

K&L GATES

# Legacy Employee Option Plan Rules

for  
Arugam Limited  
ACN 636 243 180

For personal use only

**K&L Gates**  
Sydney office

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# Rules

**Date** 23 December 2020

## 1. Definitions and interpretation

### 1.1 Definitions

In these Rules, unless the contrary intention appears:

**Applicable Law** means one or more, as the context requires of:

- (a) the Corporations Act;
- (b) any and all regulations made under the Corporations Act (the Corporations Regulations);
- (c) the Listing Rules;
- (d) the operating rules of ASX Settlement Pty Ltd ACN 008 504 532;
- (e) the Tax Act;
- (f) the Taxation Administration Act 1953 (Cth);
- (g) any other applicable practice note, policy statement, class order, declaration, guideline, policy, procedure, ruling or guidance note made to clarify or expand any of (a) to (f) above; and
- (h) the Constitution.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited ACN 008 624 691, or the exchange operated by it (as the context requires).

**Bad Leaver** means a person who has ceased to be employed or engaged by a Group Company in circumstances where they are not a Good Leaver.

**Bare Trustee** means a bare trustee established to hold Options and Option Shares on behalf of Participants in accordance with these Rules.

**Bidder** means a person who proposes to acquire (together with their associates) all of the ordinary shares in the Company.

**Board** means the board of directors of the Company.

**Business Day** means a day on which banks are open for general banking business in Sydney, excluding Saturdays, Sundays and public holidays.

**Change of Control Event** means:

- (a) a person (either alone or together with an Associate (as that term is defined in the Corporations Act)) acquires voting power (within the meaning of section 610 Corporations Act) in more than 50% of the ordinary shares of the Company;

- (b) an order of the Court made for the purpose of section 411(4)(b), in connection with a members' scheme of arrangement to effect a change of Control, is lodged with ASIC under section 411(10) of the Corporations Act; or
- (c) the Company disposes of the whole or a substantial part of its assets or undertaking.

**Commissioner of Taxation** means the office of Commissioner of Taxation created by section 4 of the *Taxation Administration Act 1953 (Cth)*.

**Company** means Arugam Limited (ACN 636 243 180).

**Competing Business** means a business which competes with the business of the Group (being such business the Group conducts at the time an Eligible Person becomes a Good Leaver) as determined by the Company acting reasonably but having regard to the nature and type of services and products offered by the Group.

**Constitution** means the constitution of the Company from time to time.

**Control** has the meaning given in section 50AA of the Corporations Act.

**Corporations Act** means the *Corporations Act 2001 (Cth)*.

**Disposal Restriction** means a restriction, set out in an Offer on the Disposal of a Share issued on exercise of an Option.

**Dispose** means, in relation to a Share or Option:

- (d) sell, assign, buy-back, redeem, transfer, convey, grant an option over, grant or allow a Security Interest over;
- (e) enter into any swap arrangement, any derivative arrangements or other similar arrangement; or
- (f) otherwise directly or indirectly dispose of a legal, beneficial or economic interest in the Share or Option,

and **Disposal** has a corresponding meaning.

**Effective Date** means the date of completion under the Share Sale Agreement.

**Eligible Person** means a person registered as a current optionholder in the register of optionholders of Mad Paws as the holder of options in Mad Paws immediately prior to Effective Date.

**Exercise Notice** means a notice substantially in the form of Schedule 1.

**Exercise Period** means in relation to an Option, the period commencing on the date on which the Option vests and ending on the Expiry Date.

**Exercise Price** means in respect of an Option the exercise price determined by the Board and included in the Offer giving rise to that Option, as amended pursuant to these Rules.

**Expiry Date** means the date on which the Option lapses under these Rules or under any Offer.

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**Fair Market Value** means as of any date, the fair market value of an Option or Option Share, as determined by the Board in good faith on such basis as it deems appropriate and applied consistently with respect to all Options or Shares.

**Good Leaver** means a person who has ceased to be employed or engaged by a Group Company as a result of that person's:

- (a) death;
- (b) permanent disability or incapacity;
- (c) retrenchment by reason of redundancy;
- (d) resignation at least 12 months after the person first holds Options, except where:
  - (i) the person is in breach of his (or her) employment or consulting agreement to an extent which entitles a Group Company to summarily or immediately dismiss or terminate such employment or consulting agreement; or
  - (ii) such person subsequently becomes involved in a Competing Business.

**Group** means the Company and each Subsidiary (if any) from time to time.

**Group Company** means any member of the Group.

**Holding Lock** means a holding lock as defined in the Listing Rules.

**IPO Entity** means a Group Company or a special purpose vehicle formed for the purpose of a Listing which directly or indirectly (including through one or more interposed entities) owns at least 50% per cent (based on earnings) of the business of the Group.

**Listing** means an initial public offering of an IPO Entity to the official list of ASX Limited or any other recognised stock exchange.

**Listing Rules** means the ASX Listing Rules and any other rules of ASX Limited which apply to an entity while it is a listed entity (or the rules of any other recognised stock exchange (if applicable)), each as amended or replaced from time to time, except to the extent of any express written waiver by ASX Limited (or any other recognised stock exchange (if applicable)).

**Mad Paws** means Mad Paws Pty Ltd ACN 600 835 429.

**Offer** means an offer made to an Eligible Person by or on behalf of the Board to participate in the Plan (and includes an offer made by means of an Option Exchange Agreement).

