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22nd July 2005

The Board of Directors
INIX Technologies Holdings Berhad
Lot 10, The Highway Centre
Jalan 51/205
46050 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs/Madam,

1. INTRODUCTION

This report has been prepared by Azman, Wong, Salleh & Co, an approved company auditor, for inclusion in the Prospectus to be dated 29th July 2005 in connection with the following:-

Public issue of 14,490,000 new ordinary shares of RM0.10 each in INIX Technologies Holdings Berhad (hereinafter referred to as "INIX") at an issue price of RM0.70 per ordinary share comprising:-

- 2,850,000 new ordinary shares of RM0.10 each to be made available for application by the public;
- 4,990,000 new ordinary shares of RM0.10 each to selected investors by way of private placement; and
- 6,650,000 new ordinary shares of RM0.10 each have been reserved for application by eligible directors, employees and business associates of INIX and its subsidiary company; and

The listing of and quotation for the entire enlarged issued and paid-up share capital of INIX of RM9,500,000 comprising 95,000,000 ordinary shares of RM0.10 each and for the new INIX shares that may be issued upon the exercise of the options to be granted pursuant to its proposed Employee Share Option Scheme ("ESOS") on the MESDAQ Market of Bursa Malaysia Securities Berhad.

2. GENERAL INFORMATION

2.1 Background

INIX was incorporated in Malaysia under the Companies Act, 1965 on 13th September 2004 as a public limited company. The principal activity of INIX is investment holding.

INIX has a subsidiary company namely INIX Technologies Sdn. Bhd. (hereinafter referred to as "ITSB") which was incorporated on 15th April 2003. ITSB is principally engaged in the development and sales of integrated intelligent wireless security, automation and closed-circuit television surveillance systems. There has been no significant change in this activity during the periods covered in this report.

2. GENERAL INFORMATION

2.1 Background (Cont'd)

ITSB was awarded the status of a Multimedia Super Corridor ("MSC") company on 28th November 2003. Amongst other incentives, ITSB was accorded pioneer status pursuant to the Promotion of Investments Act, 1986 ("PIA"). The MSC status granted is subject to compliance of certain conditions imposed by the Multimedia Development Corporation. The pioneer status is granted for a period of 5 years commencing 1st December 2003. The tax exemption period also commenced on 1st December 2003. The pioneer status may be withdrawn upon the loss of the MSC status or in the event of a breach of the provisions of the PIA.

2.2 Listing Scheme

In conjunction with the listing of and quotation for the entire enlarged issued and paid-up share capital of INIX on the MESDAQ Market of Bursa Securities, INIX has undertaken a restructuring exercise which involves the following:-

Subdivision of shares

On 17th June 2005, the 2 ordinary shares of RM1.00 each in INIX issued on incorporation were subdivided into 20 ordinary shares of RM0.10 each.

Acquisition

Pursuant to a conditional sale and purchase agreement entered into between INIX and the shareholders of ITSB on 28th September 2004, INIX had acquired 1,667,146 ordinary shares of RM1.00 each representing the entired issued and paid-up share capital of ITSB for a total purchase consideration of RM8,050,998. The purchase consideration was arrived at based on the adjusted net tangible assets of ITSB as at 31st July 2004.

The acquisition had been completed on 17th June 2005 and the said purchase consideration had been wholly satisfied by the issuance of 80,509,980 new INIX shares of RM 0.10 each to the shareholders of ITSB.

Public issue

INIX will issue 14,490,000 new INIX shares of RM0.10 each at an issue price of RM0.70 per share to the investing public in accordance with the manner as set out in Section 1. Upon completion of the public issue, the issued and fully paid-up share capital of INIX will increase to RM9,500,000 comprising 95,000,000 INIX shares of RM0.10 each.

INIX proposes to implement an offer of Employee Share Option Scheme ("ESOS") options to eligible directors and employees of INIX and its subsidiary company upon completion of the public issue. Under this scheme, INIX may issue up to 14,250,000 new INIX shares of RM0.10 each pursuant to the proposed ESOS representing 15% of the enlarged share capital of RM9,500,000 comprising 95,000,000 ordinary shares of RM0.10 each.

The Listing Scheme was approved by the Securities Commision on 30th May 2005. The approval for the admission to the official list of the MESDAQ Market including the proposed ESOS has been obtained from Bursa Malaysia Securities Berhad on 21st July 2005.

2. GENERAL INFORMATION (CONTD)

2.3 Share Capital

INIX was incorporated on 13th September 2004 with an authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each. Subsequently, each ordinary share of RM1.00 each was subdivided into 10 ordinary shares of RM0.10 each.

The present authorised share capital of INIX is RM25,000,000 comprising 250,000,000 ordinary shares of RM0.10 each. Details of the authorised share capital of INIX since incorporation are as follows:-

Date of creation	No. of ordinary shares	Par value RM	Total authorised share capital RM
13th September 2004	100,000	1.00	100,000
17th June 2005	1,000,000	0.10	100,000
17th June 2005	249,000,000	0.10	25,000,000

The present issued and fully paid-up share capital of INIX is RM8,051,000 comprising 80,510,000 ordinary shares of RM0.10 each. Details of the issued and paid-up share capital of INIX since incorporation are as follows:-

Date of allotment	No. of ordinary shares	Par value RM	Consideration	Total issued and paid-up share capital RM
13th September 2004	2	1.00	Subscribers' shares	2
17th June 2005	20	0.10	Subdivision of shares	2
17th June 2005	80,509,980	0.10	Acquisition of ITSB	8,051,000

Upon the completion of the public issue, the issued and paid-up share capital of INIX will increase to RM9,500,000 comprising 95,000,000 ordinary shares of RM0.10 each.

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3. SUBSIDIARY COMPANY

Details of the subsidiary company at the date of this report are as follows:-

Name of company	Date and place of incorporation	Issued and paid-up share capital RM	Effective equity interest	Principal activities
INIX Technologies Sdn. Bhd.	15.4.2003 Malaysia	1,667,146	100%	Development and sales of integrated intelligent wireless security, automation and closed-circuit television surveillance systems.

4. FINANCIAL STATEMENTS AND AUDITORS

The financial information set out in this report has been presented on bases and accounting policies consistent with those adopted by INIX and its subsidiary company, ITSB, in the preparation of audited financial statements which comply with applicable approved accounting standards issued by the Malaysian Accounting Standards Board ("MASB"). A summary of the significant accounting policies adopted (or to be adopted) by INIX Group is disclosed in Section 8.3 of this report.

The proforma consolidated results of the INIX Group for the relevant financial periods are presented in Section 5 for illustrative purposes only after elimination of all transactions between the companies in the Proforma Group and have been prepared based on the audited financial statements of INIX and ITSB for the relevant financial periods.

We are the auditors of INIX and ITSB for the financial periods covered in this report. The financial statements of INIX and ITSB for the relevant financial periods since incorporation have been reported upon without any qualification as follows:-

Name of company	**Financial period**
INIX	13th September 2004 to 31st January 2005
ITSB	15th April 2003 to 31st July 2004
	1st August 2004 to 31st January 2005

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5. SUMMARISED RESULTS

We set out below the proforma consolidated results of INIX Group for the past 2 financial periods and the results of INIX for the financial period since incorporation. The proforma consolidated results are prepared based on the assumption that the INIX Group had been in existence throughout the financial periods under review. The proforma consolidated results are presented for illustrative purposes only and are to be read in conjunction with the notes thereto.

5.1 INIX - Proforma Group

	Period from 15.4.2003 to 31.7.2004 RM	Period from 1.8.2004 to 31.1.2005 RM
Revenue	5,550,103	7,757,982
EBITDA	1,581,091	2,544,050
Depreciation on property, plant and equipment	(73,118)	(44,759)
Amortisation of intangible asset	(125,000)	(50,000)
Interest expense	(33,661)	(984)
Profit before taxation	1,349,312	2,448,307
Taxation	-	-
Profit after taxation	1,349,312	2,448,307
Number of ordinary shares of RM0.10 each assumed in issue	80,510,000	80,510,000
Earnings per share (RM)		
- gross	0.02	0.03
- net	0.02	0.03

Notes:

a) There were no exceptional and extraordinary items in the financial periods under review.

b) As INIX is principally an investment holding company, the summarised proforma results reflect in substance the operating results of its subsidiary company. Thus, the higher margin sales achieved by ITSB and increased efficiency in ITSB's operating cost management have contributed to the significant improvement in the overall results of the INIX Group. EBITDA represents earnings before interest, taxation, depreciation and amortisation.

c) The intangible asset comprises intellectual property assets of ITSB which are amortised systematically over 10 years commencing from the financial period ended 31st July 2004.

d) Interest expense was incurred on advances from a shareholder of ITSB which had been fully settled during the current financial period ended 31st January 2005. The shareholder has divested its interest in ITSB during the period.

5. SUMMARISED RESULTS

5.1 INIX - Proforma Group (Contd)

Notes: (contd)

e) There was no tax charge for the financial periods as explained in the notes to the summarised results of the individual companies in Section 5.2 and 5.3 respectively.

f) The number of ordinary shares of RM0.10 each assumed in issue represents the enlarged share capital of the INIX Group on completion of the acquisition of ITSB as set out in Section 2.2.

g) The gross and net earnings per share are computed based on the profit before and after taxation and the number of ordinary shares assumed in issue in the respective periods.

h) The earnings per share for the respective periods are not annualised.

5.2 INIX - Company

	Period from 13.9.2004 to 31.1.2005 RM
Revenue	-
Loss before interest, taxation, depreciation and amortisation	(6,375)
Depreciation on property, plant and equipment	-
Amortisation	-
Interest expense	-
Loss before taxation	(6,375)
Taxation	-
Loss after taxation	(6,375)
Number of ordinary shares of RM1.00 each in issue	2
Loss per share (RM)	
- gross	(3,187.50)
- net	(3,187.50)

Notes:

a) INIX was incorporated on 13th September 2004 and has commenced business operations as an investment holding company subsequent to the balance sheet date i.e., upon acquisition of ITSB on 17th June 2005.

b) There were no exceptional and extraordinary items in the financial period under review.

c) There was no tax charge as the Company incurred losses for the current period.

