

## 15. THE ESOS BY-LAWS

The ESOS By-Laws are as follows:-

### MEXTER TECHNOLOGY BERHAD EMPLOYEES' SHARE OPTION SCHEME

#### 1. DEFINITIONS

1.1 Except where the context otherwise requires, the following expressions in these Bye-laws have the following meanings:-

“Board”	:	The Board of Directors of Mexter
“By-laws”	:	The By-laws governing this ESOS
“CDS”	:	Central Depository System
“Central Depositories Act”	:	The Malaysian Securities Industry (Central Depositories) Act 1991
“Deposited Security(ies)”	:	A security standing to the credit of a Securities Account and includes a security in a Securities Account that is in suspense
“Depositor”	:	A holder of a Securities Account
“Duration of the ESOS”	:	The duration of the ESOS shall be for a period of five (5) years from the commencement of the ESOS as defined in By-Law 19.1 unless extended by the Option Committee in accordance with By-Law 19.2
“Eligible Employee”	:	An employee (including an Executive Director), of the Mexter Group (excluding any dormant company) who meets the criteria of eligibility for participation in the ESOS as set out in By-Law 4
“ESOS”	:	Mexter Technology Berhad Employees' Share Option Scheme
“Executive Director”	:	A Director on the board of Mexter and/or any of its subsidiaries which are not dormant who is on the payroll and who is involved in the day-to-day management of Mexter and/or its subsidiaries and who satisfies the criteria set out in By-Law 4
“Initial Grant”	:	The initial grant of 10,000,000 Options in conjunction with the listing of Mexter on the MESDAQ Market of the Securities Exchange
“Issue Price”	:	RM0.40 for each Issue Share
“Grantee”	:	An Eligible Employee who has accepted an Offer in the manner indicated in By-Law 8
“MMLR”	:	Listing Requirements of the Securities Exchange for the MESDAQ Market
“Market Day”	:	Any day between Mondays and Fridays, both days inclusive, which is not a market holiday or public holiday

## 15. THE ESOS BY-LAWS (Cont'd)

“Maximum Allowable Allotment”	:	The maximum number of new Mexter Shares in respect of which Offers may be made to Eligible Employees, as provided in By-Law 6
“Bursa Depository”	:	Bursa Malaysia Depository Sdn Bhd ( <i>formerly known as Malaysian Central Depository Sdn Bhd</i> )
“Mesdaq Market”	:	The MESDAQ Market of the Securities Exchange
“Mexter Group” or “Group”	:	Mexter and its subsidiary companies as defined in Section 5 of the Companies Act 1965, provided that the subsidiary companies are not dormant
“Mexter Share(s)”	:	Ordinary share(s) of RM0.10 each in the capital of the Company
“Mexter” or “Company”	:	Mexter Technology Berhad ( <i>Company No. 647673-A</i> )
“Offer Date”	:	The date on which an Offer is made by the Option Committee to an Eligible Employee to participate in the ESOS
“Offer”	:	An offer made in writing by the Option Committee to an Eligible Employee in the manner indicated in By-Law 5
“Option Committee”	:	The committee to be appointed by the Board to implement and administer the ESOS
“Option Period”	:	The period commencing on the Offer Date and expiring at the end of five (5) years from the Offer Date or such other period as may be specifically stated in the Offer provided no Option Period shall extend beyond the period provided for in By-Law 19.2 hereof or in event of a termination of the ESOS, the date of termination of the ESOS
“Option Price”	:	The price per share at which a Grantee shall be entitled to subscribe for new Mexter Shares as set out in By-Law 7
“Option”	:	The rights of a Grantee to subscribe for new Mexter Shares pursuant to the contract constituted by acceptance by an Eligible Employee, in the manner as set out in By-Law 8, of an Offer made to such Eligible Employee pursuant to By-Law 5
“Record of Depositors”	:	A record of Depositors established by the Bursa Depository under the Rules of the Bursa Depository
“RM” and “Sen”	:	Ringgit Malaysia and Sen, respectively
“Securities Account”	:	An account established by Bursa Depository for a Depositor for the recording of Deposited Securities and for dealings in such securities by the Depositor
“Securities Exchange”	:	Bursa Malaysia Securities Berhad ( <i>formerly known as Malaysia Securities Exchange Berhad</i> )

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**15. THE ESOS BY-LAWS (Cont'd)**

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**1.2 In these by-Laws:-**

- 1.2.1 Any reference to a statutory provision shall include any subordinate legislation made from time to time under the provision and any listing requirements, policies and/or guidelines of the Securities Exchange and/or any other relevant authorities (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 to by the Securities Exchange and/or the other relevant authorities);
- 1.2.2 Any reference to a statutory provision shall include that provision as from time to time modified or re-enacted after the date of these By-laws so far as such modification or re-enactment applies or is capable of applying to any Options offered and accepted prior to the expiry of the ESOS;
- 1.2.3 Words denoting the singular shall include the plural and references to gender shall include both genders and the neuter;
- 1.2.4 Any liberty or power which may be exercised or any determination which may be made under by this ESOS by the Option Committee may be exercised at the Option Committee's discretion;
- 1.2.5 The heading in these By-laws are for convenience only and shall not be taken into account in the interpretation of these By-laws; and
- 1.2.6 If an event occurs on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day.

**2. NAME OF ESOS**

This ESOS will be named the "MEXTER TECHNOLOGY BERHAD EMPLOYEES' SHARE OPTION SCHEME 2005".

**3. MAXIMUM NUMBER OF SHARES AVAILABLE UNDER THE ESOS**

- 3.1 Subject to By-law 3.2, the maximum number of new Mexter Shares which may be available under the ESOS shall not exceed in aggregate thirty per cent (30%) of the total issued and paid-up share capital of the Company at any one time.
- 3.2 Notwithstanding the provision of By-law 3.1 nor any other provisions herein contained, in the event the maximum number of new Mexter Shares comprised in the Options granted under the ESOS exceeds the aggregate of thirty per cent (30%) of the issued and paid-up share capital of the Company as a result of the Company purchasing its own shares or undertakes any other corporate proposal resulting in the total number of shares to be issued under the ESOS exceeding thirty per cent (30%) of its issued and paid-up capital, then no further options shall be offered until the total number of Shares to be offered under the ESOS falls below thirty per cent (30%) of its issued and paid-up share capital.

However, any such Options already granted prior to the diminution of the issued and paid-up share capital of the Company shall remain valid and exercisable in accordance with the provisions of this ESOS.

- 3.3 The Company will during the Option Period keep available sufficient authorised and unissued shares to satisfy all Options, which may be exercised, in whole or in part during the Option Period.

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**15. THE ESOS BY-LAWS (Cont'd)**

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**4. ELIGIBILITY**

4.1 Subject to the discretion of the Option Committee, any employee and Executive Director of the Mexter Group is eligible to participate in the ESOS, if, as at the Offer Date, such employee and Executive Director:-

4.1.1 has attained the age of eighteen (18) years on the Offer Date; and

4.1.2 is classified as an "employee" based on the terms of employment letter issued by the Company and is not a member of any trade union;

Eligibility, however, does not confer on an Eligible Employee a claim or right to participate in the ESOS unless an Offer in writing has been made by the Option Committee to the Eligible Employee and the Eligible has accepted the Offer in accordance with the terms of the Offer and the ESOS.

4.2 Any allocation of Options under the ESOS to an Executive Director of Mexter shall require the prior approval from the shareholders of Mexter in a general meeting.

**5. OFFER**

5.1 The Option Committee may, within the Duration of the ESOS referred to in By-law 19, make Offers to any Eligible Employee whom the Option Committee may in its discretion select to participate in the ESOS.

5.2 The Option Committee may in its discretion at any time and from time to time as it may deem fit make an Offer to any Eligible Employee whom the Option Committee may in its discretion select, to subscribe during the Option Period for new Mexter Shares in accordance with the terms of the ESOS.

5.3 Nothing in this ESOS shall prevent the Option Committee from making more than one Offer to any Eligible Employee provided that:-

5.3.1 the new Mexter Shares to be allotted shall always be in multiples of One Thousand (1,000) Mexter Shares; and

5.3.2 the total aggregate number of new Mexter Shares to be so allotted to any Eligible Employee shall not exceed the Maximum Allowable Allotment of each Eligible Employee as set out in By-law 6.