**Option** means an option, issued under the Plan in accordance with these Rules, to acquire a newly issued Ordinary Share.

**Option Exchange Agreement** means an option exchange agreement entered into between the Company, Mad Paws and an Eligible Person in relation to the exchange of the Eligible Person's options in Mad Paws in exchange for Options.

**Option Share** means an Ordinary Share issued as a result of the exercise by a Participant of its Options.

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**Optionholder** means a person registered in the Company's register of Optionholders as the holder of Options from time to time and includes a Bare Trustee.

**Ordinary Shares** means fully paid ordinary shares in the capital of the Company with such rights and obligations as set out in the Constitution.

**Outstanding Option** means an Option which has vested, has not been exercised and has not lapsed.

**Participant** means a participant who is granted Options pursuant to an Offer to participate in the Plan.

**Plan** means the Legacy Employee Option Plan constituted by these Rules, as amended from time to time.

**Purpose** means any of the following purposes:

- (a) the assessment of an Eligible Person's offer to participate under the Plan; or
- (b) if an Eligible Employee's offer to participate under the Plan is accepted, the facilitation of the operation and the administration of the Plan.

**Related Body Corporate** has the meaning given in the Corporations Act.

**Rules** means these terms and conditions, as amended from time to time.

**Security Interest** means an interest or power:

- (a) reserved in or over an interest in any asset including any retention of title; or
- (b) created or otherwise arising in or over any interest in any asset under a security agreement, a bill of sale, mortgage, charge, lien, pledge, trust or power,

by way of, or having similar commercial effect to, security for the payment of a debt, any other monetary obligation or the performance of any other obligation, and includes, but is not limited to:

- (c) any agreement to grant or create any of the above; and
- (d) a security interest within the meaning of section 12 of the *Personal Property Securities Act 2009 (Cth)*.

**Shareholder** means a person who is the registered holder of a Share.

**Shares** means shares in the capital of the Company with such rights and obligations as set out in the Constitution.

**Share Sale Agreement** means the share sale agreement entered into (or to be entered into) between the Company, Mad Paws Pty Ltd ACN 600 835 425, and others, dated [insert]. **[TSL note: date to be inserted once known]**

**Share Trading Policy** means the Company's trading policy with respect to Shares.

**Subsidiary** has the meaning given in the Corporations Act.

**Tax Act** means the Income Tax Assessment Act 1997 (Cth) or the *Income Tax Assessment Act 1936* (Cth) or both, as the context requires.

## 1.2 Interpretation

In these Rules, unless the context otherwise requires:

- (a) **(documents)** a reference to an agreement or document is to the agreement or document as varied, amended, supplemented, novated or replaced from time to time.
- (b) **(references)** a reference to a party, clause, paragraph, schedule or annexure is a reference to a party, clause, paragraph, schedule or annexure to or of these Rules.
- (c) **(headings)** clause headings and the table of contents are inserted for convenience only and do not affect the interpretation of these Rules.
- (d) **(person)** a reference to a person includes a natural person, corporation, statutory corporation, partnership, government agency, the Crown and any other organisation or legal entity and their personal representatives, successors, substitutes (including persons taking by novation) and permitted assigns.
- (e) **(party)** a reference to a party to a document includes that party's personal representatives, executors, administrators, successors, substitutes (including persons taking by novation) and permitted assigns.
- (f) **(including)** including and includes (and any other similar expressions) are not words of limitation, and a list of examples is not limited to those items or to items of a similar kind.
- (g) **(corresponding meanings)** a word that is derived from a defined word has a corresponding meaning.
- (h) **(singular)** the singular includes the plural and the converse.
- (i) **(gender)** words importing one gender include all other genders.
- (j) **(rules of construction)** neither these Rules nor any part of them are to be construed against a party on the basis that a party or its lawyers were responsible for its drafting.
- (k) **(legislation)** a reference to any legislation or provision of legislation includes all amendments, consolidations or replacements and all regulations or instruments issued under it.
- (l) **(time and date)** a reference to a time or date is a reference to the time and date in Sydney, Australia.
- (m) **(joint and several)** an agreement, representation, covenant, right or obligation:
  - (i) in favour of two or more persons is for the benefit of them jointly and severally; and
  - (ii) on the part of two or more persons binds them jointly and severally.



- (n) (**writing**) a reference to a notice, consent, request, approval or other communication under these Rules or an agreement between the parties means a written notice, request, consent, approval or agreement.
- (o) (**replacement bodies**) a reference to a body (including an institute, association or authority) which ceases to exist or whose powers or functions are transferred to another body is a reference to the body which replaces it or which substantially succeeds to its power or functions.
- (p) (**Australian currency**) a reference to dollars or \$ is to Australian currency.

### 1.3 Applicable Law

These Rules are to be interpreted subject to the Applicable Laws.

## 2. Introduction

### 2.1 Purpose

- (a) The purpose of the Plan is to provide Eligible Persons with an opportunity to share in the growth in value of the Group and to encourage them to improve the performance of the Group's return to shareholders. It is intended that the Plan will enable the Group to retain and attract skilled and experienced employees and provide them with the motivation to make the Group more successful.
- (b) As at the Effective Date, the Plan represents a legacy employee equity incentive scheme set up (originally) by Mad Paws (as Subsidiary of the Company). It is only available for participation by Eligible Persons.

