

PART A - THE PROPOSED ESOS

1. DETAILS OF THE PROPOSED ESOS

The salient features of the Proposed ESOS (details of which are set out in the Bye-Laws attached in Appendix I) are summarised below: -

(i) Maximum amount of Shares available under the Scheme

The maximum number of Shares to be made available during the existence of the Scheme shall not exceed ten per cent (10%) of the issued and paid-up share capital of the Company at any point in time during the duration of the Scheme whereby:

- (a) not more than fifty per cent (50%) of the Shares available under the Scheme shall be allocated, in aggregate, to Executive Directors and senior management; and
- (b) not more than ten per cent (10%) of the Shares available under the Scheme would be allocated to any individual Executive Director or Eligible Employee, who either singly or collectively through his/her associates holds twenty per cent (20%) or more of the issued and paid-up share capital of the Company.

The Scheme shall take into account Shares that may be issued by the Company from time to time upon conversion of the securities convertible or exchangeable into Shares of the Company.

(ii) Eligibility to participate

- (a) To qualify for selection or participation in the Scheme, an employee of any company comprised in the Group must have been confirmed in his position as an employee on or prior to the Date of Offer provided further that an Executive Director of the Company shall only be eligible to participate in the Scheme if the specific allotment to be made to such director is approved by the shareholders of the Company in a general meeting.
- (b) Any person who is confirmed in writing as an employee of the Group (including Executive Directors) shall be eligible to participate in the Scheme.
- (c) An Executive Director or employee must be at least eighteen (18) years of age on the date of allocation.
- (d) Employees and Executive Directors of subsidiaries within the Group are eligible to participate in the Scheme provided the subsidiaries are not dormant.
- (e) No Eligible Employee (including Executive Directors) shall participate in more than one (1) employees' share option scheme implemented by any company within the Group.
- (f) Selection for participation in the Scheme shall be at the discretion of the Committee whose decision shall be final and binding.

(iii) Offer by the Committee

- (a) The Committee may at its discretion at any time and from time to time as it shall deem fit make an Offer to any Eligible Employee to subscribe for new Shares of the Company in accordance with the terms of the Scheme PROVIDED ALWAYS that any such Offer by the Committee to the Eligible Employee shall not be less than one thousand (1,000) Shares nor exceed the Maximum Allowable Allotment.

- (b) Such aforesaid Offer is personal to the Selected Employee and is non-assignable and shall automatically lapse and shall be null and void in the event of the Selected Employee dying or ceasing to be employed for any reason whatsoever by the Group if such death or cessation as the case may be takes place prior to the acceptance of the Offer by the Selected Employee.
- (c) Nothing herein shall prevent the Committee from making more than one Offer to each Eligible Employee provided always that the total aggregate number of Shares of the Company to be offered to each Eligible Employee shall not exceed the Maximum Allowable Allotment of the Eligible Employee.

(iv) Basis of Allotment

- (a) The Committee shall be entitled at its discretion, after taking into consideration the seniority, performance and length of service of the Selected Employee, determine the number of Shares to be offered to the Selected Employees under the Scheme.
- (b) Any Selected Employee who holds more than one (1) position within the Group, and by holding such positions is a Selected Employee in more than one (1) category, shall only be entitled to the Maximum Allowable Allotment of any one category. The Option Committee shall be entitled at its discretion to determine the applicable category.
- (c) A Selected Employee who holds a position as director on more than one (1) board within the Group and is by reason thereof eligible to participate in the Scheme in more than one capacity shall only be entitled to be selected for one Maximum Allowable Allotment, which shall be of the higher or highest category.
- (d) At the discretion of the Committee, where an Eligible Employee is promoted, the Maximum Allowable Allotment of the Eligible Employee may be upgraded to that new category/position.

(v) Acceptance of Offer

- (a) An Offer made by the Committee under Clause 4 of the Bye-Laws shall be valid for a period of thirty (30) days from the Date of Offer. Acceptance must be made by written notice to the Committee within this prescribed period.
- (b) As consideration for the grant of an Option, the Selected Employee shall, in accepting the Offer, pay to the Company a nominal non-refundable sum of Ringgit Malaysia One (RM1.00).
- (c) If the Offer is not accepted in the manner as prescribed above, such Offer shall, on expiry of the said thirty (30) days, automatically lapse and shall be null and void and of no effect.
- (d) The Committee shall issue to the Option Holder a certificate of Option in such form as may be determined by the Committee within fourteen (14) days of acceptance of the written notice issued to the Selected Employee.

(vi) Option Price

The price at which the Option Holder is entitled to subscribe for under an Option shall be the five (5) days weighted average market price of LPI Shares quoted on the Main Board of KLSE and as shown in the Daily Official List issued by the KLSE at the time the Option is granted, provided that:

- (a) a discount, if any, of not more than ten per cent (10%) from the five (5) days weighted average market price of the LPI Shares at the time the Option is granted, is allowed; and
- (b) in any case, the Option Price shall not be lower than the par value of Ringgit Malaysia One (RM1.00) of the Shares of the Company.

(vii) Exercise of Option

Subject to the exceptions set out in Clause 16 of the Bye-Laws, an Option is exercisable only by the Option Holder during his lifetime and whilst he is in the employment of the Group. The Option granted is personal to the Option Holder and cannot be assigned, transferred, charged or otherwise disposed of in any manner whatsoever.