5. SUMMARISED RESULTS

We set out below the results of the subsidiary company of INIX for the financial periods since incorporation. The results are to be read in conjunction with the notes thereto.

5.3 ITSB

	Period from 15.4.2003 to 31.7.2004 RM	Period from 1.8.2004 to 31.1.2005 RM
Revenue	5,550,103	7,757,982
EBITDA	1,581,091	2,550,425
Depreciation on property, plant and equipment	(73,118)	(44,759)
Amortisation of intangible asset	(125,000)	(50,000)
Interest expense	(33,661)	(984)
Profit before taxation	1,349,312	2,454,682
Taxation	-	-
Profit after taxation	1,349,312	2,454,682
Number of ordinary shares of RM1.00 each in issue	1,172,003	1,667,146
Weighted average number of ordinary shares of RM1.00 each in issue during the period	561,345	1,577,431
Earnings per share (RM)		
- gross	2.40	1.56
- net	2.40	1.56

Notes:

a) ITSB was incorporated on 15th April 2003. The Company commenced business operations on incorporation and has since been engaged in the development and sales of integrated intelligent wireless security, automation and closed-circuit television surveillance systems.

b) There were no exceptional and extraordinary items in the financial period under review.

c) Revenue represents the invoiced value of goods sold less discounts and returns, installation charges and related charges, and is recognised upon delivery of goods to customers. The substantial increase of 261.10% in the annualised revenue for the current period is largely attributed to the following factors:

1) The Company generated revenue of RM53,909 only in the first 7.5 months of the last period;
2) Revenue of RM3,085,000 recognised in the current period had been derived from sales contracts secured with major customers in the last period; and
3) The various marketing strategies implemented in line with INIX Group's business development plan and continuous efforts to expand its distribution network have resulted in ITSB's achievement of 71.29% growth in export sales for the current period. Thus, revenue contribution of export sales has increased from 45.43% in the last period to 55.74% in the current period. In the current period, 15 local distributors and 1 international distributor had been added to ITSB's network of 16 local and 2 international distributors since the last balance sheet date.

5. SUMMARISED RESULTS

5.3 ITSB (Contd)

Notes: (contd)

d) The significant increase in EBITDA margin achieved by ITSB for the current period is largely attributed to higher margin sales and increased efficiency in cost management. Notwithstanding the increased staff force and operational facilities under ITSB's rapid expansion, operating overheads to revenue on an overall basis has decreased with increasing efficiency in cost management after much initial set-up costs had been incurred in the period ended 31st July 2004.

e) The intellectual property assets are amortised systematically over 10 years commencing from the financial period ended 31st July 2004. These represent the power line carrier technology and supporting technologies applied in designing and integrating the security, automation and surveillance systems acquired from a substantial shareholder, PC Sentry Sdn. Bhd. (Section 8.17).

f) Interest expense was incurred on advances from a shareholder, Malaysian Venture Capital Management Berhad ("MAVCAP"), which had been fully settled during the current financial period ended 31st January 2005. MAVCAP is no longer a shareholder since 6th August 2004.

g) There was no tax charge for the periods under review as the statutory income of the Company has been exempted from tax for 5 years from 1st December 2003 to 30th November 2008. The tax exemption is among the incentives and benefits available under the pioneer status granted to ITSB as a MSC status company.

h) The gross and net earnings per share are computed based on the profit before and after taxation and the weighted average number of ordinary shares in issue during the respective periods.

i) The earnings per share for the respective periods are not annualised.

6. DIVIDENDS

INIX has not declared any dividend since incorporation.

ITSB has declared a 7% preference dividend amounting to RM30,027 and RM574 for the period ended 31st July 2004 and 31st January 2005 respectively. The Redeemable Convertible Preference Shares ("RCPS") of ITSB carried the principal right to a fixed preferential dividend of RM0.07 per RCPS calculated on a daily basis.

On 6th August 2004, the RCPS had been fully redeemed via proceeds from the issuance of new ordinary shares in ITSB and the cumulative preference dividend amounting to RM30,601 had been fully settled. The dividends were calculated from the date of issue of each RCPS up to the date of redemption.

7. SUMMARISED BALANCE SHEETS

7.1 INIX - Proforma Group

The purchase consideration for the acquisition of the subsidiary company had been arrived at based on the adjusted net tangible assets of ITSB as at 31st July 2004. As such, the proforma consolidated balance sheet of INIX Group is not presented as it is impracticable to reflect the share capital of the Proforma Group on the basis that the INIX Group had been in existence throughout the financial periods under review. Accordingly, the proforma consolidated statement of assets and liabilities as at 31st January 2005 is presented in Section 8 of this report.

7.2 INIX - Company

The summarised balance sheet of INIX at the end of the financial period since incorporation is as follows:-

	As at 31.1.2005 RM
Current assets	179,512
Current liabilities	(185,885)
Net current liabilities	(6,373)
Represented by:	
Share capital	2
Accumulated losses	(6,375)
Shareholders' deficit	(6,373)
Number of ordinary shares of RM1.00 each	2
Net tangible liabilities per ordinary share of RM1.00 each (RM)	(3,186.50)

Notes:

a) Included in current liabilities is an amount due to ITSB of RM182,860 which is unsecured, interest-free and has no fixed terms of repayment.

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7. SUMMARISED BALANCE SHEETS

7.3 ITSB

The summarised balance sheets of ITSB at the end of the financial periods since incorporation are as follows:-

	As at 31.7.2004 RM	As at 31.1.2005 RM
Intangible asset	875,000	825,000
Property, plant and equipment	329,115	554,965
Current assets	5,471,649	10,633,198
Current liabilities	3,689,477	1,507,522
Net current assets	1,782,172	9,125,676
	2,986,287	10,505,641
Represented by:		
Share capital	1,172,003	1,667,146
Share premium	494,999	5,065,102
Retained profits	1,319,285	3,773,393
Shareholders' equity	2,986,287	10,505,641
Number of ordinary shares of RM1.00 each	1,172,003	1,667,146
Net tangible assets per ordinary share of RM1.00 each (RM)	1.80	5.81

Notes:

a) Included in current assets as at 31st January 2005 are amount due from INIX and PC Sentry Sdn. Bhd. of RM182,860 and RM271,878 respectively which are unsecured, interest-free and have no fixed terms of repayment.

b) Included in current liabilities as at 31st July 2004 is an amount due to MAVCAP of RM1,563,688 which is unsecured. The amount owing comprises advances of RM1,500,000, interest accrued on the advances of RM33,661 and dividend payable on RCPS of RM30,027, and had been fully settled in August 2004.

8. PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

The proforma statement of assets and liabilities of INIX Group set out below is prepared based on the audited balance sheet of INIX and ITSB as at 31st January 2005. The proforma statement is presented for illustrative purposes only on the basis that the schemes set out in Section 2.2 of this report had been completed and the options to be granted under the proposed ESOS had been fully exercised on that date. The proforma statement should be read in conjunction with the notes thereto.

	Note	Audited as at 31.1.2005 RM	Proforma I After Share Subdivision and the Acquisition RM	Proforma II After Public Issue and Proposed Utilisation of Proceeds RM	Proforma III After the Assumed Full Exercise of the ESOS Options RM
INTANGIBLE ASSET	8.4	-	825,000	825,000	825,000
PROPERTY, PLANT AND EQUIPMENT	8.5	-	554,965	1,054,965	1,054,965
CURRENT ASSETS					
Inventories	8.6	-	399,988	399,988	399,988
Trade receivables	8.7	-	8,371,514	8,371,514	8,371,514
Other receivables and prepayments	8.8	179,510	257,852	78,342	78,342
Amount due from a shareholder	8.9	-	271,878	271,878	271,878
Cash and bank balances	8.10	2	1,328,618	9,351,128	19,326,128
		179,512	10,629,850	18,472,850	28,447,850
LESS: CURRENT LIABILITIES					
Trade payables	8.11	-	1,345,989	1,345,989	1,345,989
Other payables		3,025	79,082	79,082	79,082
Amount due to subsidiary company	8.12	182,860	-	-	-
Provision for warranties		-	85,476	85,476	85,476
		185,885	1,510,547	1,510,547	1,510,547
NET CURRENT (LIABILITIES)/ASSETS		(6,373)	9,119,303	16,962,303	26,937,303
NET ASSETS		(6,373)	10,499,268	18,842,268	28,817,268
FINANCED BY:					
SHARE CAPITAL	8.13	2	8,051,000	9,500,000	10,925,000
SHARE PREMIUM	8.14	-	-	6,894,000	15,444,000
RESERVE ON CONSOLIDATION	8.15	-	2,454,643	2,454,643	2,454,643
ACCUMULATED LOSSES		(6,375)	(6,375)	(6,375)	(6,375)
SHAREHOLDERS' (DEFICIT)/EQUITY		(6,373)	10,499,268	18,842,268	28,817,268
No. of ordinary shares of					
- RM1.00 each		2	-	-	-
- RM0.10 each		-	80,510,000	95,000,000	109,250,000
Net tangible (liabilities)/assets per ordinary share (RM)		(3,186.50)	0.12	0.19	0.26

8. NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

8.1 BASIS OF PREPARATION

The proforma statement of assets and liabilities of INIX Group has been prepared on bases and accounting policies consistent with those adopted in the preparation of audited financial statements of INIX and ITSB for the financial period ended 31st January 2005, and those to be adopted by INIX in compliance with approved accounting standards issued by MASB applicable for preparation of consolidated financial statements.

The audited financial statements of INIX and ITSB have been prepared under the historical cost convention and comply with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

8.2 RISK MANAGEMENT OBJECTIVES AND POLICIES

The activities of the Group expose it to certain financial risks principally in the form of foreign currency risk, credit risk, technological risk, market risk and liquidity risk for which the Group has formulated a financial risk management framework with the principal objectives of minimising the Group's exposure to risks and/or costs associated with the operating, investing and financing activities of the Group.

(a) Foreign currency risk

The Group is exposed to currency risks as a result of the foreign currency transactions entered into in currencies other than its functional currency. The Group reviews its foreign currency exposure periodically to ensure that its net exposure is managed at an acceptable level.

(b) Credit risk

Credit risk arises when sales are made on deferred credit terms. The Group seeks to control credit risk by setting counterparty limits and ensuring that sales of products and services are made to customers with an appropriate credit history. The Group considers the risk of material loss in the event of non-performance by a financial counterparty to be unlikely.