### 2.2 Commencement of Plan

The Plan will take effect on and from such date as the Board may resolve.

### 2.3 Advice

Eligible Persons should obtain their own independent advice (at their own expense) on the financial, taxation and other consequences to them of, or relating to, participation in the Plan.

### 2.4 Operation of the Plan

The Plan operates according to these Rules which bind each Group Company and each Eligible Person.

## 3. Administration

### 3.1 Administration of Plan and delegation

- (a) The Plan is to be administered by the Board.
- (b) The Board may delegate some or all of its powers in administering the Plan to a sub committee of the Board.
- (c) Subject to these Rules, the Board or any sub-committee appointed to administer the Plan shall have the power:

- (i) to select the Eligible Persons;
- (ii) to determine the terms and conditions of any Offer, including:
  - (A) the number of Options the subject of the Offer;
  - (B) the purchase price (if any) for those Options;
  - (C) any trustee or nominee holding arrangements required to be entered into in connection with those Options;
  - (D) the vesting, disposal and forfeiture restrictions applying to those Options; and
  - (E) the manner in which the Offer may be accepted;
- (iii) subject to rule 17, to amend any Offer related to any Option;
- (iv) to determine appropriate procedures, regulations and guidelines for the administration of the Plan; and
- (v) to take advice in relation to the exercise of any of its powers or discretions under these Rules.

### **3.2 Calculations and adjustments**

Any calculations or adjustments which are required to be made by the Board or any sub-committee of the Board, in connection with the Plan or these Rules will, in the absence of manifest error, be final and conclusive and binding on all Eligible Persons and Participants.

### **3.3 Absolute discretion**

Where these Rules provide for a determination, decision, declaration or approval of the Board or any sub-committee of the Board, such determination, decision, declaration or approval may be made or given by the body in its absolute discretion and will be final and conclusive and binding (in the absence of manifest error).

### **3.4 Powers to be exercised by the Board**

Any power or discretion which is conferred on the Board by these Rules may be exercised by the Board in the interests, or for the benefit, of the Company and the Board is not under any fiduciary or other obligation to any other person.

### **3.5 Bare Trustee**

If determined by the Board, any Options and Options Shares issued under the Plan will be required to be held by a trustee set up by the Company to hold the Options and Option Shares as bare trustee for the benefit of a Participant.

## **4. Vesting of Options**

### **4.1 What vesting conditions may be set**

- (a) An Offer may specify any:

- (i) vesting conditions; or
- (ii) other vesting events,

which must be satisfied before an Option vests.

(b) Subject to rule 17, the Board may determine or vary any:

- (i) vesting conditions; or
- (ii) other vesting events,

in respect of any Option.

#### **4.2 Options only vest if vesting conditions/events satisfied**

An Option will only vest on the occurrence or satisfaction of the condition or other vesting events specified in respect of that Option.

#### **4.3 Lapse or unvested Options**

(a) Subject to Rule 4.3(b):

- (i) if the vesting conditions relating to any Options are not satisfied before 5pm on the relevant vesting date, the applicable Options will lapse at 5pm on the applicable date; and
- (ii) if the Offer states that the Options will lapse at any other time (for example on cessation of employment or engagement with the Group), the Options will lapse at the time stated in the Offer.

(b) The Board may, at its sole discretion, by notice to the Participant waive or vary any vesting conditions (in full or part) in regard to any Option at any time.

#### **4.4 How to exercise an Option**

A Participant may exercise an Outstanding Option during the Exercise Period, by:

- (a) giving to the Company a signed Exercise Notice; and
- (b) paying the Exercise Price multiplied by the number of Options being exercised.

### **5. Treatment of Options for leavers**

#### **5.1 Good Leavers**

If an Eligible Person is a Good Leaver:

- (a) all unvested Options automatically lapse with effect on the date the Eligible Person becomes a Good Leaver, unless otherwise determined by the Board; and
- (b) all Outstanding Options may be held by the relevant Optionholder, provided at all times the relevant Eligible Person remains a Good Leaver.

## 5.2 Bad Leavers

- (a) If an Eligible Person is a Bad Leaver:
- (i) all unvested Options and Outstanding Options automatically lapse with effect on the date the Eligible Person becomes a Bad Leaver, unless otherwise determined by the Board; and
  - (ii) if the Board determines under rule 5.2(a)(i) that Outstanding Options do not automatically lapse with effect on the date the Eligible Person becomes a Bad Leaver, the Board may within 30 days after the Eligible Person becomes a Bad Leaver:
    - (A) give notice to the Participant giving them 30 days in which to exercise any Outstanding Options granted to that Participant. Any Outstanding Options which are not exercised within that period will automatically lapse; and/or
    - (B) serve a notice in writing on the Participant (**Transfer Notice**), requiring the Participant to sell some or all of his or her Options (**Transfer Options**) to any person nominated by the Board at 50% of the Fair Market Value of the Options as at the date that the Eligible Person becomes a Bad Leaver.
- (b) If the Board issues a Transfer Notice, the relevant Participant must transfer the Transfer Options in accordance with the Transfer Notice and completion of the sale of the Transfer Options must occur on the date determined by the Board and notified to the relevant Participant.