5.4 The Option Committee shall state the following particulars in the letter of Offer:-

5.4.1 the number of Shares that are being offered to the Eligible Employee;

5.4.2 the Option Period;

5.4.3 the Option Price; and

5.4.4 the closing date for acceptance of the Offer.

5.5 No Option shall be granted to any Executive Director of the Company unless specific grant of Options to that Executive Director shall have previously been approved by the shareholders of the Company in a general meeting.

5.6 With the exception to By-law 10.2, the Offer shall automatically lapse and be null and void in the event of the Eligible Employee ceasing to be employed by Mexter Group for any reason whatsoever prior to the exercise of the Offer by the Eligible Employee in the manner set out in By-law.

**15. THE ESOS BY-LAWS (Cont'd)**

- 5.7 Subject to By-law 10.2.5, the Offer shall automatically lapse and be null and void in the event of death, bankruptcy or insanity of the Eligible Employee.

**6. MAXIMUM ALLOWABLE ALLOTMENT AND THE BASIS OF ALLOTMENT**

- 6.1 Subject to the adjustments which may be made under By-law 14, the aggregate maximum number of new Mexter Shares that may be subscribed pursuant to the exercise of the Option offered to any of the Eligible Employees of the Mexter Group who are entitled to participate in the ESOS shall be at the sole and absolute discretion of the Option Committee after taking into consideration the position, performance, seniority and the length of service of the Eligible Employees in the Mexter Group or such other matters which the Option Committee may in its sole and absolute discretion deem fit subject to the following:-
- 6.1.1 the number of new Mexter Shares allocated, in aggregate, to the Executive Directors and senior management of the Mexter Group shall not exceed fifty per cent (50%) of the total number of Shares issued; and
- 6.1.2 the number of new Mexter Shares allotted to any individual Executive Director or Eligible Employee who either singly or collectively through persons connected with the director or employee holding twenty per cent (20%) or more of the issued and paid-up share capital in the Company must not exceed ten per cent (10%) of the total new Mexter Shares to be issued under the ESOS.
- 6.1.3 The categories of Eligible Employees and the maximum number of Mexter Shares that can be offered to them ("Maximum Allowable Allotment") which is subject to change from time to time at the discretion of the Option Committee is as follows:-

Categories of Eligible Employee			Maximum Allowable Allotments (No of Options)
Category	Designation	Staff Grade	
1	Directors, Chief Executive Officer, Chief Financial Officer, Chief Operations Officer, etc.	Senior Executives	3,500,000
2	General Manager	Tier I Management	2,000,000
3	Senior Manager / Manager	Tier II Management	700,000
4	Senior Executives/Consultant/Engineers	Senior Support Staff	150,000
5	Executive/Consultant/Engineers	General Support Staff	75,000

- 6.2 Subject to any adjustments which may be made under By-law 14, the maximum number of new Mexter Shares that may be offered and allotted to an Eligible Employee shall be determined at the discretion of the Option Committee taking into consideration the performance, seniority and years of service of the Eligible Employee subject always to By-law 3 above. The decision of the Option Committee shall be final and binding.
- 6.3 Subject to By-law 18, in the circumstances where the maximum allowable allotment as provided in the MMLR on ESOS is amended by the Securities Exchange from time to time, the Option Committee shall have the absolute discretion to make the necessary adjustments so that the number of new Mexter Shares that may be offered to any one of the Eligible Employees shall be in accordance with the provisions of the MMLR prevailing during the Option Period.

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**15. THE ESOS BY-LAWS (Cont'd)**

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- 6.4 An Eligible Employee who holds more than one (1) position within the Company, and by virtue of such position is an Eligible Employee in more than one (1) category, shall be entitled to the Maximum Allowable Allotment of any one (1) category. The Option Committee shall be entitled at its discretion to determine the applicable category.
- 6.5 The Option Committee may, subject to the approval of the Board, introduce additional categories of Eligible Employees who are eligible to participate in the ESOS, which it deems necessary, during the duration of the ESOS.

**7. OPTION PRICE**

- 7.1 The Option Price shall be:-
  - 7.1.1 in respect of the Initial Grant which is made in conjunction with the listing of the Company on the MESDAQ Market, the Issue Price; and
  - 7.1.2 in respect of any offer which is made subsequent to the listing of the Company on the MESDAQ Market, the weighted average market price of the Mexter Shares for the five (5) Market Days immediately preceding the Offer Date with an allowance for a discount of not more than ten per cent (10%) thereon at the Option Committee's discretion provided that the Option Price shall in no event be less than the par value of the Mexter Shares.
- 7.2 The Option Price shall be stipulated on each certificate of Option.
- 7.3 The Option Price shall be adjusted to any adjustments in accordance with By-law 14.

**8. ACCEPTANCE OF THE OFFER**

- 8.1 The Offer to participate in the ESOS shall be valid for acceptance for a period of thirty (30) days from the Offer Date or such longer period as may be determined by the Option Committee on a case by case basis at its discretion. The acceptance of an Offer shall be made by way of a written notice from the Eligible Employee to the Option Committee in the form prescribed by the Option Committee from time to time. In the event that the Eligible Employee fails to accept the Offer within the prescribed period, the Offer shall automatically lapse PROVIDED THAT the Option Committee shall not be precluded from making a new Offer to the Eligible Employee subsequently.
- 8.2 Acceptance of the Offer by an Eligible Employee shall be accompanied by the payment of Ringgit Malaysia One (RM1.00) as non-refundable consideration for the grant of the Option.
- 8.3 Within fourteen (14) days after the due acceptance of the Offer in accordance with the provisions of By-law 8.2, the Option Committee shall issue to the Grantee a certificate of Option in such form as may be determined by the Option Committee from time to time stating, inter alia, the number of Shares granted, the Options Price and the Option Period.
- 8.4 An Option shall be personal to the Grantee and cannot be assigned, transferred or otherwise disposed of in any manner whatsoever.
- 8.5 The Option may be cancelled at the discretion of the Grantee by notice in writing to the Option Committee.

15. THE ESOS BY-LAWS (Cont'd)

9. EXERCISE OF OPTIONS

- 9.1 Subject to By-law 9.2 below, an Option may be exercised by the Grantee by notice in writing to the Company in the prescribed form from time to time during the Option Period in respect of all or any part of the new Mexter Shares comprised in the Option, provided that where an Option is exercised in respect of a part of the new Mexter Shares comprised therein, the number of new Mexter Shares of which such Option may be exercised shall not be less than One Thousand (1,000) and shall be in multiples of One Thousand (1,000). Notwithstanding anything herein to the contrary in the event of any alteration in the share capital of the Company during the Option Period in accordance with By-law 14 which results in the number of Mexter Shares comprised in an Option not being in multiples of One Thousand (1,000), then the requirement that an Option shall be exercised in multiples of not less than One Thousand (1,000) new Mexter Shares shall not be applicable for the Grantee's final exercise of the Option.
- 9.2 In respect of the Initial Grant, an Option can only be exercised by a Grantee after the period of one (1) year from the date of the listing of the Company on the MESDAQ Market. In respect of all other grants of Options, the Option can be exercised at anytime during the Option Period subject to the expiry of the one (1) year from the date of the listing of the Company on the MESDAQ Market.
- 9.3 Subject to By-law 14 hereof, the Option Committee may, at any time and from time to time, before or after an Option is granted, limit the exercise of the Option to a maximum number of new Mexter Shares and/or such percentage of the total new Mexter Shares comprised in the Option during such periods within the Option Period and impose any other terms and/or conditions deemed appropriate by the Option Committee in its discretion including amending/varying any terms and conditions imposed earlier.

The partial exercise of an Option shall not preclude the Grantee from exercising the Option for the remaining duration of the Option Period in respect of the balance of the new Mexter shares comprised in the Option.

Any new Mexter Shares comprised in an Option not subscribed for in any year following the date on which the Option was granted, may be subscribed for in any subsequent year until and including the last year of the Option Period.