(c) Technological and Market Risks

The Group is exposed to technological and market risks arising mainly from its product offerings. These risks are managed through constant investments in research and development, market evaluation and product innovation to ensure that the Group's range of products and services are market relevant and price competitive.

(d) Financial Assets

The Company's principal financial assets are trade receivables, other receivables, amount due from a shareholder and cash and bank balances.

(e) Financial Liabilities and Equity Instruments

Debts and equity instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Significant financial liabilities include trade payables and other payables.

8. NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

8.3 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

The proforma financial statements of INIX Group include the audited financial statements of INIX and ITSB made up to 31st January 2005.

Subsidiaries are those enterprises in which INIX has power, directly or indirectly, to exercise control over the financial and operating policies so as to obtain benefits from their activities. Investment in subsidiaries is stated in INIX's financial statements at cost. Allowance is made in the event of any permanent impairment in value.

The results of subsidiaries acquired or disposed are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' identifiable net assets are determined and these values are reflected in the Group's financial statements. All intragroup transactions and balances are eliminated on consolidation.

(b) Goodwill and Negative Goodwill

The excess of the cost of acquisition over the Group's share of the fair values of the subsidiaries' identifiable net assets at the date of acquisition is reflected as goodwill arising on consolidation in the consolidated balance sheet. The carrying value of goodwill is reviewed at each balance sheet date and is written down for impairment where necessary.

Negative goodwill represents the excess of the Group's share of the fair values of the subsidiaries' identifiable net assets at the date of acquisition over the cost of acquisition. Negative goodwill is reflected as reserve on consolidation and is stated net of goodwill in the consolidated balance sheet.

(c) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation impairment loss, if any. Property, plant and equipment are depreciated on a straight line basis to write off the cost over their expected useful lives. The principal annual rates used are:-

Motor vehicle	16%
Office and technical equipment	16%
Machinery, renovation, and furniture and fittings	10%

When property, plant and equipment is disposed, the resultant gain or loss on disposal is determined by comparing the disposal proceeds with the carrying amount and is included in the income statement.

(d) Inventories

Inventories are valued at the lower of cost and net realisable value after making adequate allowance for deteriorated, damaged, obsolete or slow-moving items. Cost includes the actual cost of materials and incidental expenses incurred in bringing the inventories to their present location and condition, and is determined on a "first-in, first-out" basis.

8. NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

8.3 SIGNIFICANT ACCOUNTING POLICIES (CONTD)

(e) Receivables

Receivables are stated at anticipated realisable value.

Bad debts are written off in the period in which they are identified. Specific allowance for certain receivables accounts is made when their recoverability is identified as doubtful. A general allowance is also established to cover the inherent risk of possible losses which could not be specifically identified at the balance sheet date.

(f) Intangible Assets

This comprises intellectual property assets.

Intellectual property assets represent the power line carrier technology and supporting technologies applied in designing and integrating the security systems and appliances automation systems. Intellectual property assets are amortised systematically over 10 years commencing from the financial period ended 31st July 2004.

(g) Impairment of Assets

The carrying values of assets are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of net realisable value and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets or, if it is not possible, for the relevant cash generating units.

An impairment loss is charged to the income statement immediately. Any subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately. There is no impairment loss recognised in the income statement of the INIX and ITSB todate.

(h) Provision for warranties

The Group undertakes to repair or replace defective items under its product warranties. A provision is recognised at the end of the period to cover the Group's warranty obligations based on an estimated level of possible defects. This provision will be reviewed at each balance sheet date to reflect the current best estimate of the amount required to settle the potential obligations.

8. NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

8.3 SIGNIFICANT ACCOUNTING POLICIES (CONTD)

(i) Income Taxes

Income tax on the profit or loss for the period comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the period and is measured using the applicable tax rate at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unutilised capital allowances and unabsorbed tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unutilised capital allowances and unabsorbed tax losses can be utilised.

Deferred tax is measured at the applicable tax rate at the balance sheet date.

(j) Revenue Recognition

Sales is recognised upon delivery of goods to customers.

(k) Research and Development Costs

Research and development costs are recognised as an expense in the income statement as incurred.

(l) Employee Benefits

Short Term Benefits

Salaries, wages, allowances, commission and bonuses are recognised as an expense in the period in which the associated services are rendered by employees of the Group.

Defined Contribution Plan

As required by law, the Group makes contributions to the Employees Provident Fund, the national pension plan. Such contributions are recognised as an expense in the income statement as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(m) Cash and Cash Equivalents

Cash equivalents are short term, highly liquid placements that are readily convertible to cash with insignificant risk to changes in value.

8. NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

8.4 INTANGIBLE ASSET

	Cost RM	Accumulated Amortisation RM	Carrying Value RM
Audited as at 31.1.2005	-	-	-
Intellectual property assets	1,000,000	175,000	825,000
As per Proforma I, II and III	1,000,000	175,000	825,000

8.5 Property, Plant And Equipment

	Cost RM	Accumulated Depreciation RM	Net Book Value RM
Audited as at 31.1.2005	-	-	-
Machinery and technical equipment	237,000	50,260	186,740
Motor vehicle	34,524	2,762	31,762
Office equipment	169,033	41,027	128,006
Renovation	156,784	14,679	142,105
Furniture and fittings	75,501	9,149	66,352
As per Proforma I	672,842	117,877	554,965
Machinery and technical equipment	300,000	-	300,000
Motor vehicle	100,000	-	100,000
Office equipment	100,000	-	100,000
	500,000	-	500,000
As per Proforma II and III	1,172,842	117,877	1,054,965

8.6 INVENTORIES

	RM
Audited as at 31.1.2005	-
Finished goods, at cost	254,810
Work-in-progress, at cost	145,178
As per Proforma I, II and III	399,988

8. NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

8.7 TRADE RECEIVABLES

	RM
Audited as at 31.1.2005	-
Trade receivables	8,630,427
Less: Allowance for doubtful debts	(258,913)
As per Proforma I, II and III	8,371,514
The foreign currency exposure profile of trade receivables:	
US Dollar	4,330,000

The credit terms of trade receivables average between 60 days to 180 days.

As at 31st January 2005, total trade receivables which exceeded the respective credit periods amounted to RM5,644,795. Between 1st February 2005 to 15th July 2005, a total of RM5,577,894 has been collected out of this sum. Allowance has been made for the balance of RM66,901 which remained uncollected as at the date of this report.

8.8 OTHER RECEIVABLES AND PREPAYMENTS

	RM
Prepayment of listing expenses	179,510
Audited as at 31.1.2005	179,510
Other receivables and prepayments	78,342
As per Proforma I	257,852
Prepayment of listing expenses to be set-off against share premium (Section 8.14)	(179,510)
As per Proforma II and III	78,342

8.9 AMOUNT DUE FROM A SHAREHOLDER

	RM
Audited as at 31.1.2005	-
Advances provided to PC Sentry Sdn. Bhd. (Section 8.17)	271,878
As per Proforma I, II and III	271,878

8. NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

8.10 CASH AND BANK BALANCES

	RM
Audited as at 31.1.2005	2
Cash in hand	57,527
Bank balances	1,271,089
As per Proforma I (Section 9)	1,328,618
Proceeds from public issue	10,143,000
Purchase of machinery, technical equipment, motor vehicle and office equipment (Section 8.5)	(500,000)
Estimated listing expenses to be set-off against share premium (Section 8.14)	(1,620,490)
As per Proforma II	9,351,128
Proceeds from the proposed share issue assuming the options under the proposed ESOS are fully exercised	9,975,000
As per Proforma III	19,326,128

8.11 TRADE PAYABLES

The credit terms of trade payables granted to the Group average between 30 days to 60 days.

8.12 AMOUNT DUE TO SUBSIDIARY COMPANY

This represents advances provided by ITSB which are unsecured, interest-free and have no fixed terms of repayment.

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8. NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

8.13 SHARE CAPITAL

The movement on the issued and fully paid-up share capital account will be as follows:

	No. of ordinary shares	Par value RM	Amount RM
Audited as at 31.1.2005	2	1.00	2
Subdivision of shares	20	0.10	2
Shares issued in consideration for the acquisition of ITSB	80,509,980	0.10	8,050,998
After Share Subdivision and the Acquisition	80,510,000		8,051,000
Public issue	14,490,000	0.10	1,449,000
After Public Issue and the Proposed Utilisation of Proceeds	95,000,000		9,500,000
Proposed share issue assuming the options under the proposed ESOS are fully exercised	14,250,000	0.10	1,425,000
After the Assumed Full Exercise of the ESOS Options	109,250,000		10,925,000

8.14 SHARE PREMIUM

The movement on the share premium account will be as follows:

	Amount RM	
Audited as at 31.1.2005		-
After Share Subdivision and the Acquisition		-
Arising from the proposed public issue of 14,490,000 ordinary shares of RM0.10 each at an issue price of RM0.70 per share		8,694,000
Prepayment of listing expenses (Section 8.8)	(179,510)	
Estimated listing expenses to be paid (Section 8.10)	(1,620,490)	
		(1,800,000)
After Public Issue and the Proposed Utilisation of Proceeds		6,894,000
Arising from the proposed issue of 14,250,000 ordinary shares of RM0.10 each at an indicative exercise price of RM0.70 per share assuming the options under the proposed ESOS are fully exercised		8,550,000
After the Assumed Full Exercise of the ESOS Options		15,444,000

8. NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

8.15 RESERVE ON CONSOLIDATION

	RM
Audited as at 31st January 2005	-
Arising from the acquisition of ITSB	2,454,643
As per Proforma I, II and III	2,454,643

8.16 DEFERRED TAX

	Audited as at 31.1.2005 RM
Deductible temporary differences	
- property, plant and equipment	62,958
- allowance for doubtful debts	258,913
- provision for warranties	85,476
	407,347
Unutilised capital allowances	186,147
Unabsorbed tax losses	617,498
	1,210,992

The deferred tax asset arising from the above will only be recognised in the balance sheet of ITSB upon expiry of the tax exemption period (Section 5.3) as there will not be any profits that are taxable during the tax exemption period against which such benefits can be utilised.