## 6. Treatment of Option Shares for leavers

### 6.1 Right to buyback or direct the transfer of Option Shares

- (a) If an Eligible Person is a Bad Leaver or a Good Leaver, the Board may:
- (i) give notice to the Eligible Person of its intention to buy back some or all of the Option Shares (Leaver Securities) held by the Eligible Person or their Nominee at the price set out in rule 6.2; or
  - (ii) direct the Eligible Person or their Nominee to transfer the Leaver Securities to a person nominated by the Board at the price set out in rule 6.2.
- (b) If the Board notifies the Eligible Person that it wishes to buy back the Leaver Securities under rule 6.1(a)(i), the Eligible Person or their Nominee must do everything necessary to facilitate the sale of the Leaver Securities to the Company within 5 Business Days of the Board's notice, including entering into a buy back agreement and share transfer documentation.
- (c) Despite rule 6.1(a)(i) and 6.1(b), the Company may only buy back the Leaver Securities if it is permitted to do so under Part 2J.1 of the Corporations Act.
- (d) If the Board directs the Leaver Securities to be transferred under rule 6.1(a)(ii), the relevant Eligible Person or their Nominee must transfer the Leaver Securities as directed and completion of the sale of the Leaver Securities must occur on the date determined by the Board and notified to the relevant Eligible Person.

## 6.2 Purchase price of Leaver Securities

The price for the Leaver Securities is:

- (a) if the Eligible Person is a Good Leaver, 100% of Fair Market Value; and
- (b) if the Eligible Person is a Bad Leaver, 50% of Fair Market Value.

The price for the Leaver Securities must be paid by the Company or the transferee (as applicable) on the date on which the Leaver Securities are bought back by the Company or transferred to the transferee (as applicable).

## 6.3 Other remedies

The rights and remedies set out in this rule 6 do not exclude any other rights or remedies that a Group Company may have against an Eligible Person (or Nominee).

## 6.4 Suspension

To the extent that the law allows, from the date the Board gives notice or makes a determination under rule 6.1(a), the rights of that Eligible Person (or its Nominee) as a holder of Option Shares (including dividend and distribution rights in relation to Option Shares and the rights to attend and vote at general meetings of Shareholders and to receive information and documents) are suspended until those Option Shares have been bought back by the Company or transferred in accordance with this rule 6.

## 6.5 These rules not a buy back agreement

These Rules do not constitute a buy back agreement in respect of Leaver Securities.

## 7. Disposal

### 7.1 Restrictions on a sale of Options and Option Shares

Subject to rule 7.2, Options and Option Shares may not be transferred, except with the prior written consent of the Board.

### 7.2 Permitted Disposals

Subject to the restriction on Disposal in rule 7.4, a beneficial interest in an Option or Option Share held by an Optionholder may be Disposed of pursuant to the following circumstances:

- (a) a transfer by a Participant who is a natural person to the trustee or trustees of a family trust set up for the benefit of that person's family provided that a person acquiring the interest in Options or an Option Share pursuant to this rule 7.2(a) is not entitled to transfer any such interest except for a transfer to the person from whom the transferee acquired the Options;
- (b) to in the event of the death of a Participant, a transfer or transmission of the interest in the deceased Participant's Options to the deceased Participant's estate;
- (c) a transfer by a Participant of any of its Options where such transfer has been consented to in writing by the Board;

- (d) a transfer constituting the necessary transfer documents following an acceptance of an offer made under an off-market bid relating to Options;
- (e) a transfer to a bidder on the sale of the Options under Division 3 of Part 6A.1 of the Corporations Act;
- (f) a transfer to a 100% holder on the sale of the Options under Division 2 of Part 6A.2 of the Corporations Act;
- (g) a transfer under Part 6A.3 of the Corporations Act to a person entitled to acquire the Options under section 661A or 664A of the Corporations Act;
- (h) a transfer under a creditors' scheme of arrangement relating to the Options under section 411 of the Corporations Act; or
- (i) a sale or transfer by a Participant of any of its Options where such sale or transfer is otherwise permitted or required by these Rules.

### **7.3 Restriction on Disposal after Listing**

Unless otherwise consented to by the Board in writing and notwithstanding any other provision in these Rules or an Offer, if an Eligible Person (or Nominee) holds an Option Share at the date of a Listing, the Eligible Person (or Nominee) must not Dispose of a legal or a beneficial interest in an Option Share until on or after the earlier of:

- (a) the date that is 180 days following the Listing; and
- (b) the expiration of any underwriter imposed lock-up in connection with the Listing.

### **7.4 Overriding restriction on Disposal in first 3 years**

Unless an Eligible Person (or Nominee) disposes of an Option or an Option Share under an arrangement which meets the requirements in section 83A-130 of the Tax Act, a legal or a beneficial interest in an Option or an Option Share may not be Disposed of until the earlier of:

- (a) 3 years after the issue of the Option or such earlier time as the Commissioner of Taxation allows in accordance with section 83A-45(5) of the Tax Act; and
- (b) the date that the Eligible Person ceases to be employed or engaged by a Group Company.

### **7.5 Share Trading Policy**

The Participant must comply with the Share Trading Policy at all times, including for any Shares issued by the Company as a result of the exercise by a Participant of its Options.