- 9.4 Every such written notice referred to in By-law 9.1 hereof must be in the form prescribed by the Option Committee from time to time and accompanied by a remittance (calculated in accordance with the provisions of By-law hereof) for the full amount of the subscription monies for the new Mexter Shares in respect of which notice is given. Within ten (10) Market Days from the receipt by the Company of the aforesaid notice and remittance from the Grantee, the Company shall allot such new Mexter Shares to the Grantee accordingly, subject to and in accordance with the provisions of the Articles of Association of the Company, the Central Depositories Act and the Rules of the Bursa Depository.
- 9.5 Subject to By-law 9.2, a grantee who exercised his Option shall provide the Option Committee with his CDS account number or the CDS account number of his authorised nominee, as the case may be, in the notice referred to in By-law 9.1. The new Mexter Shares to be issued pursuant to the exercise of an Option will be credited into the CDS account of the Grantee or his Authorised Nominee, as the case may be and a notice of allotment stating the number of shares credited into such CDS account will be issued and dispatched to the Grantee or the Grantee's Authorised Nominee with a copy to the Grantee, as the case may be, within ten (10) Market Days from the date of receipt by the Company of the written notice of the exercise of the Option together with the requisite remittance. No physical share certificate(s) will be issued.
- 9.6 An Eligible Employee serving under an employment contract may exercise any remaining unexercised Option within twenty five (25) days before the expiry of the employment contract if the remaining duration of the contract as at the date on which the Option is granted is less than the Option Period.

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**15. THE ESOS BY-LAWS (Cont'd)**

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- 9.7 No Options shall be exercisable after the expiry of the Option Period.
- 9.8 In the event that a Grantee is subject to disciplinary proceedings (whether or not such disciplinary proceedings will give rise to a dismissal or termination of service) the Option Committee may, in its discretion, suspend and/or cancel the right of the Grantee to exercise his Option pending the outcome of such disciplinary proceedings. The Option Committee may impose such terms and conditions as the Option Committee shall deem appropriate having regard to the nature of the charges made or brought against the Grantee and the outcome of such disciplinary proceedings PROVIDED ALWAYS THAT in the event that such Grantee shall subsequently be found to be not guilty of the charges which gave rise to such disciplinary proceedings, the Option Committee shall reinstate the rights of such Grantee to exercise his Option PROVIDED THAT such reinstatement is within the Duration of the ESOS in accordance with By-law 19.
- 9.9 Notwithstanding the provisions of By-law 9.4, the Board (including directors that had resigned but were on the Board during the Option Period), the Option Committee, the Company and/or any officer of the Company shall not under any circumstances be held liable for any cost, loss, expense and/or damages whatsoever or howsoever arising in any event relating to the delay on the part of the Company in allotting the new Mexter Shares within the stipulated deadline or in procuring the Securities Exchange to list the new Mexter Shares subscribed for a Grantee.
- 9.10 Subject to the discretion of the Option Committee, failure by the Grantee to comply with the procedure for an exercise of an Option as stipulated in By-laws 9.1 to 9.5 herein will invalidate the purported exercise of such Option by an Eligible Employee.
- 9.11 Every Option shall be subject to the condition that no new Mexter Shares shall be issued to a Grantee pursuant to the exercise of an Option if such issue would be contrary to any law, enactment, rules and/or regulations of any legislative or non-legislative body which may be in force during the Option Period or such period as may be extended.
- 9.12 The Company will undertake to keep available sufficient unissued Mexter Shares to satisfy all outstanding Options.
- 9.13 The Options shall not carry any right to vote at any general meeting of the Company and a Grantee shall not be entitled to any dividends, rights or other entitlements on his unexercised Options.

**10. TERMINATION OF THE OPTION**

- 10.1 All remaining unexercised Options shall forthwith lapse and/or be deemed to be cancelled and cease to be exercisable in relation to any new Mexter Shares in respect of which such Options have not been exercised upon the occurrence of one or more of the following events:-
- 10.1.1 the Grantee ceasing to be in employment with Mexter Group; or
- 10.1.2 in the event of death, insanity or bankruptcy of the Grantee;
- 10.1.3 in the event of any misconduct on the part of the Grantee as determined by the Option Committee in its discretion.
- 10.1.4 in the event of any breach on the part of the Grantee of the By-laws or of any of the terms of the Option.



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**15. THE ESOS BY-LAWS (Cont'd)**

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10.1.5 winding up or liquidation of the Company, in which event the Option shall be automatically terminated on the following date:-

- (a) in the case of a voluntary winding up:-
  - (i) the date on which a provisional liquidator is appointed by the Company; or
  - (ii) the date on which the shareholders of the Company passed a resolution to voluntarily wind up 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; or

10.1.6 termination of the ESOS pursuant to By-law 20.

For the purpose of By-law 10.1.1 above, the Grantee shall be deemed to have ceased to be so employed by Mexter as of the date of the notice of termination tendered by or given by the Grantee to the Company, unless such notice shall be withdrawn prior to its effective date.

10.2 Where the Grantee ceases his/her employment or appointment with the Company by reason of:-

- 10.2.1 retirement on attaining the retirement age under Mexter's retirement policy;
- 10.2.2 retirement before attaining the normal retirement age but with the consent of the Board;
- 10.2.3 redundancy or any voluntary separation scheme;
- 10.2.4 ill-health, injury, physical or mental disability; or
- 10.2.5 any other circumstances which are acceptable to the Option Committee.

he/she may exercise his/her unexercised Option or Options within the relevant Option Period or Periods.

**11. TAKEOVER**

Notwithstanding By-law 9 above and subject to the provisions of any applicable statutes, rules, regulations and/or conditions issued by the relevant authorities, in the event of:-

- 11.1 a takeover offer being made for the Company through a general offer to acquire the whole of the issue share capital 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) a Grantee will be entitled, within three (3) months of such a general offer being made, to exercise all or any part of his Options and the Directors shall use their best endeavours to procure that such a general offer be extended to any new Mexter Shares that may be issued pursuant to the exercise of Options under this By-law; and
- 11.2 the Offeror becoming entitled or bound to exercise the right of compulsory acquisition of Mexter Shares under the provisions of any applicable statutes, rules and/or regulations and gives notice to the Company that it intends to exercise such right on a specific date, a Grantee will be entitled to exercise all or any part of his Option from the date of service of the said notice to the Company until and inclusive of the date on which the right of compulsory acquisition is exercised.

**15. THE ESOS BY-LAWS (Cont'd)**

PROVIDED ALWAYS THAT any Option to the extent unexercised after the expiry of the period stipulated in the aforesaid circumstances shall remain in force and continue to be exercisable until the expiry of the Option Period applicable there.

**12. SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION**

Notwithstanding By-law 9 above and subject to the discretion of the Option Committee, in the event of the court sanctioning a compromise or arrangement between the Company and its members proposed for the purposes of, or in connection with, a scheme of arrangement and reconstruction of the Company under Section 176 of the Companies Act 1965 or its amalgamation with any other company or companies under Section 176 of the Companies Act 1965, a Grantee may be entitled to exercise all or any part of his Option or Options at any time commencing from the date upon which the compromise or arrangement is sanctioned by the court and ending with the date upon which it becomes effective PROVIDED ALWAYS THAT any part of an Option which remains unexercised after the expiry of the period stipulated above shall remain in force and continue to be exercisable until the expiry of the Option Period applicable thereto.

**13. RETENTION PERIOD AND LIQUIDATION**

13.1 The new Mexter Shares to be issued and allotted to a Grantee pursuant to the exercise of any Option or Options will not be subject to any retention period or restriction on transfer. However the Grantee is encouraged to hold the Mexter Shares as an investment rather than to realise immediate gains from its disposal.

13.2 In the event of the liquidation of the Company, all unexercised or partially exercised Options shall cease and be null and void.

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

14.1 In the event of any alteration in the capital structure of the Company during the Option Period whether by way of a rights issue, bonus issue or other capitalisation issue, consolidation or subdivision of the Mexter Shares or reduction of capital or otherwise howsoever (excluding the purchase by the Company of its own shares), the Option Price shall be adjusted by multiplying it by the following fraction:-

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

and the number of Options shall be adjusted by multiplying the existing number of Options held by the following fraction:-

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

where:

A = the aggregate number of issued and paid up Mexter Shares on the entitlement date immediately preceding such alteration to the Company's capital structure;

B = the aggregate number of Mexter Shares to be issued pursuant to any allotment to shareholders of the Company credited as fully paid arising from such alteration to the Company's capital structure;

**15. THE ESOS BY-LAWS (Cont'd)**

Adjustments other than on a bonus issue must be confirmed in writing by the external auditors of the Company to be in their opinion (acting as experts and not as arbitrators) fair and reasonable and such confirmation shall be regarded as final and conclusive for making the adjustment in accordance with these By-Laws, PROVIDED ALWAYS THAT:-

- (a) no adjustment to the Option Price shall be made which would result in the new Mexter Shares to be issued on the exercise of the Option being issued at a discount to par value, and if such an adjustment would but for this provision have so resulted, the Option Price payable shall be the par value of the new Mexter Shares; and
- (b) upon any adjustment being made pursuant to this Clause, the Option Committee shall within thirty (30) days of the effective date of the alteration in the capital structure of the Company notify the Grantee (or his/her legal or personal representatives where applicable) in writing informing him of the adjusted Option Price thereafter in effect and/or the revised number of new Mexter Shares thereafter to be issued on the exercise of the Option.