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8. NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

8.17 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

Related party relationships exist between the Group and the following entities:-

(a) PC Sentry Sdn. Bhd. ("PCS") being a substantial shareholder which holds 44% effective equity interest in ITSB. On completion of the acquisition of ITSB by INIX on 17th June 2005, the directors of INIX Group regard PCS as the holding company of INIX;

(b) Mr Liew Woy Kee ("LWK"), being a person connected to Mr Cheong Kok Yai, a substantial shareholder of PCS and also a director of ITSB. ITSB has entered into a tenancy agreement with LWK for the rental of office premises from 1st December 2003 to 30th November 2005; and

(c) M-Speed Auto Services Sdn. Bhd. ("MSAS") being a related party in which Mr Mok Chin Fan, a substantial shareholder of PCS, has substantial direct/indirect interest and is also a director.

	Period from 1.8.2004 to 31.1.2005 RM
Significant transactions between the related parties and the Group during the period ended 31st January 2005 are as follows:	
Advances provided to PCS for financing purposes	271,878
Office rental paid/payable to LWK	16,200
Purchase of components and accessories from MSAS	24,780

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9. PROFORMA CONSOLIDATED CASHFLOW STATEMENT

The proforma cashflow statement of INIX Group set out below is prepared based on the audited financial statements of INIX and ITSB for the financial period ended 31st January 2005, and is presented on the basis that the INIX Group had been in existence throughout the relevant financial periods.

	Period from 1.8.2004 to 31.1.2005 RM
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before taxation	2,448,307
Adjustments for:	
Depreciation on property, plant and equipment	44,759
Amortisation of intangible asset	50,000
Provision for warranties	46,819
Allowance for doubtful debts	97,789
Interest expense on advances from a shareholder	984
Operating profit before working capital changes	2,688,658
Increase in inventories	(212,508)
Increase in trade receivables	(3,259,619)
Increase in other receivables and prepayments	(45,992)
Decrease in trade payables	(571,878)
Decrease in other payables	(90,183)
Net cash used in operating activities	(1,491,522)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property, plant and equipment	(270,609)
Net cash used in investing activities	(270,609)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issue of shares	6,000,002
Prepayment of listing expenses	(179,510)
Advances to a shareholder	(271,878)
Repayment of advances from a shareholder	(1,500,000)
Interest paid on advances from a shareholder	(34,645)
Redemption of preference shares	(934,754)
Preference dividends paid	(30,601)
Net cash generated from financing activities	3,048,614
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,286,483
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	42,135
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (Section 8.10)	1,328,618
These comprise:-	
Cash in hand	57,529
Bank balances	1,271,089
	1,328,618

10. PUBLIC ISSUE PROCEEDS

The proceeds of RM10,143,000 to be received from the Public Issue of 14,490,000 new INIX shares of RM0.10 each at an issue price of RM0.70 per share are expected to be utilised in the following manner:-

	RM
Research and development expenditure	2,500,000
Purchase of property, plant and equipment	500,000
Advertisement and promotion	1,000,000
Working capital	4,343,000
Estimated listing expenses	1,800,000
	10,143,000

11. NET TANGIBLE ASSETS COVER

Based on the Proforma Consolidated Statement of Assets and Liabilities of INIX Group as at 31st January 2005, the Net Tangible Assets ("NTA") cover are as follows:-

	RM
NTA	
Total net assets	18,842,268
Less: Intangible asset	(825,000)
NTA of INIX Group after Public Issue	18,017,268
Proceeds from the proposed share issue assuming the options under the proposed ESOS are fully exercised	9,975,000
NTA of INIX Group after Public Issue and the assumed full exercise of the ESOS options	27,992,268
NTA Cover	
NTA per ordinary share of RM0.10 each on completion of the Public Issue	0.19
NTA per ordinary share of RM0.10 each on completion of the Public Issue and the assumed full exercise of the ESOS options	0.26

12. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

On 17th June 2005, the subdivision of INIX shares and the acquisition of ITSB by INIX as set out in Section 2.2 had been completed.

On 20th July 2005, the advances provided by INIX to PC Sentry Sdn. Bhd. of RM271,878 had been fully settled.

13. AUDITED FINANCIAL STATEMENTS

At the date of this report, no audited financial statements have been prepared in respect of any period subsequent to 31st January 2005 for the INIX Group.

Yours faithfully,

AZMAN, WONG, SALLEH & CO.
AF:0012
Chartered Accountants

NG ENG KIAT
1064/03/07(J/PH)
Partner of the Firm

Kuala Lumpur,
Date: 22 JUL 2005

14 PROFORMA CONSOLIDATED BALANCE SHEETS AND REPORTING ACCOUNTANTS' LETTER THEREON

azman, wong, salleh & co. (AF: 0012)
akauntan bertauliah
chartered accountants

14, jalan tun sambanthan 3,
p.o. box 12019,
50764 kuala lumpur.
tel: 03-2274 8900
fax: 03-2272 1108

22nd July 2005

The Board of Directors
INIX Technologies Holdings Berhad
Lot 10, The Highway Centre
Jalan 51/205
46050 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs/Madam,

INIX TECHNOLOGIES HOLDINGS BERHAD
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31ST JANUARY 2005

We report on the Proforma Consolidated Balance Sheets for inclusion in the Prospectus to be dated 29th July 2005 which have been prepared for illustrative purposes only, to provide the information on how the audited balance sheet of INIX Technologies Holdings Berhad (hereinafter referred to as "INIX") as at 31st January 2005 would be presented had the following schemes been completed on that date:

(1) Subdivision of 2 ordinary shares of RM1.00 each into 20 ordinary shares of RM0.10 each;

(2) Acquisition of INIX Technologies Sdn. Bhd. (hereinafter referred to as "ITSB") for a purchase consideration of RM8,050,998 to be wholly satisfied by the issuance of 80,509,980 ordinary shares of RM0.10 each in INIX (hereinafter referred to as "the Acquisition"); and

(3) Public issue of 14,490,000 new ordinary shares of RM0.10 each at an issue price of RM0.70 per share.

The above shall collectively be referred to as "the Schemes".

The Schemes have been undertaken pursuant to the proposed listing of and quotation for the entire enlarged issued and fully paid-up share capital of INIX comprising 95,000,000 ordinary shares of RM0.10 each on the MESDAQ Market of the Bursa Malaysia Securities Berhad.

The Proforma Consolidated Balance Sheets are presented assuming that the options to be granted under the proposed Employee Share Option Scheme ("ESOS") shall be fully exercised into 14,250,000 new ordinary shares of RM0.10 each at an indicative exercise price of RM0.70 per share upon completion of the Schemes and the proposed listing of INIX on the MESDAQ Market.

The directors of INIX are solely responsible for the preparation of the Proforma Consolidated Balance Sheets in accordance with the requirements of the Securities Commission ("SC") Guidelines in respect of public offerings.

14 PROFORMA CONSOLIDATED BALANCE SHEETS AND REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

It is our responsibility to form an opinion, as required by the SC Guidelines, and to report on our opinion. Our work consisted primarily of comparing the unadjusted financial information presented in their original form, considering the adjustments and discussing the Proforma Consolidated Balance Sheets with responsible officers of INIX. Our work involved no independent examination of any of the underlying financial information other than the audited financial statements of INIX and ITSB for the relevant financial period ended 31st January 2005 on which we had reported to the members of INIX and ITSB on 18th May 2005.

In our opinion,

(a) the Proforma Consolidated Balance Sheets have been properly compiled on the bases stated; and

(b) such bases are consistent with the accounting policies adopted by INIX and the adjustments as set out in the Prospectus are appropriate for the purposes of the Proforma Consolidated Balance Sheets pursuant to the SC Guidelines within the context of the assumed date of the Schemes and the proposed ESOS.

The accompanying Proforma Consolidated Balance Sheets and this letter have been prepared solely for the purposes stated above in connection with the aforementioned Schemes and the proposed ESOS. This letter is not be reproduced, referred to in any other document, or used for any other purpose without our prior written consent.

Yours faithfully,

AZMAN, WONG, SALLEH & CO.
AF: 0012
Chartered Accountants

NG ENG KIAT
1064/03/07(J/PH)
Partner of the Firm

Kuala Lumpur,
Date: 22 JUL 2005

14 PROFORMA CONSOLIDATED BALANCE SHEETS AND REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

INIX TECHNOLOGIES HOLDINGS BERHAD
(Company No. 665797-D)

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31ST JANUARY 2005

The Proforma Consolidated Balance Sheets set out below are provided for illustrative purposes only, to show the effects on the audited balance sheet of INIX Technologies Holdings Berhad as at 31st January 2005 assuming that the Schemes had been completed and the options granted under the proposed ESOS had been fully exercised on that date.

	< --- COMPANY --- >		< ---------- PROFORMA GROUP			---------- >
		I	II	III	IV	V
	Audited as at 31.1.2005 RM	After Share Subdivision RM	After I, and the Acquisition RM	After II, and the Public Issue RM	After III, and the Proposed Utilisation of Proceeds RM	After IV, and the Assumed Full Exercise of the ESOS Options RM
INTANGIBLE ASSET	-	-	825,000	825,000	825,000	825,000
PROPERTY, PLANT AND EQUIPMENT	-	-	554,965	554,965	1,054,965	1,054,965
CURRENT ASSETS						
Inventories	-	-	399,988	399,988	399,988	399,988
Trade receivables	-	-	8,371,514	8,371,514	8,371,514	8,371,514
Other receivables and prepayments	179,510	179,510	257,852	257,852	78,342	78,342
Amount due from a shareholder	-	-	271,878	271,878	271,878	271,878
Cash and bank balances	2	2	1,328,618	11,471,618	9,351,128	19,326,128
	179,512	179,512	10,629,850	20,772,850	18,472,850	28,447,850
LESS: CURRENT LIABILITIES						
Trade payables	-	-	1,345,989	1,345,989	1,345,989	1,345,989
Other payables	3,025	3,025	79,082	79,082	79,082	79,082
Amount due to subsidiary company	182,860	182,860	-	-	-	-
Provision for warranties	-	-	85,476	85,476	85,476	85,476
	185,885	185,885	1,510,547	1,510,547	1,510,547	1,510,547
NET CURRENT (LIABILITIES)/ASSETS	(6,373)	(6,373)	9,119,303	19,262,303	16,962,303	26,937,303
NET ASSETS	(6,373)	(6,373)	10,499,268	20,642,268	18,842,268	28,817,268
FINANCED BY:						
SHARE CAPITAL	2	2	8,051,000	9,500,000	9,500,000	10,925,000
SHARE PREMIUM	-	-	-	8,694,000	6,894,000	15,444,000
RESERVE ON CONSOLIDATION	-	-	2,454,643	2,454,643	2,454,643	2,454,643
ACCUMULATED LOSSES	(6,375)	(6,375)	(6,375)	(6,375)	(6,375)	(6,375)
SHAREHOLDERS' (DEFICIT)/EQUITY	(6,373)	(6,373)	10,499,268	20,642,268	18,842,268	28,817,268
No. of ordinary shares of						
- RM1.00 each	2	-	-	-	-	-
- RM0.10 each	-	20	80,510,000	95,000,000	95,000,000	109,250,000
Net tangible (liabilities)/assets per ordinary share (RM)	(3,186.50)	(318.65)	0.12	0.21	0.19	0.26