## **8. Issue of Ordinary Shares on exercise**

### **8.1 Rights attaching to Shares issued to Participants on exercise of Outstanding Options**

- (a) If a Participant exercises Outstanding Options, the Company must:
- (i) issue the number of Ordinary Shares which corresponds with the number of Outstanding Options exercised, free from any Security Interest;
  - (ii) issue to the Optionholder a share certificate for those Ordinary Shares and enter the relevant Option Shares into the Company's share register; and
  - (iii) lodge with the ASIC the relevant forms to reflect the issue of the relevant number of Option Shares.
- (b) All Option Shares issued on exercise of Options in accordance with this rule 8 will:
- (i) be issued as fully paid;
  - (ii) be free of any Security Interests; and
  - (iii) rank equally for dividends and other entitlements where the record date is on or after the date of allotment, but will carry no right to receive any dividend or entitlement where the record date is before the date of allotment;
  - (iv) be subject to any restrictions imposed under these Rules; and
  - (v) rank equally in all respects with the other Ordinary Shares on issue in the Company as at the date of issue and be subject to the terms of these Rules and the Constitution.

### **8.2 Quotation**

- (a) If the Company is Listed, then as soon as practicable after the date of the allotment of Shares, and otherwise within the time prescribed by the Listing Rules, the Company will, unless the Board otherwise resolves, apply for official quotation of such Shares on the ASX.

### **8.3 New or existing Shares**

- (a) The Company may, in its discretion, either issue new Shares or cause existing Shares to be acquired for transfer to the Participant, or a combination of both alternatives, to satisfy the Company's obligations under these Rules.
- (b) If the Company determines to cause the transfer of Shares to a Participant, the Shares may be acquired in such manner as the Company considers appropriate, including from a trustee appointed under clause 8.4.

### **8.4 Trustee**

- (a) The Company may appoint a trustee on terms and conditions which it considers appropriate to acquire and hold Shares, options, or other securities of the Company either on behalf of Participants or for the purposes of this Plan.

## 8.5 Share Trading Policy

Notwithstanding anything else in these Rules or an Offer, unless the Board determines otherwise:

- (a) a Participant may only exercise an Outstanding Option if the exercise (and resulting acquisition of the underlying Option Share on exercise) is permitted, and the purported exercise otherwise complies with, the Share Trading Policy; and
- (b) the Company will not have any obligation under clause 8.1(a) in relation to an Exercise Notice received, if such Exercise Notice was received by the Company at a time during which restrictions in the Share Trading Policy would apply (for example, being during a 'closed' or 'blackout' period).

## 9. Lapse of Options

### 9.1 Options lapse

- (a) Unless otherwise specified in the Offer or the Board decides otherwise, an Option that has not been exercised on or before the Expiry Date, lapses at close of business on the Expiry Date.
- (b) Unless otherwise specified in the Offer or determined otherwise by the Board, an Option lapses on the earlier of:
  - (i) the Expiry Date for that Option;
  - (ii) any date stated in an Offer as being the date an Option lapses; or
  - (iii) any other date determined by the Board.

### 9.2 Options cease

If a Participant fails for any reason to exercise all the Outstanding Options registered in the Participant's name before the occurrence of a circumstance set out in Rule 9.1, those Options that the Participant:

- (a) would have been entitled to exercise and that have not been exercised; and
- (b) may have had a right or entitlement to have vested in the Participant,

lapse and all rights of a Participant under the Plan in respect of those Options cease.

## 10. Procedure on Reconstruction

### 10.1 Reconstruction

- (a) In the event of any reconstruction or reorganisation of the issued capital of the Company prior to the exercise of the Options (including consolidation, subdivision, reduction, capital return, buy back or cancellation), the rights of a Participant, (including the number of Options to which the Participant is entitled, the number of Option Shares that may be acquired by a Participant on exercise of their Options and/or the consideration (if any) payable by a Participant for the exercise of their Options must be reconstructed accordingly and to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of



reorganisation (whether or not the Company's Shares are officially quoted by ASX), and in a manner that does not result in any additional benefits being conferred on a Participant that are not conferred on shareholders of the Company.

- (b) The Board must give notice to each Participant of any adjustment to the Options and/or Option Shares to which that Participant is entitled pursuant to the provisions of rule 10.1(a).

## 11. Listings

Each Eligible Person (or Nominee) agrees and represents that:

- (a) if a Listing is proposed by the Board, it will do all things and provide all assistance as is reasonably required by the Company in connection with the actual or proposed Listing, including, if required by the Company, entering into an underwriting, escrow or offer management agreement or similar agreement on market terms; and
- (b) if, as part of the Listing, the Option Shares or the shares held in the IPO Entity (as applicable) (together, the **Listing Shares**) are subject to the Listing Rules (including, without limitation, if the holder's Listing Shares are "restricted securities" for the purpose of the Listing Rules), each holder will hold and deal with its Listing Shares in accordance with the Listing Rules.

## 12. Option does not give Shareholder rights

- (a) An Offer will be in respect of a single grant of Options and does not entitle an Eligible Person to participate in any subsequent grants.
- (b) An Option does not confer on an Eligible Person or a Participant:
  - (i) any voting rights in respect of Shares or in respect of any other equity securities of the Company;
  - (ii) subject to the Listing Rules, the right to participate in new issues of Shares or other equity securities of the Company without first exercising the Option and becoming a shareholder prior to the relevant record date, and is then only entitled to participate in relation to Shares of which the Participant is the registered holder;
  - (iii) the right to attend or vote at any general meeting or other meeting of holders of any Shares or other equity securities of the Company;
  - (iv) the right to receive any dividends or other distributions or to receive or otherwise participate in any returns of capital from the Company;
  - (v) the right to participate in a liquidation or winding up of the Company

## 13. Change of Control

### 13.1 Board to notify Participants of Change of Control Event

The Board must, as soon as reasonably practicable, notify each Participant if a Change of Control Event occurs.

