTAL CONTRACTS BHD.

DOROTHY LUK WEI KAM (SSM PC No. 202008001484) (MAICSA 7000414)
HO LING LING (SSM PC No. 202008000066) (MAICSA 7012567)

Company Secretaries
Kota Kinabalu, Sabah
26 November 2021

Notes:-

- (a) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, participate, speak and vote instead of him and that a proxy need not be a member of the Company.
- (b) For the purpose of determining member's eligibility to attend this Meeting, only member whose name appears in the Record of Depositors as at 10th December 2021 shall be entitled to attend this Meeting or appoint proxy(ies) to attend and/or vote on his behalf.
- (c) A member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint not more than 2 proxies to attend and vote in his stead at the Meeting. There shall be no restriction as to the qualification of the proxy. Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy, failing which, the appointment shall be invalid.
- (d) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“**omnibus account**”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (e) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney or if the appointor is a corporation under the seal, and the person so appointed may attend and vote at this meeting at which the appointor is entitled to vote.
- (f) The instrument appointing a proxy shall be lodged at the registered office of the Company at Block G, Lot 3B, Bandar Leila, 90000 Sandakan, Sabah, or received at the electronic address at ir@coastalcontracts.com, at least 48 hours before the time appointed for holding the meeting or adjourned meeting at which it is to be used, and in default shall not be treated as valid.
- (g) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to a vote by way of a poll.
- (h) The Board wishes to highlight this Extraordinary General Meeting may be re-scheduled and/or postponed and/or change the arrangement at short notice in view of the COVID-19 Outbreak and the Malaysian Government's announcements or guidelines made from time to time. Rest assured, all members/proxies including attendees shall be kept informed of any unexpected changes. You are therefore requested to check and refer the website of the Bursa Malaysia Securities Berhad or the Company at <http://www.coastalcontracts.com> for the latest updates on the status of the said Meeting.

Administrative Guide:-

The health and safety of our Members and Proxies (“**Attendees**”) who will attend the EGM are the top priority of the Company. Hence, the following precautionary measures shall be implemented during the conduct of the EGM:-

- a. With Sabah having moved into Phase 4 of the National Recovery Plan on 8th November 2021, the updated Standard Operating Procedures issued by the National Security Council (“**NSC**”) allows for physical meetings with 50% capacity of the meeting room, attended only by fully vaccinated individuals. Due to the limitations imposed, Attendees attending the EGM shall only be allowed entry to the EGM on first come, first served basis.
- b. Attendees are required to show their fully vaccinated status through their MySejahtera application and would need to go through temperature screening at the entrance of the meeting room. All Attendees are required to sanitise their hands prior to entering the meeting room and must adhere to the social distancing rules of at least one (1) metre between each Attendees. Face mask must be worn at all times.
- c. Attendees are encouraged to abide by the regulations in place and enforced by the Ministry of Health and the Government of Malaysia at the time deciding on whether to attend or not to attend the EGM.
- d. Members are encouraged to appoint the Chairman of the meeting (or any other person) to act as proxy to attend and vote at the EGM on their behalf by submitting the Form of Proxy with predetermined voting instruction.
- e. In the interest of the public health including the well-being of the Attendees, Attendees must adhere to the precautionary measures put in place by the Company should they wish to attend the EGM in person.
- f. No lunch shall be provided to the Attendees.
- g. The above guidelines shall be subject to further changes, if applicable.



COASTAL CONTRACTS BHD.
 (Registration No.: 200001015043 (517649-A))
 (Incorporated in Malaysia)

CDS Account No.

FORM OF PROXY

I/We,..... NRIC/Company No.
 of
 being a member/members of COASTAL CONTRACTS BHD., do hereby appoint
 NRIC/Passport No..... of or
 failing him/her.....NRIC/Passport No.....
 ofor failing him/her,
 the Chairman of the Meeting as my/our proxy to attend, speak and vote for me/us on my/our behalf at
 the Extraordinary General Meeting of the Company to be held at the registered office of the Company
 at Block G, Lot 3B, Bandar Leila, 90000 Sandakan, Sabah on Thursday, 16 December 2021 at 11.30
 a.m., or immediately following the conclusion or adjournment of the 21st Annual General Meeting of the
 Company which will be held at the same venue and on the same date at 10.00 a.m., whichever is later,
 and at any adjournment thereof.

My/Our proxy is to vote as indicated below:

Resolutions		For	Against
1	Ordinary Resolution 1		
2	Ordinary Resolution 2		
3	Ordinary Resolution 3		
4	Ordinary Resolution 4		
5	Ordinary Resolution 5		
6	Ordinary Resolution 6		
7	Ordinary Resolution 7		
8	Ordinary Resolution 8		
9	Ordinary Resolution 9		
10	Ordinary Resolution 10		
11	Ordinary Resolution 11		
12	Ordinary Resolution 12		
13	Ordinary Resolution 13		
14	Ordinary Resolution 14		
15	Ordinary Resolution 15		
16	Ordinary Resolution 16		
17	Ordinary Resolution 17		
18	Ordinary Resolution 18		

Please indicate with an "X" in the spaces provided for each resolution. Unless voting instructions are indicated in the space above, the proxy will vote or abstain as he/she thinks fit and if no name is inserted in the space for the name of proxy, the Chairman of the Meeting will act as proxy.

Signed this.....day of.....2021

No. of ordinary shares held

Percentage of shareholdings to be represented by proxies:		
	No. of shares	%
Proxy 1		
Proxy 2		
Total		100%

Signature/Common Seal of Member(s)



Notes:-

- (a) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, participate, speak and vote instead of him and that a proxy need not be a member of the Company.
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- f. No lunch shall be provided to the Attendees.
- g. The above guidelines shall be subject to further changes, if applicable.

Fold this flap for sealing

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AFFIX
STAMP



COASTAL CONTRACTS BHD.
(Registration No.: 200001015043 (517649-A))

Block G, Lot 3B, Bandar Leila
90000 Sandakan, Sabah

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