INIX TECHNOLOGIES HOLDINGS BERHAD
(Company No. 665797-D)

NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31ST JANUARY 2005

1. BASIS OF PREPARATION

1.1 The Proforma Consolidated Balance Sheets are provided for illustrative purposes only, to show how the audited balance sheet of INIX Technologies Holdings Berhad as at 31st January 2005 would be presented had the transactions under the Schemes as described in Notes 2.1 to 2.4 been completed and the options under the proposed ESOS as stated in Note 2.5 been fully exercised on that date.

1.2 The Proforma Consolidated Balance Sheets have been prepared on bases and accounting principles consistent with those adopted in the preparation of audited financial statements by INIX Technologies Holdings Berhad ("INIX") and INIX Technologies Sdn. Bhd. ("ITSB").

2. PROFORMA

2.1 Proforma I

Proforma I presents the balance sheet of INIX after the subdivision of 2 ordinary shares of RM1.00 each into 20 ordinary shares of RM0.10 each which had been completed on 17th June 2005.

2.2 Proforma II

Proforma II is presented after incorporating Proforma I and the effects of the acquisition of the entire issued and fully paid-up share capital of ITSB by INIX for a total consideration of RM8,050,998. The purchase consideration was arrived at based on the adjusted net tangible assets of ITSB as at 31st July 2004. The acquisition had been completed on 17th June 2005 and the said consideration had been wholly satisfied by the issuance of 80,509,980 new ordinary shares of RM0.10 each in INIX on 17th June 2005.

2.3 Proforma III

Proforma III is presented after incorporating Proforma II and the effects of the public issue of 14,490,000 new ordinary shares of RM0.10 each at an issue price of RM0.70 per share.

2.4 Proforma IV

Proforma IV is presented after incorporating Proforma III and the effects of the expected utilisation of the gross proceeds from the proposed public issue of RM10,143,000 as follows:

	RM	
Research and development expenditure	2,500,000	(a)
Purchase of property, plant and equipment	500,000	
Advertisement and promotion	1,000,000	(a)
Working capital	4,343,000	
Estimated listing expenses	1,800,000	(b)
	10,143,000	

(a) This is included in cash and bank balances pending utilisation.

(b) This will be set-off against share premium.

INIX TECHNOLOGIES HOLDINGS BERHAD
(Company No. 665797-D)

NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31ST JANUARY 2005

2. PROFORMA (Cont'd)

2.5 Proforma V

Proforma V is provided to illustrate how the INIX Group balance sheet would be presented assuming that the options granted under the proposed ESOS had been fully exercised after completion of Proforma IV.

The said options shall assumed to be fully exercised into 14,250,000 new ordinary shares of RM0.10 each at an indicative exercise price of RM0.70 per share upon completion of the transactions described under Proforma I to IV and the proposed listing of INIX on the MESDAQ Market of the Bursa Malaysia Securities Berhad. The gross proceeds from the assumed issue of 14,250,000 new ordinary shares amounting to RM9,975,000 are expected to be utilised for working capital purposes.

3. SHARE CAPITAL

The movement on the issued and fully paid-up share capital account will be as follows:

	No. of ordinary shares	Par value RM	Amount RM
Audited as at 31st January 2005	2	1.00	2
Subdivision of shares	20	0.10	2
As per Proforma I	20		2
Shares issued in consideration for the acquisition of ITSB	80,509,980	0.10	8,050,998
As per Proforma II	80,510,000		8,051,000
Public issue	14,490,000	0.10	1,449,000
As per Proforma III and IV	95,000,000		9,500,000
Proposed share issue assuming the options under the proposed ESOS are fully exercised	14,250,000	0.10	1,425,000
As per Proforma V	109,250,000		10,925,000

INIX TECHNOLOGIES HOLDINGS BERHAD
(Company No. 665797-D)

NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31ST JANUARY 2005

4. SHARE PREMIUM

The movement on the share premium account will be as follows:

	Amount RM
Audited as at 31st January 2005	-
As per Proforma I and II	-
Arising from the public issue of 14,490,000 ordinary shares of RM0.10 each at an issue price of RM0.70 per share	8,694,000
As per Proforma III	8,694,000
Estimated listing expenses	(1,800,000)
As per Proforma IV	6,894,000
Arising from the proposed issue of 14,250,000 ordinary shares of RM0.10 each at an indicative exercise price of RM0.70 per share assuming the options under the proposed ESOS are fully exercised	8,550,000
As per Proforma V	15,444,000

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15 EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT AND THE LETTER THEREON

x.x EXECUTIVE SUMMARY FROM SYNOVATE

Prepared for the inclusion of this Prospectus

synovate
Research reinvented

Date: 21 July 2005

The Board of Directors
INIX Technologies Holdings Berhad
No.59-A&B Jalan SS 15/4C
47500 Subang Jaya
Selangor Darul Ehsan
Malaysia

Dear Sirs,

Executive Summary of the Independent Market Research Report on the Intelligent Home Systems Market in Malaysia

This Executive Summary is prepared for inclusion in the prospectus of INIX Technologies Holdings Berhad to be dated 29 JUL 2005 in relation to its listing on the Mesdaq Market of the Bursa Malaysia Securities Berhad. This research is undertaken with the intention to provide an overview of the Intelligent Home Systems market in Malaysia.

The information provided in this Prospectus with reference to our name is principally the extractions from our research report which was undertaken through both primary and secondary sources. Primary research is provided to gain in-depth insights and understanding of the current industry environment and to give an overall view of the market performance, trends and future outlook. Secondary sources include review of government statistics, news releases and other reports.

The research was conducted and completed in 28 September 2004. Findings in this study may be used in the listing prospectus with consent from Synovate.

Yours faithfully,
For and on behalf of
Synovate Sdn Bhd

Ivy Teh
Country Head
Synovate Business Consulting, Malaysia

synovate
Research reinvented

Executive Summary of the Market Research Report

Intelligent Home Systems (IHS)

Currently, there is no single accepted definition as to what constitutes an IHS. For the purposes of this independent market report, IHS is viewed as an integrated solution which combines elements of home security, surveillance, remote monitoring and home automation. More advanced IHS may also incorporate broadband, home appliances (refrigerator, washing machine, and microwave) and home entertainment features into the IHS. IHS is primarily aimed at making life more comfortable, convenient and secure through the application of technology.

Traditionally, IHS were expensive and only found in high-end luxury homes. These systems were custom designed based on the home owner's requirements. However, advances in technology as well as economies of scale from larger production capacity have led to the availability of more affordable systems. Today, IHS can be found in pre-packaged cash and carry boxed sets at affordable prices.

The common functions of IHS include those listed below. Although the following is not exhaustive, these functions are the most commonly available features found in the Malaysian IHS market:

- Security - A core function of the IHS, the security system detects unauthorized intrusion into the property and alerts the home owner and other designated parties of the intrusion. This function is similar to a traditional home burglar alarm. However, an IHS security system can typically be accessed and controlled remotely either from the Internet, PDA or mobile phone.
- Surveillance and remote monitoring - Certain higher-end IHS allow for surveillance and remote monitoring. Users can either view surveillance footage through a personal computer connected to the internet through a broadband connection, mobile phone via GPRS or have the images recorded digitally through a personal computer.
- Home automation - Home automation involves the control of electrical appliances such as lighting, air conditioning and the home entertainment system. These electrical appliances can be operated remotely either through pre-programmed instructions or through a telephone or the internet.

As IHS is an integrated system, this study has not taken into account providers of single solutions such as firms dealing only with home security products or home automation products. In addition, this study has been confined to the residential home market and has not covered potential application of IHS products in a commercial or industrial environment such as in factories or commercial buildings.

The IHS market can be divided into two major customer segments:

- B2B - This involves residential property developers who are the main customer segment at present. They usually purchase IHS in large quantities for installation in their residential development projects.
- B2C - B2C involves the retail market where IHS is sold directly to the end user (usually home owners) through retailers. Although it is currently a small segment, it is a growing segment.

B2B	Business to Business
B2C	Business to Consumer
CAGR	Compounded Annual Growth Rate
CE	Consumer electronics
CIS	Clipsal Integrated Systems (M) Sdn Bhd
DIY	Do-it-yourself
DLNA	Digital Life Network Alliance
EIB	European Installation Bus
GDP	Gross Domestic Product
GPRS	General Packet Radio Services
HVAC	Heating, ventilation, air conditioning
IHA	Internet Home Alliance
IHS	Intelligent Home System(s)
MSC	Multimedia Super Corridor
PC	Personal computer
PDA	Personal Digital Assistant
RM	Ringgit Malaysia
Sdn Bhd	Sendirian Berhad (Private Limited)
US	United States

Global IHS Market

Globally, the IHS market is led by countries such as the US and South Korea who are the early adopters of cutting edge IHS technology. These countries have the necessary networked infrastructure in place as well as knowledgeable consumers. Globally, it is projected that the current 35 million homes equipped with IHS will increase to 98 million by 2008.

Asia, which is experiencing increasingly higher broadband penetration rates represent an attractive market for IHS. Adoption of broadband in homes in South Korea which has a penetration of 78% among its approximately 16 million households has led to more IHS systems in the country. South Korea is also experiencing digital convergence where intelligent advanced embedded systems are replacing traditional household appliances such as the refrigerator and microwave.