### 13.2 Action available to the Board for unexercised Options

If a Change of Control Event occurs, the Company may:

- (a) buy-back an Option held by a Participant for:
  - (i) an amount agreed with the Participant; or
  - (ii) the fair value of an Option, being the value of the Option decided by the Board and calculated in accordance with a Black-Scholes valuation model, using a volatility factor calculated using the closing price of Shares on ASX for the 12 months before the date of the calculation, or if the Company has been listed on ASX for less than 12 months, from the listing date until the date of calculation, without the agreement of the Participant;
- (b) arrange for options to acquire shares in the Bidder to be granted to the Participant on substantially the same terms as the Options and subject to substantially the same vesting conditions, but with any appropriate adjustments decided by the Board to the number of shares in the Bidder to be issued on exercise of those options or the exercise price of those options, to as nearly as possible ensure the financial position of the Participant whose options are substituted remains the same;
- (c) bring forward the vesting of an Option held by a Participant to a date determined by the Board;
- (d) do nothing, and allow the Options to continue in accordance with their terms; or
- (e) proceed with a combination of any of the alternatives in Rules 13.2(a), 13.2(b), 13.2(c) or (d).

### 13.3 Options exercisable on Change of Control

If a Change of Control Event occurs and the Board has determined under clause 13.2(c) to bring forward the vesting of an Option held by a Participant, that Option will vest at the date determined by the Board and may be exercised by a Participant from that time (regardless of whether any vesting conditions have been satisfied) by delivering an Exercise Notice and payment of the Exercise Price to the Company.

### 13.4 Participants to cooperate and attorney

Each Participant:

- (a) must do all acts, matters or things which are necessary or desirable to give effect to a buy-back or exchange of Options under Rule 13.2; and
- (b) irrevocably agrees that the Company can use the power of attorney appointed under Rule 15.1 for the purpose of performing any act required of it under this Rule 13.3.

## 14. Disposal Restriction

- (a) If an Offer contains a Disposal Restriction, the Participant must comply with the Disposal Restriction in relation to all Option Shares issued on exercise of the Options for the period specified in the Offer.

- (b) For the purpose of enforcing any Disposal Restriction (if the Company is listed on the ASX at the relevant time), the Company may do all things and enter into arrangements with the share registry or otherwise that it considers necessary, including the application of a Holding Lock, to enforce such Disposal Restriction.
- (c) Participants will be bound by such arrangements and upon request by the Company will do all things necessary to give effect to those arrangements.
- (d) Without limiting Rule 13, the Board may at its discretion determine at any time that a Disposal Restriction will no longer apply and shall notify Participants of such a determination in writing.

## **15. Power of attorney**

### **15.1 Appointment**

Each Eligible Person irrevocably appoints the Company as that Eligible Person's attorney to do any one or more of the following things on behalf of that Eligible Person and in the name of that Eligible Person:

- (a) to execute under hand or seal and (if appropriate) deliver, or otherwise effect the entry by that Eligible Person into, any documents that the Board determines are necessary or desirable to give effect to, or evidence participation by that Eligible Person under, the Plan or to complete any transaction contemplated by these Rules;
- (b) to perform any act, matter or thing which, in the opinion of the Board, is contemplated by, incidental to or necessary or desirable to give effect to, or evidence participation by that Eligible Person under, the Plan or to complete any transaction contemplated by these Rules; and
- (c) to appoint any one or more substitute attorneys to exercise any of the powers under rules 15.1(a) or 15.1(b) and to revoke any of those appointments.

### **15.2 Ratification**

- (a) Each Eligible Person ratifies and confirms whatever the Company or any other attorney does in exercising powers under rule 15.1.
- (b) Each Eligible Person declares that all acts, matters and things done by the Company or any other attorney in exercising powers under rule 15.1 will be as good and valid as if they had been done by that Eligible Person.

### **15.3 Indemnity**

Each Eligible Person indemnifies the Company and each other person who exercises powers under rule 15.1 against all liability and loss arising from and all costs incurred in connection with an exercise of powers under rule 15.1.

## **16. Employment rights**

### **16.1 Acknowledgement by Eligible Person**

It is acknowledged and accepted by each Eligible Person that:

- (a) neither these Rules nor any contract formed between the Company and that Eligible Person under the Plan form part of any contract or terms and conditions of employment or appointment, or any arrangement in respect of any such employment or appointment, between an Eligible Person and a Group Company, nor do they constitute a related condition or collateral arrangement to any such contract or arrangement;
- (b) participation in the Plan will not in any way affect the rights and obligations of an Eligible Person under the terms under which he or she is employed or appointed;
- (c) the terms of an Eligible Person's employment or appointment with a Group Company will not in any way affect the rights and obligations of an Eligible Person under this Plan; and
- (d) nothing in these Rules:
  - (i) confers on any Eligible Person the right to continue as a director, employee or consultant of, or to, any Group Company;
  - (ii) confers on any Eligible Person the right to receive any Options;
  - (iii) affects any rights a member of the Group may have to terminate the employment of any employee or any agreement with a director or consultant; or
  - (iv) may be used to increase damages in any action brought against the Company or any Related Body Corporate, other than an action arising solely out of a Participant's rights under the Plan.