An Option granted under the Scheme shall be capable of being exercised during such period as may be determined by the Committee from time to time within the Option Period PROVIDED ALWAYS that no Option shall be exercised beyond the ten (10) years period referred to in Clause 18 of the Bye-Laws.

(viii) Duration of Scheme

The Scheme shall commence from the date of the confirmation letter by the Adviser stating that the Company:

- (a) has fulfilled the SC's condition of approval for the Scheme and that the Bye-Laws do not contravene the guidelines on employees' share option scheme as stipulated under the SC's Policies and Guidelines on Issue/Offer of Securities; and
- (b) has obtained other relevant approvals for the Scheme and has fulfilled any conditions imposed therein;

and shall thereafter continue for a period of ten (10) years from the Date of Commencement.

(ix) Rights Attaching to Shares

The new Shares to be issued pursuant to the Scheme shall, upon allotment, rank pari passu in all respects with the existing LPI Shares save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date (namely the date as to the close of business on which the shareholders must be registered in order to be entitled to any dividends, rights, allotments and/or distributions) of which is prior to the date of allotment of the said Shares.

(x) Retention Period

The Shares allotted and issued to an Option Holder are not subject to any retention period and the Option Holder may deal with the Shares in any manner as he pleases.

(xi) Termination

Subject to Clause 16 of the Bye-Laws, the Option shall be terminated provided that the Company has satisfied the following conditions: -

- (a) to obtain the approval of the SC for the termination of the existing Scheme;
- (b) to obtain the consent of its shareholders at a general meeting, wherein at least a majority of the shareholders present should vote in favour of the termination; and
- (c) to obtain the written consents of all Option Holders who have yet to exercise their Options, either in part or in whole.

2. RATIONALE FOR THE PROPOSED ESOS

The rationale for the Proposed ESOS are as follows: -

- (a) to enable the Eligible Employees to participate in the future growth of the Group and, upon becoming shareholders, to participate in the Group's development;
- (b) to provide an incentive for Eligible Employees to participate more actively in the operations of the Group and encourage them to contribute to the well-being of the Group;
- (c) to instil in the Eligible Employees a greater sense of belonging so that they would be motivated to be more productive;
- (d) to increase the level of dedication and loyalty of Eligible Employees; and
- (e) to attract and retain Eligible Employees thus minimising the loss of key personnel and to attract new employees whose services are vital to the operations and continued growth of the LPI Group.

3. FINANCIAL EFFECTS OF THE PROPOSED ESOS

3.1 Share Capital

The effect of the Proposed ESOS on the issued and paid-up capital of LPI as at 15 January 2002 is as follows: -

| Issued and paid-up share capital | No. of Shares |
|--|-------------------------|
| Existing as at 15 January 2002 | 107,398,000 |
| Add: Assuming all the Options available under the Proposed ESOS are granted and exercised | 10,739,000 |
| Enlarged issued and paid-up share capital | <hr/> 118,137,000 <hr/> |

3.2 Earnings

The Proposed ESOS will have no immediate effect on the earnings of LPI. However, the earnings per ordinary share of the Group may be diluted proportionately due to the increased number of Shares after the full exercise of the Options.

3.3 NTA

The Proposed ESOS is not expected to have any immediate effect on the NTA of the LPI Group. However, the NTA will increase progressively depending on the Option Price, which is to be determined at the time an Offer is granted and the number of Shares to be issued upon the exercise of the Options granted pursuant to the Proposed ESOS.

3.4 Substantial Shareholders' Shareholding

The Proposed ESOS will not have an immediate effect on the existing substantial shareholding structure of LPI. However, the shareholdings of the substantial shareholders who are also Executive Directors who meet the criteria of eligibility, will increase progressively depending on the number of Options exercised and hence the number of new LPI Shares issued pursuant thereto.

3.5 Dividends

The Proposed ESOS is not expected to have any material effect on the dividend policy of LPI. The Company had paid a dividend of 15% (tax exempt) amounting to RM16.1 million in respect of the financial year ended 31 December 2000.

4. APPROVALS REQUIRED

The Proposed ESOS is subject to, inter-alia, the approvals of: -

- (i) the SC which was obtained on 14 January 2002;
- (ii) the KLSE for the listing of and quotation for the new Shares to be issued pursuant to the exercise of Options granted under the Proposed ESOS; and
- (iii) shareholders of LPI at an EGM to be convened.

The approval of the SC on the Proposed ESOS is subject to the following conditions:

- (i) The submission of the following documents to the SC:-
 - (a) a final copy of the Bye-Laws for the record of the SC;
 - (b) a confirmation letter from the adviser that the Company:-
 - has fulfilled the SC's condition of approval for the Scheme and that the Bye-laws do not contravene the guidelines on employees' share option scheme as stipulated under the SC's Guidelines; and
 - has obtained other relevant approvals for the Scheme and has fulfilled all conditions imposed therein.

The commencement of the Scheme will be effective from the submission of the abovesaid confirmation letter to the SC.

- (ii) LPI is required to comply fully with other relevant requirements for the implementation of the Proposed ESOS as set out in the SC's Guidelines.