Worldwide, many new players are entering the IHS market due to its attractive prospects. Companies such as Microsoft, Intel and Sony have recently unveiled their own concepts of IHS. The entry of these non-traditional IHS players is likely to hasten the innovation and creativity in the introduction of new designs and product range. In the future, IHS systems by these familiar brands may further entice consumers to accept IHS into their homes.

In the effort to attain mass appeal, different companies are adopting different approaches. Intel and Microsoft are approaching the IHS from a PC-centric view, while CE manufacturers are concentrating on introducing smart appliances to the market. Others such as Sony are including IHS in their entertainment systems. Traditional security providers are also beginning to introduce IHS features into their systems. To promote inter-operability among these different solution providers, several groups such as the IHA and the DLNA have been formed to establish common standards and guidelines. Hence, consumers can expect an evolution of a digital convergence where IHS from different providers will be able to integrate and work seamlessly.

The US is also experiencing impressive growth in all IHS segments. Robust demands for broadband, personal computers, handheld devices and entertainment appliances have encouraged the adoption of networked homes with IHS. The home automation market in the US alone is forecasted to be worth USD3.8 billion in 2008, up from USD1.7 billion in 2003.

Malaysian IHS Market

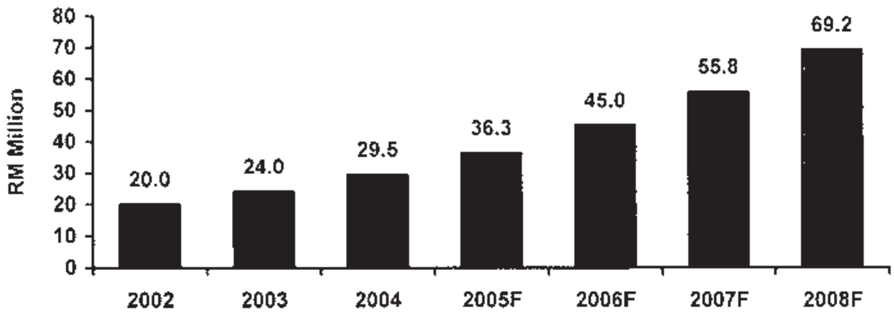
In Malaysia, IHS have been available in the market since the 1980s. However, IHS was not very popular among consumers due to its high cost and unfamiliar technology. Adoption was limited to wealthy home owners as well as DIY enthusiasts. However, advances in research and development in the late 1990s and the growing usage and convergence of IT and electronics have resulted in the introduction of more affordable and user friendly IHS in the market.

The IHS market in Malaysia is a nascent market in comparison to its counterparts in the US and Korea. Nevertheless, concerted efforts by the government to promote the adoption of information technology have created a greater awareness among the public of IHS. Furthermore, IHS is now perceived as an attractive and viable alternative to traditional burglar alarm systems and CCTVs. Besides being competitively priced, IHS offers the added advantage of additional features such as home automation, surveillance and remote monitoring.

The Malaysian IHS market is estimated to be worth RM24 million in 2003. Growth in the IHS market is expected to accelerate to at a rate of 24% CAGR for the next four years to be worth RM69.2 million in 2008. Growing awareness among home owners and residential property developers is expected to contribute to the demand for IHS in Malaysia.

Estimated market size of IHS 2002-2008

Year	Revenues (RM million)
2002	20.0
2003	24.0
2004	29.5
2005	36.3
2006	45.0
2007	55.8
2008	69.2



The main growth drivers are:

Increasing affluence and growing awareness
The improving economic outlook has resulted in higher wages in the labour market. As a result, consumers enjoy a higher level of disposable income. In addition, Malaysia is experiencing a growing middle-class population, especially among Bumiputera families. This growing segment with an increased propensity to spend has resulted in higher consumer spending for goods and services. Coupled with the government's efforts to promote spending and consumption to drive economic

growth, demand for IHS is expected to pick up as consumers are now able and willing to invest in IHS .

As more property developers offer IHS as a standard fixture for their homes, consumer awareness will increase. This could result in a new generation of consumers who have an appreciation and desire for IHS in their homes. Accordingly, future residential home owners may expect such systems in their homes which could increase the market potential for IHS.

Bright outlook for the residential property market
Improving economic sentiment has also encouraged a demand for residential homes among consumers especially in the Klang Valley. While the residential market has been lukewarm over the past few years, industry experts foresee a recovery and growth in the urban areas such as the Klang Valley. The outlook for the residential property market remains positive in the coming years.

This has prompted property developers to launch more projects especially in the middle to up-market residential market. Property developers are likely to include IHS in these developments as these products are perceived to enhance the value of homes and help to differentiate their homes as unique and distinct from their competitors' homes.

In addition to the Klang Valley area, property developers are beginning to venture out of the Klang Valley area and deploy IHS in other urban residential developments situated in Penang and Johor Bahru. These projects have successfully attracted discerning purchasers and are an indicator that IHS may eventually gain acceptance nationwide.

Introduction of smart appliances
It has become increasingly common for electrical appliance manufacturers to launch smart appliances. Manufacturers such as LG of South Korea have introduced to the market intelligent home appliances with embedded systems such as the Internet refrigerator, microwave, washing machine and air conditioners. The gradual introduction of these smart appliances into mainstream living will promote greater awareness among the public of IHS. Homes with these smart appliances could likely evolve to a full fledged IHS as home owners seek to connect these islands of connectivity and integrate all their appliances under centralized control.

IHS are currently available in pre-packaged boxed sets. In the future, it is anticipated that these boxed sets will be widely available in retail shops as a cash and carry option. Future advances in wireless technology could create simpler systems which do not require complicated installation and are increasingly user friendly. This may result in a gradual shift towards self installation by DIY enthusiasts or free installation by the dealers. Increasing simplicity and ease of installation may encourage higher take-up rate among consumers and boosting overall IHS growth.

Concern for security
While crime rate remains under control, high profile cases of abduction, rape and murder have highlighted the need for better security measures. This worrying trend has encouraged an increasing number of home owners to view home security as a necessity. A growing number of homes are likely to install IHS as a preventive measure against potential crime.

IHS as a security solution is likely to enjoy increased demand as home owners opt for IHS to fulfill their security needs and explore the added features of home automation and surveillance.

The main growth barriers are:

Traditional mindset
In general, the Malaysian mindset remains conservative. In dealing with security issues, the majority still believe in the traditional methods of securing their property such as padlocks and iron grilles. In addition, home owners, especially the older generation, tend perceive IHS to be unduly complicated and difficult to use. Should this mindset continue, a broader acceptance of IHS among the general public may be delayed.

Lack of awareness
At present, there is a lack of effort to educate the general public on IHS. Most media advertisements are ad-hoc and concentrated on pricing as opposed to increasing the awareness and understanding of IHS. Some view IHS as a gimmick to promote the sales of new residential property launches rather than a value added enhancement which is tailored to the customers' needs. Consumers do not appear to be in the position to make an informed judgment on the benefits of IHS.

In addition, market players are also currently focusing their attention on the B2B market rather than the retail market. Although developing the retail market would result in a broader reach to consumers, such a move may risk the B2B market as residential property developers no longer see the advantage of including IHS as IHS becomes a commonly available product. In addition, the lack of a standard definition for IHS may create an expectation gap between consumers and IHS providers.

After sales support
Most market players are small companies with limited support staff. Companies tend to focus on the sales and marketing aspect and neglect the after sales support which is essential for customer retention and brand development. With the high growth rate expected, higher sales volume of IHS may stretch the after sales support resources of IHS market players. Failure to meet customers' expectations may hurt consumer sentiment in respect of IHS.

In respect of retail operations, distributors and dealers may lack the know-how or technical competency to advice or solve problems raised by consumers which may reduce customer satisfaction. This may damage the reputation of the industry on the whole and cause scepticism among consumers on the benefits of IHS.

Overview of Competition

The Malaysian IHS market is dominated by a few main players, namely CIS, Strandcom Technologies, INIX Technologies and Infotech Accord. In aggregate, the top 3 players account for approximately 62.3% of the market. There is no clear dominant market leader in the IHS market.

Market Share of Key Players in IHS Market in Malaysia 2003

Company	Market Share
Clipsal Integrated Systems (M) Sdn Bhd	25.0%
Strandcom Technologies Sdn Bhd	19.9%
INIX Technologies Sdn Bhd	17.4%
Infotech Accord	12.4%
OYL Technology Sdn Bhd	7.3%
Prima-IT Sdn Bhd	6.5%
ES Automation Sdn Bhd	2.5%
Intellizone Sdn Bhd	2.0%

Sources: Synovate estimates, trade interviews

Note: INIX's market share has been adjusted to represent 12 months average revenue based on the Accountant's Report issued by Azman, Wong, Salleh & Co which covers a period of 15 months for the financial period ending 31 July, 2004. As INIX commenced operations in April 2003, revenue has been annualized to allow fair comparison of market position vis-à-vis other IHS players which have reported revenues for a period of 12 months.

Clipsal Integrated Systems is the market leader in the IHS market in Malaysia with 25% share. In general, Clipsal's IHS products are targeted at the high-end market and tend to be found in luxury residential homes. Strandcom Technologies has the second largest market share with 19.9% share. Strandcom is one of the pioneer companies in the local IHS market with flagship projects in Cyberjaya and it is well known in the B2B market among property developers. A relatively new player in the IHS market, INIX Technologies has garnered 17.4% share of the market with its hybrid system utilizing power line carrier technology and wireless digital radio frequency. It is very active in the B2B market and has also secured projects overseas. Infotech Accord, the third largest player with 12.4% share, focuses on security systems and is the market leader for home security solutions in the state of Perak where they have a joint venture with the Perak State Development Corporation. Other key players include OYL Technology (7.3%), Prima-IT (6.5%), ES Automation (2.5%) and Intellizone (2.0%). Other companies in the IHS market are typically importers of foreign products who do not have a strong distribution structure for IHS or where IHS are an ancillary service to their principal business activity.

Outlook

The Malaysian IHS market has ample room to grow further in light of the positive economic outlook which should spur consumer demand. Thus far, market players have been concentrating on the B2B market segment which should continue to flourish in view of the improving residential property market. In addition, the retail segment in the B2C segment represents a good opportunity for market players to expand their business as consumers' awareness of IHS improves.