14.2 The provisions of this By-law shall not apply where the alteration in the capital structure of the Company arises from the issue of securities as consideration for an acquisition or as a special issue to Bumiputera parties approved by the relevant authorities, a private placement or restricted issue of new Mexter Shares by the Company; a share buy-back arrangement by the Company; an issue of new Mexter Shares arising from the exercise of any conversion rights attached to securities convertible to new Mexter Shares or upon exercise of any other rights including warrants (if any) issued or to be issued by the Company; and an issue of new Mexter Shares pursuant to the ESOS.

**15. QUOTATION OF SHARES**

The new Mexter Shares referred to in By-law 3 above and the new Mexter Shares (if any) to be allotted and issued to the Grantee will not be listed or quoted on the Securities Exchange until the Option is exercised in accordance with By-law 9 above whereupon the Company shall make the necessary application to the Securities Exchange for the listing of and quotation for such new Mexter Shares and use its best endeavours to obtain permission for the dealing therein.

**16. RANKING OF NEW MEXTER SHARES**

The new Mexter Shares to be allotted upon any exercise of any Options granted shall upon allotment and issue, rank *pari passu* in all respects with the existing Mexter Shares PROVIDED ALWAYS that the new Mexter Shares so allotted will not be entitled to any dividends, rights, allotments and/or other distributions unless such new Mexter Shares are specified as being credited to the Securities Account of the Grantee in the Record of Depositors maintained by the Company with the Bursa Depository and requested by the Company from the Bursa Depository for the purpose of determining persons entitled to such dividends, rights, allotments, and/or distributions in accordance with the Company's Articles of Association.

**17. ADMINISTRATION**

The ESOS shall be administered by the Option Committee consisting of such persons appointed by the Board. The Option Committee shall administer the ESOS in such manner as it shall in its discretion deem fit. For the purpose of administering the ESOS, the Option 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 ESOS, as the Option Committee may in its discretion deem fit necessary and/or expedient for the implementation of the ESOS. The Board shall have power from time to time to rescind the appointment of any person to the Option Committee as it deems fit.

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**15. THE ESOS BY-LAWS (Cont'd)**

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The Board shall have power at any time and from time to time to assume and/or exercise or execute any of the powers and authorities conferred upon the Option Committee pursuant to this By-laws.

**18. AMENDMENT AND/OR MODIFICATION TO THE ESOS**

18.1 The Board shall have the power at any time and from time to time by resolution to amend and/or modify all or any of the provisions of the ESOS PROVIDED THAT no such amendment and/or modification shall be made which would either materially prejudice the rights then accrued to any Grantee without the Grantee's prior consent or alter to the advantage of any Grantee in respect of any provisions of the ESOS without the prior approval of the Company's shareholders in a general meeting, provided that such prior approval is required by the relevant regulatory provisions governing the ESOS.

18.2 Any amendment/modification to the By-laws shall not require the prior approval of Securities Exchange, provided always that a person with legal qualifications or the adviser of the Company shall upon each amendment/modification, issue a confirmation letter to Securities Exchange confirming that the relevant modification/amendment made does not contravene any provision of the MMLR on ESOS and the Rules of the Bursa Depository.

**19. DURATION OF THE ESOS**

19.1 Subject to By-law 19.2, the effective date for the implementation of the ESOS shall be the date of full compliance with the provisions of the MMLR on ESOS including the following:-

- 19.1.1 submission of final copy of the By-laws of the ESOS to the Securities Exchange;
- 19.1.2 receipt of approval-in-principle for the issuance and listing of the Mexter Shares to be issued under the ESOS from Securities Exchange;
- 19.1.3 procurement of shareholders' approval for the ESOS;
- 19.1.4 receipt of approval of any other relevant authorities, where applicable; and
- 19.1.5 fulfillment of all conditions attached to the above approvals, if any.

whereupon Mexter's adviser shall submit a confirmation letter to Securities Exchange stating the effective date of full compliance with the aforesaid together with a certified true copy of the relevant resolution passed by the shareholders in the general meeting and such confirmation is to be submitted to Securities Exchange no later than five (5) Market Days after the effective date of implementation of these By-laws. The ESOS shall then be in force for a period of five (5) years commencing from the date of such confirmation letter to be submitted to Securities Exchange by Mexter's adviser.

19.2 The ESOS may at the discretion of the Options Committee be extended or renewed (as the case may be) provided always that the initial scheme period stipulated in By-law 19.1 and such extension of the ESOS made pursuant to this By-law shall not in aggregate exceed a duration of ten (10) years. For the avoidance of doubt, no further sanction, approval or authorization of the shareholders of the Company in a general meeting is required for any such extension or renewal (as the case may be).

19.3 No further Options shall be granted upon expiration of the initial ESOS period stipulated in By-law 19.1 or such extension thereof in the event that the duration of the ESOS is extended pursuant to By-law 19.2.

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**15. THE ESOS BY-LAWS (Cont'd)**

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**20. MID-STREAM TERMINATION OF THE ESOS**

Notwithstanding the provisions of By-law 19, the Company has the right to terminate the ESOS at any time during the Duration of the ESOS provided the following approval(s)/consent(s) are obtained:-

20.1 the consent of Mexter's shareholders at a general meeting wherein at least a majority of the shareholders present voted in favour of the termination; and

20.2 the written consent of all Grantees who have yet to exercise their Options, either in part or in whole.

**21. SUBSEQUENT EMPLOYEES' SHARE OPTION SCHEME**

The Company may establish a new employees' share option ESOS after the expiry of the ESOS or upon termination of the ESOS subject to the approval of the Securities Exchange.

**22. DISPUTES**

In the event of any dispute between the Option Committee and an Eligible Employee or Grantee, as to any matter or thing of any nature arising hereunder, the Option Committee shall determine such dispute or difference by a written decision given to the Eligible Employee or Grantee, as the case may be. The said decision shall be final and binding on the parties unless the Eligible Employee or Grantee, as the case may be, shall dispute the same by written notice to the Option Committee within fourteen (14) days of the receipt of the written decision, in which case such dispute shall be referred to the decision of the external auditors of the Company for the time being, acting as experts and not as arbitrators, whose decision shall be final and binding in all respects. In the event that the external auditors are unable to reach a decision in respect of the dispute, such dispute shall be referred to a court of law of competent jurisdiction in Malaysia, whose decision shall be final and binding in all respects.

**23. COMPENSATION**

23.1 An Eligible Employee or Grantee who ceases to hold office or employment shall not be entitled to any compensation for the loss of any right or benefit or prospective right or benefit under the ESOS which he might otherwise have enjoyed whether such compensation is claimed by way of damages of wrongful dismissal or other breach of contract or by way of compensation for loss of office.

23.2 No Eligible Employee or Grantee or legal or personal representatives shall bring any claim, action or proceeding against the Company or the Option Committee or any other party for compensation, loss or damages whatsoever and howsoever arising from the suspension of his rights to exercise his Option or his Option ceasing to be valid pursuant to the provisions of these Bye-laws, or as the same may be amended from time to time in accordance with By-law 18 hereof.

**24. TRANSFERS FROM/TO OTHER COMPANIES RELATED TO THE GROUP**

24.1 In the event that:-

24.1.1 an employee or executive director who was employed in a company which is not within the Mexter Group and is subsequently transferred from such company within the Mexter Group.

24.1.2 an employee or executive director who was in the employment of a company which subsequently becomes a member of the Mexter Group as a result of a restructuring exercise or otherwise involving Mexter and/or any company within the Mexter Group with any of the first mentioned company in (i) below;

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**15. THE ESOS BY-LAWS (Cont'd)**

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(the first mentioned company in By-laws 24.1.1 and 24.1.2 above are referred to as the "Previous Company"), such an employee of the Previous Company (the "Affected Employee"), will, if the Affected Employee satisfies all conditions under By-law 4:-

- (a) be entitled to continue to exercise all such unexercised Option(s) which were granted to him under the Previous Company's ESOS in accordance with the By-laws of such Previous Company's ESOS but he shall not, upon such transfer or restructuring or divestment as the case may be, be eligible to participate for further options of such Previous Company's ESOS;
- (b) be eligible to participate in this ESOS only for the remaining duration of this ESOS, subject to the Option Committee's approval;
- (c) if the Affected Employee had participated in the Previous Company's ESOS, the number of new Mexter Shares to be offered to such Affected Employee under this ESOS shall be subject to the discretion of the Option Committee after taking into consideration, among others, the number of shares comprised in the option that were offered or exercised under the Previous Company's ESOS, and the Maximum Allowable Allotment under this ESOS.