## **16.2 No claims**

An Eligible Person has no right to compensation or damages from any Group Company in respect of any loss of future rights under the Plan, as a consequence of termination of that Eligible Person's employment or appointment for any reason.

## **16.3 Termination and suspension of Plan**

The Plan may be terminated or suspended at any time by the Board without any effect on or prejudice to the rights of any Participant holding Options at that time. If the Board terminates or suspends the Plan, no compensation under any employment contract will be payable to any Eligible Person.

## **16.4 No right to acquire Options or Option Shares**

Except as expressly provided in these Rules, participation under the Plan does not confer on any Eligible Person any right to acquire Options or Option Shares.

## **16.5 Calculation of employee benefits**

The value of Options or Option Shares do not increase an Eligible Person's income or remuneration for the purpose of calculating any employee benefits, including any payment in lieu of notice or redundancy or severance payments.

## 16.6 No right to future employment

Participation under the Plan does not confer on any Eligible Person any right to future employment and does not affect any rights which any Group Company may have to terminate the employment of any Eligible Person.

## 17. Amendment to Rules

### 17.1 Amendment

- (a) Subject to rules 17.1(b), 17.2 and 17.3, the Company may at any time by written instrument or by resolution of the Board, amend all or any of the provisions of these Rules (including this rule 17).
- (b) No amendment may be made except in accordance with and in the manner stipulated (if any) by the Listing Rules.
- (c) Where the Board determines that the laws of a particular jurisdiction require the grant of Options to be made subject to certain terms and conditions, the Board may direct that for the purpose of that jurisdiction these Rules will be read subject to such provisions as shall be specified in an addendum to be appended hereto for that purpose.

### 17.2 Accrued rights

No amendment of the provisions of these Rules may reduce the accrued rights of any Eligible Person in respect of Options or Option Shares issued prior to the date of the amendment in a material way, other than:

- (a) an amendment introduced primarily:
  - (i) for the purpose of complying with or conforming to present or future State, Territory or Commonwealth legal requirements governing or regulating the maintenance or operation of the Plan or like plans;
  - (ii) to correct any manifest error or mistake;
  - (iii) to enable contributions or other amounts paid by the Company in respect of the Plan to qualify for any tax concession available under the Tax Act;
  - (iv) to enable an Eligible Person or the Company to qualify for a fringe benefits tax concession or exemption under the Fringe Benefits Tax Assessment Act 1986, or to qualify for a tax concession available under the Tax Act; or
  - (v) to enable the Company or a Related Body Corporate to comply with the Corporations Act, the Listing Rules, or any other Applicable Laws including laws of any jurisdiction outside of Australia or a requirement, policy or practice of ASIC or any other foreign or Australian regulatory body; or
- (b) with the consent of Eligible Persons who between them hold not less than 75% of the total number of all issued Options before making the amendment.

### **17.3 Retrospectively**

Subject to the above provisions of this rule 17, any amendment made under rule 17.1 may be given such retrospective effect as is specified in the resolution by which the amendment is made and, if so stated, amendments to these Rules, including the terms applicable to Options issued under this Plan, have the effect of automatically amending the terms of Options issued and still subject to these Rules.

### **17.4 Eligible Persons outside Australia**

- (a) The Company may make Offers to Eligible Persons who reside outside of Australia.
- (b) The Board may make any additions, variations or modifications to these Rules or other regulations, in relation to the implementation of the Plan and the specific application of these Rules, to Eligible Persons residing outside Australia, having regard to any securities, exchange control or taxation laws or regulations or similar factors which may apply to that Eligible Person, the Group or the Plan.

## **18. No warranty**

### **18.1 Financial benefits**

The Company gives no warranty, representation or undertaking that participation in the Plan will result in any financial benefits for Eligible Persons.

### **18.2 Tax**

No Group Company or any adviser to a Group Company or the Board is liable for any tax which may become payable by an Eligible Person and none of them represent or warrant that any person will gain any taxation advantage by participating in the Plan.

## **19. Confidentiality**

### **19.1 Confidential information**

Subject to rule 19.2, each Eligible Person must keep confidential all information and documents disclosed to that Eligible Person in connection with the Plan, including:

- (a) these Rules and the Offer;
- (b) the Constitution;
- (c) the Fair Market Value; and
- (d) information and documents of every kind concerning or in any way connected with the Group, its trade secrets or its financial or business affairs, including financial reports, performance reports, business plans and marketing plans.

### **19.2 Exceptions**

Rule 19.1 does not impose obligations on an Eligible Person concerning information and documents which that Eligible Person proves to the reasonable satisfaction of the Company:

- (a) was or were disclosed by that Eligible Person to its tax, financial or legal advisors;
- (b) became publicly available without breach of an obligation of confidence; or
- (c) was or were disclosed by that Eligible Person with the Company's prior authorisation, or in the proper performance of that Eligible Person's duties for the Group or as obliged by law.

## **20. Data protection**

### **20.1 Collection and purpose**

The Company needs to collect personal information about Eligible Persons for the Purpose. If this personal information is not provided to the Company, the Company may not be able to achieve the Purpose.

### **20.2 Consent**

By completing, countersigning and returning an Offer, an Eligible Person authorises and instructs each Group Company and any agent of any Group Company:

- (a) to collect, disclose and transfer between each other (including those located outside Australia) any personal information as the Company may request;
- (b) to disclose any personal information to the Australian Taxation Office, ASIC or any governmental agency or authority as may be required in connection with the administration of the Plan; and
- (c) to store and process personal information,

in accordance with the Purpose. An Eligible Person may withdraw this authorisation.