In the past, IHS consumers were limited to the high income group as IHS systems were expensive and the products had to be imported. This resulted in a small niche market for IHS. With economies of scale and innovation in the market, there is a gradual shift towards the introduction of more affordable systems for the general public. Currently, IHS is within the reach of the middle income group who are becoming increasingly aware of the advantages and capabilities of IHS. This transition has opened up the IHS market leading to better opportunities for IHS market players to grow.

In seizing the growth opportunities emerging in the IHS market, it will be crucial for market players to not neglect the after-sales-service to customers. This will prevent negative feedback on IHS which may damage the industry's growth potential. On a broader note, based on the global trends of an increasingly networked home and digital convergence, the outlook for the IHS market in Malaysia remains bright.

Thus far, the largest barrier faced by the IHS market in Malaysia is low awareness and a lack of proper understanding of IHS. Concerted efforts need to be taken by market players to raise awareness levels on the benefits of IHS which in turn should stimulate more demand for IHS.

16 ESOS BY-LAWS

The listing of new INIX Shares pursuant to the ESOS was approved by Bursa Securities on 21 July 2005. The shareholders of INIX had on 17 June 2005 approved the ESOS for the benefit of the eligible Directors and employees of the INIX Group. The ESOS By-Laws are as follows: -

1. NAME OF SCHEME

This Scheme shall be called the "INIX Employee Share Option Scheme".

2. OBJECTIVES OF SCHEME

The objectives of the Scheme are:-

(a) To provide an opportunity for employees to participate as shareholders of the Company;
(b) To reward and retain employees and directors whose services are vital to the continued growth of the Group; and
(c) To motivate employees towards better performance through greater loyalty to the Group.

3. DEFINITIONS AND INTERPRETATION

3.1 In these By-Laws, the following terms and expressions shall have the following meanings:-

"Act"	-	The Companies Act, 1965, as amended from time to time, and any re-enactment thereof
"Articles"	-	Articles of Association of the Company, as amended from time to time
"Auditor"	-	External auditors of Inix for the time being
"Available Balance"	-	The unissued share capital of the Company which is available for the offer of further Options subject to the limit set out in By-Law 4.2 and after deducting all Options which have been offered and accepted
"Board"	-	The Board of Directors of the Company
"Bursa Securities"	-	Bursa Malaysia Securities Berhad
"By-Laws"	-	The rules, terms and conditions of the Scheme (as may be amended, varied or supplemented from time to time in accordance with By-Law 22)
"CDS"	-	Central Depository System
"CDS Account"	-	An account established by Bursa Malaysia Depository Sdn. Bhd. for a depositor for the recording of deposits of securities and dealings in such securities by the depositor
"Central Depositories Act"	-	Securities Industry (Central Depositories) Act, 1991, as amended from time to time
"Company" or "INIX"	-	Inix Technologies Holdings Berhad

"Date of Expiry"	-	The last day of the duration of the Scheme as defined in By-Law 19.1
"Date of Offer"	-	The date on which an Offer is made by the Option Committee to an Eligible Person in the manner provided in By-Law 7
"Depository Rules"	-	Rules of Bursa Depository
"Director"	-	A natural person who holds a directorship in an executive capacity in any company in the Group
"Effective Date"	-	The date of full compliance with all relevant requirements for the Scheme under the Listing Requirements for the implementation of the Scheme
"Eligible Person(s) "	-	An Employee or a Director who is designated in writing by the Option Committee to be an Eligible Person described in By-Law 5, and falling within any of the categories of Eligible Persons set out in By-Law 6
"Employee"	-	A natural person who is employed by and on the payroll of any company in the Group. Employees include executive Directors
"Entitlement Date"	-	The date as at the close of business on which shareholders' names must appear on INIX's Record of Depositors in order to participate in any dividends, rights, allotments or other distributions
"Grantee"	-	An Eligible Person who has accepted an Offer in the manner provided in By-Law 8
"Group"	-	The Company and its subsidiary/ies as defined in Section 5 of the Act, which are not dormant. Subsidiaries include subsidiaries which are existing as at the Effective Date and subsidiaries which are incorporated or acquired at any time during the duration of the Scheme but exclude subsidiaries which have been divested in the manner provided in By-Law 17.2
"Listing Requirements"	-	The Listing Requirements of Bursa Securities for the MESDAQ Market
"Market Day"	-	Any day from Monday to Friday (inclusive of both days) which is not a public holiday and on which Bursa Securities is open for the trading of securities
"Maximum Entitlement"	-	The maximum number of Shares that can be offered to an Eligible Person as stipulated in By-Law 6.1
"Offer"	-	A written offer made by the Option Committee to an Eligible Person in the manner provided in By-Law 7

"Option(s)"	-	The right of a Grantee to subscribe for one (1) new Share pursuant to the contract constituted by acceptance by the Grantee in the manner provided in By-Law 8 of an Offer made to such Grantee by the Option Committee pursuant to By-Law 7
"Option Committee"	-	A committee comprising directors and/or senior management personnel appointed by the Board to administer the Scheme
"Option Period"	-	The period commencing from the Date of Offer and expiring on the Date of Expiry of the Scheme as provided in By-Law 19.1. In the event that the duration of the Scheme shall be extended, the Date of Expiry of the Scheme shall be the date of expiry as so extended.
"Persons Connected"	-	Person(s) connected with an Eligible Person shall have the meaning given in Section 122A of the Act.
"Scheme"	-	The scheme for the granting of Options to Eligible Persons to subscribe for new Shares upon the terms as herein set out, such scheme to be known as the "INIX Employee Share Option Scheme"
"Shares" or "INIX Shares"	-	Ordinary shares of RM0.10 each in the Company
"Subscription Price"	-	The price at which a Grantee shall be entitled to subscribe for each Share as calculated in accordance with the provisions of By-Law 11
"Subsidiary Company"	-	A company being a subsidiary of Inix Technologies Holdings Berhad as defined in Section 5 of the Act

3.2 Headings are for ease of reference only and do not affect the meaning of a By-Law.

3.3 References to the provisions of statutes include such provisions as amended or re-enacted from time to time, and references to statutes include any consolidations, replacements or revisions of the same.

3.4 Words importing the masculine gender shall include the feminine and neuter genders.

3.5 Words importing the singular number shall include the plural number and vice versa.

4. TOTAL NUMBER OF SHARES AVAILABLE UNDER THE SCHEME

4.1 Each Option shall be exercisable into one (1) new Share in accordance with the provisions of these By-Laws.

4.2 The aggregate number of Shares to be offered under the Scheme shall not exceed fifteen per centum (15%) of the issued and paid-up ordinary share capital of the Company at any one time during the duration of the Scheme as provided in By-Law 19.1, and further, the following shall be complied with:-

(a) Not more than fifty per centum (50%) of the Shares available under the Scheme shall be allocated, in aggregate, to Directors and senior management; and

(b) Not more than ten per centum (10%) of the Shares available under the Scheme shall be allocated to any individual Eligible Person who, either singly or collectively through Persons Connected with the Eligible Person, holds 20% or more of the issued and paid-up share capital of the Company.

4.3 Notwithstanding By-Law 4.2 above nor any other provision herein contained, in the event the maximum number of new Shares comprised in the Options granted under the Scheme exceeds the aggregate of fifteen per centum (15%) of the issued and paid-up ordinary share capital of the Company as a result of the Company purchasing its own Shares pursuant to Section 67A of the Act and thereby diminishing the issued and paid-up capital of the Company, the Options granted shall remain valid and exercisable in accordance with these By-Laws. However, in such a situation, the Option Committee shall not make any further Offers.

4.4 The Company will keep available sufficient unissued Shares in its authorised share capital to satisfy all outstanding Options throughout the duration of the Scheme.

5. ELIGIBILITY

5.1 Only Eligible Persons who fulfill the following conditions shall be eligible to participate in the Scheme:-

(a) An Eligible Person must be at least eighteen (18) years of age on the Date of Offer;

(b) An Eligible Person must fall under one of the categories of Eligible Persons listed in By-Law 6.1 below or such additional categories as maybe introduced by the Option Committee;

(c) An Eligible Person, in the case of an Employee, must have been confirmed on the Date of Offer;

(d) If an Eligible Person is not a Malaysian citizen, he must, in addition to the conditions stipulated in paragraphs (a) to (c) above, also fulfill the following conditions:-

(i) The Eligible Person's contribution must be deemed by the Option Committee to be vital to the Group; and

(ii) Where the Eligible Person is of executive status, the Eligible Person has served the Group on a full time basis for at least one (1) year as at the Date of Offer.

Provided always that the selection of any Eligible Person for participation in the Scheme shall be at the discretion of the Option Committee and the decision of the Option Committee shall be final and binding.

5.2 No Eligible Person shall participate at any time in more than one (1) employee share option scheme currently implemented by any company within the Group.

5.3 Subject to By-Laws 4.2 and 6.1, in the event that the Option Committee has determined that certain Eligible Persons are entitled to be offered additional Options and the Available Balance is insufficient to grant their full additional entitlements, the Available Balance may be distributed on such basis as the Option Committee may determine.

5.4 The Option Committee has the discretion not to make further additional Offers regardless of the amount of the Available Balance.

5.5 Directors who represent the Government or Government institutions or agencies and Government employees who are serving in the public service scheme as defined under Article 132 of the Federal Constitution are not eligible for the Scheme.

5.6 The Option Committee may, at its discretion, nominate any Subsidiary Company of the Company to be an Eligible Subsidiary Company at any time from time to time provided that the Option Committee shall not so nominate any company which is dormant to be Eligible Subsidiary Company. A company shall ipso facto cease to be an Eligible Subsidiary Company at the time when such company ceases to be a Subsidiary Company of the Company. Additionally, the Option Committee may, at its discretion revoke or suspend the nomination of any Eligible Subsidiary Company at any time and from time to time, whereupon the employees or directors of such company shall henceforth cease to be eligible to receive an Offer under the Scheme provided that any Option already granted shall not affected by such revocation or suspension.