**25. DIVESTMENT FROM THE GROUP**

If a Grantee who was in the employment with a company in the Group which was subsequently divested wholly or in part from the Group which resulted in a subsequent holding of fifty per cent (50%) or less by the Group, then such Grantee:-

- (a) may be entitled to continue to exercise all such unexercised Options which were granted to him under this ESOS within a period of three (3) months from the date of such divestment and within the Option Period, failing which the right of such employee to subscribe for the number of new Mexter Shares or any part thereof granted under such unexercised Options shall automatically lapse upon the expiry of the said three (3) months period and be null and void and no further force and effect; and
- (b) shall not be eligible to participate for further Options under this ESOS.

**26. COSTS AND EXPENSES**

All costs and expenses incurred in relation to this ESOS including but not limited to the costs and expenses relating to the issue and allotment of the new Mexter Shares upon the exercise of any Option shall be borne by the Company.

**27. NOT A TERM OF EMPLOYMENT**

This ESOS does not form part nor shall it in any way be construed as part of the terms and conditions of employment of any employee.

**28. ARTICLES OF ASSOCIATION**

Notwithstanding the terms and conditions contained in this ESOS, if a situation of conflict should arise between this ESOS and the Articles of Association of the Company, the provisions of the Articles of Association of the Company shall at all times prevail.

**15. THE ESOS BY-LAWS (Cont'd)**

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**29. TAXES**

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

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## 16. ADDITIONAL INFORMATION

### 16.1 SHARE CAPITAL

- (i) No ordinary share will be allotted or issued on the basis of this Prospectus later than twelve (12) months after the date of this Prospectus.
- (ii) There are no founder, management or deferred shares in the Company. There is only one (1) class of shares in the Company, namely, ordinary shares of RM0.10 each, all of which rank pari passu with one another.
- (iii) Save as disclosed in Sections 6.2 and 6.3 of this Prospectus, no shares, stocks, debentures, warrants, options, convertible securities or uncalled capital of the Company or its subsidiary companies have been issued or been agreed to be issued or is proposed to be issued as fully or partly paid-up, for cash or otherwise, within the two (2) years immediately preceding the date of this Prospectus.
- (iv) Other than the 6,625,000 Public Issue Shares offered to the eligible Directors, employees and business associates of the Mexter Group as disclosed in Section 6.3.4 of this Prospectus and the approved ESOS as disclosed in Sections 6.3.5 and 15 of this Prospectus:-
  - (a) no person or employee of the Group has been or is entitled to be given or has exercised any option to purchase or subscribe for any shares, stocks or debentures of the Company or its subsidiary companies; and
  - (b) there is no scheme involving the employees of the Group in the shares of the Company or its subsidiary companies.
- (v) The Company and its subsidiary companies have no outstanding convertible debt securities.
- (vi) Save for the Public Issue and the approved ESOS as disclosed in Section 6.3.4, 6.3.5 and 15 of this Prospectus, there is no present intention on the part of the Directors of the Company to issue any part of the authorised but unissued share capital of the Company.

### 16.2 ARTICLES OF ASSOCIATION

The following provisions are reproduced from the Company's Articles of Association ("Articles"). The words and expressions appearing in the following provisions shall bear the same meaning used in the Articles unless they are otherwise defined here or the context otherwise requires:-

#### (i) Transfer of Securities

The provision in the Articles of the Company, in respect of the arrangements for transfer of shares of the Company and restrictions on their free transferability are as follows:-

#### Article 43

Subject to the Act, Listing Requirements, the Central Depositories Act and the Rules, all transfer of shares or securities or class of shares or securities of the Company by registered members shall be effected by way of book entry by the Central Depository in accordance with the Rules and, notwithstanding Sections 103 and 104 of the Act and any exemption that may be made from compliance with subsection 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of shares or securities. Any fee charged on the transfer of securities shall not exceed RM3.00 per transfer or such sum as shall from time to time be fixed by the Securities Exchange. There shall be no restriction on the transfer of fully paid securities which are quoted or to be quoted, except where required by law, Subject to the Act, the Central Depositories Act and the Rules, no share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.



**16. ADDITIONAL INFORMATION (Cont'd)****Article 44**

Subject to the provisions of the Central Depositories Act and the Rules any member may transfer all or any of its shares by instrument in writing in the form prescribed and approved by the Securities Exchange and the Companies Commission of Malaysia. Subject to these Articles, there shall be no restriction on the transfer of fully paid up shares except required by law. The instruments shall be executed by or on behalf of the transferor and transferee and the transferor shall remain the holder of the shares transferred until the transfer is registered and the name of the transferee is entered in the Register and/or the Record of Depositors as the case may be, in respect thereof. All transfer of deposited securities shall be effected in accordance with the Act, the Central Depositories Act and the Rules.

**(ii) Remuneration of Directors**

The provisions in the Articles of the Company dealing with the remuneration of the Directors are as follows:-

**Article 103(1)**

A Director may appoint a person approved by a majority of his co-Directors to act as his alternate, provided that any fee paid by the Company to the alternate shall be deducted from that Director's remuneration. The alternate Director shall be entitled to notices of all meetings and to attend, speak and vote at any such meeting at which his appointor is not present. Any appointment so made may be revoked at any time by the appointor or by a majority of the Directors, and any appointment or revocation under this Article shall be effected by notice in writing to be delivered to the Secretary of the Company. An alternate Director shall ipso facto cease to be an alternate Director if his appointor for any reason ceases to be a Director.

**Article 106**

The fees of the Directors shall be such fixed sum as shall from time to time be determined by an ordinary resolution of the Company and shall (unless such resolution otherwise provided) be divisible among the Directors as they may agree, or failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such fees are payable shall be entitled only to rank in such division for a proportion of the fees related to the period during which he has held office PROVIDED ALWAYS that:-

- (a) fees payable to non-executive Directors shall be by way of a fixed sum, and not by way of a commission on or percentage of profits or turnover;
- (b) fees payable to Directors are subject to the approval of the Board;
- (c) any fees paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter.
- (d) Fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting.

**Article 107**

- (1) The salaries and benefits payable for the executive Directors shall be subject to the approval of the Board and may not include a commission on or percentage of profits or turnover.
- (2) Any reimbursement to the Directors for disbursements are subject to the approval of the Board.

**16. ADDITIONAL INFORMATION (Cont'd)**

**Article 108**

- (1) The Directors shall be entitled to be reimbursed for all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meeting or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors.
- (2) If by arrangement with the Directors, any Director shall perform or render any special duties or services outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Directors may pay him special remuneration, in addition to his Director's fees and such special remuneration may be by way of a fixed sum, or otherwise as may be arranged PROVIDED ALWAYS that extra remuneration payable to:-
  - (a) a non executive Director shall not be by a commission on or percentage of profits or turnover;
  - (b) an executive Director shall nor include a commission on or percentage of turnover.

**Article 137**

The remuneration of the Managing Director shall be subject to the terms of any agreement entered into in any particular case and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but such remuneration shall not include a commission on or percentage of turnover but it may be a term of his appointment that he shall receive pension, gratuity or other benefits upon his retirement.

**(iii) Voting and Borrowing Powers of Directors**

The provisions in the Articles of the Company dealing with powers of Directors, in particular, the voting powers of the Directors in proposals, arrangements or contracts in which they are interested and the borrowing powers exercisable by them and how such borrowing powers can be varied are as follows:-

**Article 96**

Until otherwise determined by the Company in general meeting the number of Directors shall be not less than two (2) but no more than twelve (12). Subject to the MMLR, at least two (2) Directors or one third (1/3) of the Board of Directors, whichever is higher, shall be Independent Directors.

**Article 102**

The Company may from time to time by ordinary resolution passed at a general meeting increase or reduce the number of Directors, and may also determine in what rotation the increased or reduced number is to go out of office.