### **20.3 Access to personal information**

An Eligible Person may access any personal information held by the Company for the Purpose by contacting the Company secretary and may require any personal information to be corrected if that personal information is inaccurate or incomplete.

## **21. General**

### **21.1 Further assurances**

Each Eligible Person and Participant agrees that it will complete and return to the Company such other documents as may be required by law to be completed by the Eligible Person or Participant from time to time in respect of the transactions contemplated by these Rules or such other documents which the Company reasonably considers should, for legal, taxation or administrative reasons, be completed by the Eligible Person or Participant in respect of the transactions contemplated by these Rules.

### **21.2 Notices**

Any notice given under or in connection with these Rules (**Notice**):

- (a) must be in writing and signed by a person duly authorised by the sender;

- (b) must be addressed and delivered to the intended recipient by hand, by prepaid post or by email at the address or email address last notified by the intended recipient to the sender after the date of these Rules; and
- (c) is taken to be given and made:
  - (i) in the case of hand delivery, when delivered;
  - (ii) in the case of delivery by post, three Business Days after the date of posting (if posted to an address in the same country) or seven Business Days after the date of posting (if posted to an address in another country); and
  - (iii) in the case of an email, on the day and at the time that the recipient confirms the email is received.

This rule does not limit the way in which a Notice can be deemed to be served under any Applicable Law.

### **21.3 Relationship between parties**

- (a) Nothing in these Rules:
  - (i) constitutes a partnership between the parties; or
  - (ii) except as expressly provided, makes a party an agent of another party for any purpose.
- (b) A party cannot in any way or for any purpose:
  - (i) bind another party; or
  - (ii) contract in the name of another party.
- (c) If a party must fulfil an obligation and that party is dependent on another party, then that other party must do each thing reasonably within its power to assist the other in the performance of that obligation.

### **21.4 Time for doing acts**

- (a) If the time for doing any act or thing required to be done or a notice period specified in these Rules expires on a day other than a Business Day, the time for doing that act or thing or the expiration of that notice period is extended until the following Business Day.
- (b) If any act or thing required to be done is done after 5.00 pm on the specified day, it is taken to have been done on the following Business Day.

### **21.5 Invalidity**

- (a) A word or provision must be read down if:
  - (i) these Rules is void, voidable, or unenforceable if it is not read down;
  - (ii) these Rules will not be void, voidable or unenforceable if it is read down; and



- (iii) the provision is capable of being read down.
- (b) A word or provision must be severed if:
  - (i) despite the operation of rule 21.5(a), the provision is void, voidable or unenforceable if it is not severed; and
  - (ii) these Rules will be void, voidable or unenforceable if it is not severed.
- (c) The remainder of these Rules has full effect even if rules 21.5(b)(i) or (ii) applies.

## **21.6 Applicable Laws, Listing Rules and Constitution**

- (a) The provisions of the Plan, these Rules, the entitlements of Eligible Persons and Participants, and any obligations of the Company, under the Plan or these Rules are subject to all Applicable Laws.
- (b) Notwithstanding any provision of these Rules, Options and Option Shares may not be allocated, allotted, issued, acquired, held, transferred, delivered or otherwise dealt with if to do so would contravene the Corporations Act, the Listing Rules or any other Applicable Laws or cause a breach of or default under the Constitution.
- (c) Despite any other provision of these Rules, every covenant or other provision set out in an exemption from, or modification to, the provisions of the Corporations Act granted from time to time by ASIC in respect of the Plan, and required to be included in these Rules in order for the exemption or modification to have effect, is deemed to be contained in these Rules. To the extent that any covenant, or other provision deemed by these Rules to be contained in these Rules is inconsistent with any other provision of these Rules, the deemed covenant or other provision will prevail.

## **21.7 Plan costs**

- (a) Unless otherwise determined by the Board, the Company must pay all costs relating to the establishment and operation of the Plan.
- (b) Each Eligible Person must pay their own costs in connection with their participation under the Plan, including all costs to review the documents and information provided to that Eligible Person in connection with the Plan and all taxes for which that Eligible Person may be liable as a result of their participation under the Plan, the issue of Options or Option Shares or any other dealing with the Options or Option Shares.
- (c) Any brokerage, commission, stamp duty or other transaction costs in connection with the disposal of a Participant's Shares acquired under the Plan will be paid for by the Participant.

## **21.8 Connection with other plans**

Unless otherwise determined by the Board, participation under the Plan does not affect and is not affected by, participation in any other incentive or other plan operated by the Company unless the terms of that other plan provide otherwise.

**21.9 Governing law and jurisdiction**

The laws applicable in New South Wales govern these Rules.

For personal use only

**Schedule 1: Option Exercise Notice**

I..... (the "Participant") being the registered holder of the Options specified below, elect to exercise those Options pursuant to rule 8 of the Legacy Employee Option Plan Rules in respect of Arugam Limited (ACN 636 243 180) ("Company").

**Options being exercised:**

Total number of Options being exercised .....

**Exercise Price:**

Exercise Price per Option .....

**Total Exercise Price** .....

I agree to be bound by the provisions of the constitution of the Company in all respects.

Signed by the Participant:.....

Date: .....

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