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**16. ADDITIONAL INFORMATION (Cont'd)**

**Article 105**

The Directors shall have power at any time, and from time to time, to appoint any person to be a Director, either to fill a casual vacancy, or as an addition to the Board, but the total number of Directors shall not at any time exceed the maximum number fixed in accordance with these Articles. Any Director so appointed shall hold office only until the next following annual general meeting, and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

**Article 112**

- (1) The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertakings, property and uncalled capital, or any part thereof, and to issue debentures and other securities, whether outright or as security for any debt, liability or obligations of the Company or of any third party PROVIDED ALWAYS that nothing contained in these Articles shall authorise the Directors to borrow any money or mortgage or charge any of the Company's or its subsidiary companies' undertaking, property or uncalled capital, or to issue debentures or other securities, whether outright or as security, for any debt, liability or obligation of an unrelated third party.
- (2) The Directors shall cause a proper register to be kept in accordance with Section 115 of the Act of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of Section 108 of the Act in regard to the registration of mortgages and charges therein specified and otherwise.
- (3) If the Directors or any of them, or any other person, shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or persons so becoming liable as aforesaid from any loss in respect of such liability.

**Article 113**

The Directors may procure the establishment and maintenance of any non-contributory or pension or super annuation fund or life assurance scheme for the benefit of, and pay, provide for or procure the grant of donations, gratuities, pensions, allowances, benefits or emoluments to any persons who are or shall have been at any time in the employment or service of the Company or any subsidiary company or to any persons who are or have been a Director or other officer of and holds or have held salaried employment in the Company or any subsidiary company, or the wives, widows, families or dependants of any such persons. The Directors may also procure the establishment and subsidy of or subscription and support to any institutions, association, clubs, funds or trusts calculated to be for the benefits of any such persons as aforesaid or of its members and payment for or towards the insurance of any such persons as aforesaid, and subscriptions or guarantees of money for charitable or benevolent objects or for any exhibitions or for any public, general or useful object. Provided that any Director holding such salaried employment shall be entitled to retain any benefit received by him hereunder subject only where the Act requires, to proper disclosure to the members of the Company in general meeting.

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16. **ADDITIONAL INFORMATION (Cont'd)**

**Article 114**

The Directors may from time to time, and at any time, by power of attorney appoint any corporation, firm or person or body of persons, whether nominated directly or indirectly by the Directors to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretion (including power sub-delegate but not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as the Directors may from time to time think fit, and any such power of attorney may contain such provisions for the protection or convenience of persons dealing with any such attorney as the Directors think fit.

**Article 115**

All cheques, promissory notes, bills of exchange and other negotiable instruments and all receipt for money paid to the Company shall be signed, drawn, accepted endorsed or otherwise executed, as the case may be, in such manner as the Directors may from time to time determine.

**Article 116**

A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine. No Director or intending Director shall be disqualified by this office from contracting with the Company with regard to his tenure of any such office or place of profit in any other respect nor shall any such contract, or any contract or arrangement entered into by or on behalf of any company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established PROVIDED ALWAYS that Sections 131 and 132E and all other relevant provisions of the Act and these Articles are complied with.

**Article 123**

Subject to these Articles, questions arising at any meeting of the Directors shall be decided by a majority of votes. In the case, of an equality of votes the Chairman shall have a second or casting vote except where:-

- (a) Two (2) Directors form a quorum and only such a quorum is present at the meeting; or
- (b) Only two (2) Directors are competent to vote on the question at issue.

**Article 127**

Every Director shall comply with the provisions of Sections 131 and 135 of the Act in connection with the disclosure of his shareholding and interest in any contract or proposed contract with the Company and in connection with the disclosure of the fact and the nature, character and extent of any office or possession of any property whereby whether directly or indirectly duties or interests might be created in conflict with his duty or interest as a Director of the Company.

**Article 128**

A Director shall not vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly a personal interest nor any contract or proposed contract or arrangement with any other company in which he is interested either as an officer of that other company or as a holder of shares or other securities in that other company, and if he does so vote his vote shall not be counted.

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**16. ADDITIONAL INFORMATION (Cont'd)**

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**Article 129**

A Director notwithstanding his interest may, provided that none of the other Directors present disagree, be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any office or place of profit under the Company or whereat the Directors resolve to exercise any of the rights of the Company, (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit under any other company or whereat the terms of any such appointment as hereinafter mentioned are considered or where any decision is taken upon any contract or arrangement in which he is in any way interested PROVIDED ALWAYS that he has complied with Section 131 and all other relevant provisions of the Act and of these Articles.

**Article 130**

A Director of the Company may be or become Director or other officer of or otherwise interested in any corporation promoted by the Company or in which the Company may be interested as member or otherwise or any corporation, which is directly or indirectly interested in the Company as member or otherwise and no such Director shall be accountable to the Company for any remuneration or other benefits received by him as a Director or officer of, or from his interest in such corporation unless the Company otherwise directs at the time of his appointment. The Director may exercise the voting power conferred by the shares or other interest in any such other corporation held or owned by the Company, or exercisable by them as Directors of such other corporation in such manner and in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them Directors or other officers of such corporation) and any Director may vote in favour of the exercise of such voting rights in the manner aforesaid notwithstanding that he may be, or is about to be appointed a Director or other officer of such corporation and as such is or may become interested in the exercise of such voting rights in the manner aforesaid PROVIDED ALWAYS that he has complied with Section 131 and all other relevant provisions of the Act and of these Articles.

**Article 131**

The Directors may establish any committees, local boards or agencies for managing any of the affairs of the Company either in Malaysia or elsewhere, and may lay down, vary or annul such rules and regulations as they may think fit for the conduct of the business thereof, and may appoint any persons to be members of any such committee or local board, or any managers or agents, and may fix their remuneration, and may delegate to any such committee, local board, manager or agent any of these powers, authorities and discretion vested in the Directors with power to sub-delegate, and may authorise the members of any such committee or local board, or any of them, to fill any vacancies therein, and to act notwithstanding vacancies, and any such appointment or delegations may be made upon such terms and subject to such conditions as the Directors may think fit, and the Directors may remove any person so appointed, and may annul or vary any such delegation, but no persons dealing in good faith without notice of any such annulment or variation shall be affected thereby.

**Article 135**

A resolution in writing signed or approved by letter, telegram, telex, telefax or audio video communication by a majority of the Directors shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted, provided that were a Director is not present in Malaysia but has an alternate who is so present, then such resolution may be signed by such alternate in place of the absent Director. All such resolutions shall be described as "Directors' Circular Resolutions" and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the Company's Minute Book. Any such resolution may consist of several documents in like form, is signed by one or more Directors or their alternates.

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**16. ADDITIONAL INFORMATION (Cont'd)**

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**Article 136**

The Directors may from time to time appoint any one or more of their body to be the Managing Director. Any such appointment shall, if for a fixed term, be for such period not exceeding five (5) years subject to reappointment and on such terms as the Directors think fit. The Directors may vest in such Managing Director such of the powers hereby vested in the Directors generally as they may think fit and may from time to time revoke, withdraw, alter or vary all or any of these powers. The Managing Director shall be subject to the control of the Board.

**(iv) Changes in Capital and Variation of Class Rights**

The provisions in the Articles of the Company as to the changes in share capital or variation of class rights which are no less stringent than those provided in the Act are as follows:-

**Article 5**

Without prejudice to any special rights previously conferred on the holders of any share or class of shares already issued, but subject to the Act and these Articles, any shares in the Company (whether forming part of the original capital or not) may be issued and/or have attached thereto such preferred, deferred or other special right or such restrictions, whether in regard to dividend, return of capital, voting or otherwise, as the Company may from time to time by ordinary resolution determine PROVIDED THAT:-

- (1) the total nominal value of preference shares issued shall not exceed the total nominal value of the issued ordinary shares at any time;
- (2) the holders of preference shares shall have the following rights;
  - (a) The holders of a preference share shall must be entitled to a right to vote at any class meetings and all general meetings in each of the following circumstances and in no others;
    - (i) When the dividend or part of the dividend on the share is in arrears for more than six (6) months;
    - (ii) On a proposal to reduce the Company's share capital;
    - (iii) On a proposal for the disposal of the whole of the company's property, business and undertaking;
    - (iv) On a proposal that effects rights attached to the share;
    - (v) On a proposal to wind up the Company; and
    - (vi) During the winding up of the Company.
  - (b) The holder of a preference share must be entitled to a return of capital in preference to holders of ordinary shares when the Company is wound up.
  - (c) A holder of a preference share must be entitled to the same rights as a holder of an ordinary share in relation to receiving notices, reports and audited accounts, and attending meetings.
- (3) The Company shall not unless with the consent of the existing preference shareholders at a class meeting, issue further preference capital ranking in priority above preference share already issued but may issue preference shares ranking equally therewith.

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**16. ADDITIONAL INFORMATION (Cont'd)**

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Subject to the act, any preference shares may be issued on the terms that they are, or at the option of the Company are liable, to be redeemed.

**Article 11**

Subject to a direction to the contrary that may be given by the Company in general meetings, all new shares shall, before issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and after the expiration of that time, or on the receipt of an intimation from any person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to the shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article.

**Article 17**

Notwithstanding Article 18 hereof, the repayment of any preference capital other than redeemable preference capital, or any other alteration of preference shareholders' rights, may only be made pursuant to a special resolution of the preference shareholders concerned, PROVIDED ALWAYS that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing, if obtained from the holders of three-fourths of the preference capital concerned within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.

**Article 18**

If at any time the share capital is divided into different classes of shares, the right attached to any class (unless otherwise provided by the terms of issue of shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting, the provisions of these Articles relating to general meetings shall, mutatis mutandis, apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-tenth of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution the provisions of Section 152 of the Act shall, with such adaptations as are necessary, apply.

**Article 19**

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards to participation in the profits or assets of the Company in some or in all respects *pari passu* therewith.

**Article 53**

The Company may from time to time, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been paid up or not, by ordinary resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company by the resolution authorising such increase directs.

**16. ADDITIONAL INFORMATION (Cont'd)****Article 55**

- (1) The Company may from time to time by ordinary resolution:-
- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
  - (b) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum and Articles Association (subject nevertheless to the provisions of the Act) and so that in the subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the shares from which the reduced share is derived. Any resolution whereby any share is sub-divided may determine that, as between the holders of shares resulting from such subdivision, one or more of such shares may have such preferred or other special rights over, or may be given any preference of advantage as regards dividends, return of capital voting or otherwise over the other or others of such shares; or
  - (c) cancel any shares which at the date of the passing of the resolution have not been taken up or agreed to be taken up or agreed to be taken up by any person and diminish the amount of its share capital by the amount of the shares so cancelled.
- (2) The Company may by special resolution reduce its share capital and any capital redemption reserve fund or any share premium account in any manner authorised by the Act and subject to any consent required by the law.

**16.3 DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

- (i) The names, addresses and occupations of the Directors of the Company are set out in the Corporate Directory Section of this Prospectus.
- (ii) A Director is not required to hold any qualification share in the Company unless otherwise so fixed by the Company in general meeting.
- (iii) Save as disclosed in Section 9.2.4 of this Prospectus, the remuneration and benefits payable to the Directors and Promoters as Directors and employees of the Company and the purchase consideration paid pursuant to the MMSB Acquisition as detailed in Section 6.3.1 of this Prospectus, there are no amounts or benefits paid or intended to be paid or given by the Company within the two (2) years preceding the date of this Prospectus.
- (iv) The direct and indirect interests of the Directors and substantial shareholders in the Company before and after the Public Issue are as follows:-

	< ----- Before the Public Issue # ----- >				< ----- After the Public Issue ----- >			
	<----- Direct ----->		<----- Indirect ----->		<----- Direct ----->		<----- Indirect ----->	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
<b>Directors</b>								
Ivan Sia Teck Fatt	30,742,798	56.30	-	-	31,942,798 <sup>(a)</sup>	35.71	-	-
Hor Chee Hong	6,389,370	11.70	-	-	7,389,370 <sup>(a)</sup>	8.26	-	-
Ng Thean Hooi	6,118,972	11.20	-	-	7,118,972 <sup>(a)</sup>	7.96	-	-
Teh Aik Kong	4,914,900	9.00	-	-	5,914,900 <sup>(a)</sup>	6.61	-	-
Dato' Lai Pin Yong	-	-	5,461,000 <sup>(b)</sup>	10.00	-	-	5,461,000 <sup>(b)</sup>	6.10



## 16. ADDITIONAL INFORMATION (Cont'd)

Directors	< ----- Before the Public Issue # ----- >				< ----- After the Public Issue ----- >			
	<----- Direct ----->		<----- Indirect ----->		<----- Direct ----->		<----- Indirect ----->	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Tam Kok Meng Ahmad Shalimin Bin Ahmad Shaffie	-	-	-	-	-	-	-	-
Dato' Goh Nai Kooi @ Gah Mai Kwai	-	-	5,461,000 <sup>(b)</sup>	10.00	-	-	5,461,000 <sup>(b)</sup>	6.10
Datin Ko Soek King	-	-	5,461,000 <sup>(c)</sup>	10.00	-	-	5,461,000 <sup>(c)</sup>	6.10
<b>Substantial Shareholders</b>								
Ivan Sia Teck Fatt	30,742,798	56.30	-	-	31,942,798 <sup>(a)</sup>	35.71	-	-
Hor Chee Hong	6,389,370	11.70	-	-	7,389,370 <sup>(a)</sup>	8.26	-	-
Ng Thean Hooi	6,118,972	11.20	-	-	7,118,972 <sup>(a)</sup>	7.96	-	-
Teh Aik Kong	4,914,900	9.00	-	-	5,914,900 <sup>(a)</sup>	6.61	-	-
Jatiwi	5,461,000	10.00	-	-	5,461,000	6.10	-	-
Dato' Lai Pin Yong	-	-	5,461,000 <sup>(b)</sup>	10.00	-	-	5,461,000 <sup>(b)</sup>	6.10
Dato' Goh Nai Kooi @ Gah Mai Kwai	-	-	5,461,000 <sup>(b)</sup>	10.00	-	-	5,461,000 <sup>(b)</sup>	6.10

Notes:-

# Based on the Register of Directors' Shareholdings and Register of Substantial Shareholders as at the date of this Prospectus.

(a) Inclusive of their Pink Form Shares allocation as follows:-

**Number of Pink Form Shares  
allocated**

<i>Ivan Sia Teck Fatt</i>	<i>1,200,000</i>
<i>Hor Chee Hong</i>	<i>1,000,000</i>
<i>Ng Thean Hooi</i>	<i>1,000,000</i>
<i>Teh Aik Kong</i>	<i>1,000,000</i>

(b) Deemed interest by virtue of their interests in Jatiwi pursuant to Section 6A of the Act.

(c) Deemed interest through her spouse Dato' Lai Pin Yong.

(v) None of the Directors or substantial shareholders of the Company has any interest in any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of the Mexter Group, taken as a whole.

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## 16. ADDITIONAL INFORMATION *(Cont'd)*

### 16.4 EXPENSES

- (i) Save as disclosed in Section 3.10 of this Prospectus, there are no commission, discounts, brokerages or other special terms granted or paid by the Mexter Group within the two (2) years preceding the date of this Prospectus in connection with the issue or sale of any shares in or debenture of the Mexter Group for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscription for any shares in or debentures of the Mexter Group, and no Director or Promoter or expert is entitled to receive any such payment.
- (ii) Expenses incidental to the listing of and quotation for the entire issued and paid-up share capital of Mexter on the Official List of MESDAQ Market amounting to approximately RM1,800,000 details of which are set out in Section 3.9 of this Prospectus will be borne by the Company.
- (iii) Sponsorship fee of RM50,000 per annum is payable by Mexter to Alliance, being the Sponsor of Mexter for at least one (1) year upon its Listing.

### 16.5 MATERIAL LITIGATION

As at 14 March 2005, neither the company or its subsidiary companies is engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which may have a material effect on the financial position of the Company and/or its subsidiary companies upon becoming enforceable, and the Board does not have any knowledge of any proceedings pending or threatened against the Company and/or its subsidiary companies or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of the Company and/or its subsidiary companies.

### 16.6 MATERIAL CONTRACTS

Save as disclosed below, there are no contracts which are material (not being contracts entered into in the ordinary course of business) which have been entered into by the Mexter Group within two (2) years immediately preceding the date of this Prospectus:-

- (a) A conditional sale and purchase agreement dated 28 April 2004 between Mexter and the Promoters for the purchase by Mexter of the entire issued and paid-up share capital of MMSB comprising 350,000 shares of RM1.00 each for a total consideration of RM5,461,000 to be satisfied by the issuance of 5,461,000 new ordinary shares of RM1.00 each in Mexter at an issue price of RM1.00 per share;
- (b) A conditional sale and purchase agreement dated 28 April 2004 between Mexter and MMSB for the purchase by Mexter of the entire issued and paid-up share capital of Mexter MSC comprising two (2) shares of RM1.00 each for a cash consideration of RM1,838,000 and the purchase by Mexter of sixty four point seven per centum (64.70%) of the issued and paid-up share capital of CIE comprising 170,002 shares of RM1.00 each for a cash consideration of RM1,700;
- (c) A conditional sale and purchase agreement dated 28 April 2004 between Mexter and DC Power for the purchase by Mexter of a forty-five per cent (45.00%) of the issued and paid-up share capital of AKL comprising 760,002 shares of RM1.00 each for a cash consideration of RM669,890;
- (d) Underwriting agreement dated 1 March 2005 between Mexter and Alliance for the underwriting of 3,000,000 Public Issue Shares which are available for application by the Malaysian public. The Underwriter has further conditionally agreed to underwrite the Public Issue Shares made available for application by the eligible Directors, employees and business associates of the Mexter Group which are not taken up. Underwriting commission is payable at the rate of 2.0% of the issue price of RM0.40 per Public Issue Share;

**16. ADDITIONAL INFORMATION (Cont'd)**

- (e) Placement agreement dated 1 March 2005 between Mexter and Alliance for the placement of 25,217,000 Public Issue Shares whereby a placement fee shall be payable by the Company to Alliance in respect of the Public Issue Shares placed out to placees identified and secured by Alliance at the rate of 2.5% of the issue price of RM0.40 per Public Issue Share. In respect of the Public Issue Share placed out to placees identified and secured by the Company, the Company shall pay Alliance an administration fee of RM10,000; and
- (f) Sponsorship Agreement dated 1 March 2005 between Mexter and Alliance to appoint Alliance as the Sponsor for the Company for a period of one (1) year after Listing for a sponsorship fee of RM50,000.

**16.7 MATERIAL AGREEMENTS**

Save as disclosed below, there are no material agreements subsisting as at the Latest Practicable Date (including but not limited to shareholders' agreements underlying the basis of the Group's business, supplier agreements, customer agreements, insurance policies and directors' service agreements) which have been entered into by the Mexter Group in the ordinary course of business:-

- (a) License and Purchase Agreement dated 11 December 2003 between LucasVarity (M) Sdn Bhd and Mexter MSC to acquire Lot Serial Traceability System ("LST") for a lump sum of RM600,000.00.
- (b) Insurance policies – the Mexter Group has purchased the following insurance policies from various insurers as follows:

Name of insurer/policy number/type of insurance	Amount Insured (RM)	Property/asset insured	Period of insurance
<b>MMSB</b> American Home Assurance Company Policy No: 6160001085 Fire and burglary	200,000	No. 15, 1/15, 2/15 Jalan Bachang Jaya 1 Taman Bachang Jaya Off Jalan Tun Fatimah 75250 Melaka	27.03.2004 to 26.03.2005
Axa Affin Insurance Berhad PFC/01252135/63/10 Fire-commercial for risks	110,000	(1) No. 17 (1 <sup>st</sup> Floor) Jalan 26A/70A Plaza Prismaville Desa Sri Hartamas 50480 Kuala Lumpur	29.10.2004 to 28.10.2005
	175,000	(2) No. 15, 1/15, 2/15 Jalan Bachang Jaya 1 Taman Bachang Jaya Off Jalan Tun Fatimah 75250 Melaka	
	70,000	(3) No. 11-2, Jalan Molek 1/12 Taman Molek 81100 Johor Bahru	
	345,000	(4) No. 8-3-09, Sunny Point Jalan Batu Uban 11700 Penang	

- (c) The service agreements entered into between MMSB and Ivan Sia Teck Fatt, Hor Chee Hong, Ng Thean Hooi and Teh Aik Kong are set out in Section 9.7 of this Prospectus.

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**16. ADDITIONAL INFORMATION (Cont'd)**

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**16.8 PUBLIC TAKE-OVER OFFERS**

None of the following has occurred in the last financial year and/or the current financial year up to the date of this Prospectus:-

- (i) public take-over offers by third parties in respect of the Company's Shares; or
- (ii) public take-over offers by the Company in respect of other companies' Shares.

**16.9 GENERAL**

- (i) The nature of the Company's business is described in Section 6.1 of this Prospectus and the names of all the corporations which are deemed to be related to the Company by virtue of Section 6 of the Act have been disclosed in Section 6.5 of this Prospectus.
- (ii) The manner in which copies of this Prospectus together with the official Application Forms and envelopes may be obtained as set out in Section 17.4.1 of this Prospectus.
- (iii) The time of the opening and closing of the Application List is set out in Section 3.2 and Section 17.1 of this Prospectus.
- (iv) The amount payable in full on application of the Public Issue is RM0.40 per Public Issue Share.
- (v) Save as disclosed in this Prospectus, so far as known to the Company, there does not exist any other persons who are able to, directly or indirectly, jointly or severally, exercise control over the Company.
- (vi) The name and address of the Auditors and Reporting Accountants of the Company are set out under the Corporate Directory Section of this Prospectus.

**16.10 CONSENTS**

The written consent of the Adviser/Sponsor/Underwriter/Placement Agent, Principal Banker, Issuing House, Share Registrar, Company Secretary and Solicitors to the inclusion in this Prospectus of their names in the manner and form and context in which their names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consent of the Auditors and Reporting Accountants to the inclusion in this Prospectus of their name, Accountants' Report and letter relating to the Proforma Consolidated Balance Sheets in the manner and form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consent of the Independent Market Researcher to the inclusion in this Prospectus of its name, extractions from and executive summary of the Independent Market Research Report, and letter relating to the executive summary of the Independent Market Research Report in the manner and form and context in which it is contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

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**16. ADDITIONAL INFORMATION (Cont'd)**

**16.11 DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of the Company during office hours for a period of twelve (12) months from the date of this Prospectus.

- (i) Memorandum and Articles of Association of Mexter;
- (ii) Directors' Report and Accountants' Report as included in Section 12 and Section 13 of this Prospectus respectively;
- (iii) Reporting Accountants' letter relating to the Proforma Consolidated Balance Sheets as at 30 September 2004 as included in Section 5.5 of this Prospectus;
- (iv) Audited financial statements of Mexter and its subsidiary companies for the past five (5) financial years ended 31 December (where applicable) as follows:-
  - (a) Mexter for the period commencing from the date of incorporation to 30 September 2004;
  - (b) MMSB for the years ended 31 July 1999, 17-month financial period ended 31 December 2000, financial years ended 31 December 2001 to 2003 and for the nine (9)-month period ended 30 September 2004;
  - (c) Mexter MSC for the period commencing from the date of incorporation to 31 December 2003 and for the nine (9)-month period ended 30 September 2004;
  - (d) CIE for the period commencing from the date of incorporation to 31 December 2000, financial year ended 31 December 2001 to 2003 and for the nine (9)-month period ended 30 September 2004;
  - (e) DC Power for the years ended 31 July 1999, 17-month financial period ended 31 December 2000, financial years ended 31 December 2001 to 2003 and for the nine (9)-month period ended 30 September 2004; and
  - (f) MSPL for the period commencing from the date of incorporation to 31 December 2001, financial year ended 31 December 2002 to 2003 and for the nine (9)-month period ended 30 September 2004;
- (v) Material contracts and material agreements referred to under Section 16.6 and Section 16.7 of this Prospectus respectively;
- (vi) Service contracts between the Mexter Group and Directors, key management and key technical personnel as referred to under Section 9.7 of this Prospectus;
- (vii) The By-laws of the ESOS;
- (viii) Letters of consent referred to under Section 16.10 of this Prospectus; and
- (ix) Independent Market Research Report prepared by Frost & Sullivan dated 15 March 2005.

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**16. ADDITIONAL INFORMATION (Cont'd)**

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**16.12 RESPONSIBILITY STATEMENTS**

- (i) Alliance, being the Adviser, Sponsor, Underwriter and Placement Agent acknowledges that, based on all available information, to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the Public Issue.
- (ii) This Prospectus has been seen and approved by the Directors and Promoters of Mexter and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statement or other facts the omission of which would make any statement in this Prospectus false or misleading.

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