6. MAXIMUM ENTITLEMENT AND BASIS OF ALLOTMENT

6.1 The categories of Eligible Persons who are eligible to participate in the Scheme and their Maximum Entitlements are as follows:-

Category	**Maximum Entitlement (No. of Shares)**
Executive Directors	2,500,000
Senior Managers	1,500,000
Managers	1,000,000
Other employees	500,000

6.2 (a) In determining the number of Shares to be offered to an Eligible Person under the Scheme, the seniority of the Eligible Person and his length of service in the Group as at the Date of Offer shall be taken into consideration, subject to a minimum of one hundred (100) Shares and in multiples of one hundred (100) Shares.

(b) In the event that an Eligible Person is moved to a higher category and has achieved the appropriate length of service, as determined by the Option Committee, during the tenure of the Scheme may be eligible for additional new Shares to be decided by the Option Committee at its discretion subject to the following:

(i) that the said Eligible Person be allotted additional new Shares to the Maximum Entitlement for the category to which he/she has been promoted or be allotted additional new Shares in accordance with the length of service, less the number of new Shares already allotted to him/her;

(ii) The Eligible Person's Maximum Entitlement shall be increased in accordance with the scale provided in By-Law 16.1 upon his/her confirmation in the higher category. The additional allotment shall be from:

(1) The balance of the total Offer not exceeding fifteen per centum (15%) of the issued and paid-up share capital of the Company as referred to in By-Law 4 hereof;

(2) The resignation of Grantees who have not exercised their Options in full; or

(3) Additional Options that may be made available as a result of an increase to the issued and paid-up share capital of the Company.

(iii) that in the event that the balance of the new Shares available are insufficient to grant the full additional new Shares allotted to the promoted Eligible Employee, the available balance shall then be distributed on a proportionate basis according to the additional allotment for which they are eligible; and

(iv) that the Option Committee has the discretion not to make further additional allotment in the event that the balance of the new Shares available is inadequate to make a meaningful allotment.

(c) In the event that an Eligible Person is moved to a lower category, the following provisions shall apply:-

(i) His Maximum Entitlement shall be reduced in accordance with the scale provided in By-Law 6.1;

(ii) In the event that the total number of Shares in respect of Options which have been accepted by him up to the date he is moved to the lower category is greater than his Maximum Entitlement under such lower category, he shall be entitled to continue to hold and to exercise all unexercised Options held by him on such date but he shall not be entitled to be offered any further Options unless and until he is subsequently moved to a higher category so that his Maximum Entitlement is increased to an amount greater than the total number of Shares in respect of Options which have already been accepted by him; and

(iii) In the event that the total number of Shares in respect of Options which have been accepted by him up to the date he is moved to the lower category is less than his Maximum Entitlement under such lower category, he shall be entitled to continue to hold and to exercise all unexercised Options held by him on such date and, subject to By-Law 6.3, to be offered further Options up to his Maximum Entitlement under such lower category.

6.3 Notwithstanding By-Law 6.1, the number of Options to be offered to each Eligible Person shall, subject to each Eligible Person's Maximum Entitlement, be at the discretion of the Option Committee. In exercising its discretion, the Option Committee shall take into consideration the seniority, performance and length of service of each Eligible Person. The Option Committee shall not be obliged in any way to offer to an Eligible Person all of the specified Maximum Entitlement. The decision of the Option Committee shall be final and binding.

6.4 The Option Committee may at its discretion introduce additional categories of Eligible Persons which it shall deem necessary during the duration of the Scheme provided always that the Maximum Entitlements in respect of these additional categories are in compliance with the relevant Listing Requirements and applicable laws.

6.5 The Option Committee may make more than one (1) Offer to an Eligible Person provided that the aggregate number of Options offered to an Eligible Person throughout the entire duration of the Scheme does not exceed his Maximum Entitlement.

7. OFFER

7.1 During the duration of the Scheme, the Option Committee may at its discretion at any time and from time to time make an Offer in writing to an Eligible Person, subject to the Eligible Person's Maximum Entitlement under By-Law 6.1 hereof.

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

(a) The number of Options to subscribe for Shares under the Scheme that are being offered to the Eligible Person;

(b) The number of Shares which the Eligible Person shall be entitled to subscribe for upon the exercise of the Options being offered;

(c) The Option Period;

(d) The Subscription Price; and

(e) The Offer Period as defined in By-Law 7.3.

7.3 The actual number of new INIX Shares which may be offered to such Eligible Person shall be at the discretion of the Option Committee and shall not be less than one hundred (100) Shares nor more than the Maximum Entitlement as set out in By-Law 6 herein. The new Shares offered to Eligible Person shall always be in multiples of one hundred (100) Shares hereof.

7.4 An Offer shall be valid for a period of thirty (30) days from the Date of Offer ("**Offer Period**").

7.5 No Offer shall be made to any Director of INIX unless such Offer and the related allotment of Shares have previously been approved by the shareholders of the Company in general meeting.

7.6 Without prejudice to By-Law 21, in the event of an error on the part of the Company in stating any of the particulars referred to in By-Law 7.2, the following provisions shall apply:-

(a) Within one (1) month after discovery of the error, the Company shall issue a supplemental letter of Offer, stating the correct particulars referred to in By-Law 7.2;

(b) In the event that the error relates to particulars other than the Subscription Price, the Subscription Price applicable in the supplemental letter of Offer shall remain as the Subscription Price as per the original letter of Offer; and

(c) In the event that the error relates to the Subscription Price, the Subscription Price applicable in the supplemental letter of Offer shall be the Subscription Price applicable as at the date of the supplemental letter of Offer, save and except with respect to any Options which have already been exercised as at the date of issue of the supplemental letter of Offer.

7.7 After each adjustment following an alteration of the share capital of the Company as stipulated in By-Law 15.1, upon the return by a Grantee of the original letter of Offer to the Company, that letter of Offer shall be amended or a new letter of Offer shall be issued within two (2) months from the date of return of the original letter, to reflect the adjustment made to the number of Options granted to the Grantee and/or to the Subscription Price.

7.8 Nothing herein shall prevent the Option Committee from making more than one (1) Offer to an Eligible Person PROVIDED ALWAYS that the total aggregate number of new Shares to be offered to any Eligible Person shall not exceed the Maximum Entitlement as set out in By-Law 6 above.

8. ACCEPTANCE

8.1 Any Eligible Person who accepts an Offer by written notice must return to the Option Committee within thirty (30) days from the Offer Date, the Acceptance Form as prescribed by the Option Committee (subject to modification by the Option Committee from time to time) duly completed as required therein accompanied by a payment to the Company of a nominal non-refundable consideration of Ringgit Malaysia One (RM1.00) only as consideration for the Option.

8.2 If an Offer is not accepted in the manner prescribed above, such Offer shall upon the expiry of the said fourteen (14) days period, automatically lapse and shall be null and void and be of no further legal force and effect. The number of Options offered in the lapsed Offer shall be deducted from the Maximum Entitlement or the balance of the Maximum Entitlement of the Eligible Person, and the Eligible Person shall not be entitled to be offered the number of Options offered in the lapsed Offer, in any Offers made in the future.

9. NON-TRANSFERABILITY

9.1 An Option is personal to the Grantee and subject to the provisions of By-Laws 14.2 and 14.3, it is exercisable only by the Grantee personally during his lifetime whilst he is in the employment or appointment of any company in the Group.

9.2 An Option shall not be transferred, assigned, disposed of or subject to any encumbrances by the Grantee save and except in the event of the death of the Grantee as provided under By-Law 14.3. Any such transfer, assignment, disposal or encumbrance shall result in the automatic cancellation of the Option.

10. EXERCISE OF OPTIONS

10.1 Subject to By-Laws 14.2, 14.3, 16 and 17, a Grantee shall be allowed to exercise the Options granted to him on terms set out in the letter of Offer, **on the last working day of each calendar month** or such other period that may be stipulated by the Option Committee, during his lifetime whilst he is in the employment or appointment of the Group, and within the Option Period subject to the following limits:-

Maximum Percentage of Options Exercisable in Each Year Commencing From Date of Offer (On a Per Offer Basis)					
Number of Options Accepted Per Offer	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Less than or equal to 100,000	50%	50%	-	-	-
100,001 to 500,000	25%	25%	50%	-	-
500,001 to 1,000,000	25%	25%	25%	20%	20%
Above 1,000,000	20%	20%	20%	20%	20%

Note: The above percentages of Options shall be rounded up to the nearest 100 Shares.

Notwithstanding the above, all Options granted will only be exercisable after one (1) year from the date of INIX's admission to the MESDAQ Market of Bursa Securities.

10.2 Subject to the discretion of the Option Committee, where a Grantee is serving under an employment contract and the remaining duration of the contract is less than five (5) years from the Date of Offer, he may exercise any remaining unexercised Options upon the expiry of the contract but before the Date of Expiry of the Scheme.

10.3 Options which are exercisable in a particular year but are not exercised may be carried forward to subsequent years subject to the Option Period. Any balance of Options not exercised within six (6) months preceding the Date of Expiry shall be capable of being exercised in full subject to the approval of the Option Committee. Any Options which remain unexercised at the expiry of the Option Period shall be automatically terminated without any claim against the Company. For the avoidance of doubt, it is hereby stated that the provisions of By-Laws 10.1 and 10.2 are subject to the provisions of this By-Law 10.3.

10.4 A Grantee shall exercise his Options on the last working day of each calendar month or such other period that may be stipulated by the Option Committee, by notice in writing to the Company stating the number of Options exercised. The procedure for the exercise of Options to be complied with by a Grantee shall be determined by the Option Committee from time to time.

10.5 A Grantee shall exercise his Options by notice in writing to the Company in the prescribed form stating the number of Options exercised, the number of Shares relating thereto and the Grantee's individual/nominee CDS Account number. The Options shall be exercised in multiples of and not less than one hundred (100) Shares. The exercise by a Grantee of some but not all of the Options which have been offered to and accepted by him shall not preclude the Grantee from subsequently exercising any other Options which have been or will be offered to and accepted by him, during the Option Period.

10.6 Every notice to exercise Options shall be accompanied by a remittance in Ringgit Malaysia in the form of a banker's draft or cashier's order drawn and payable in Kuala Lumpur, for the full amount of the subscription money in relation to the number of Shares in respect of which the notice is given.

10.7 Within ten (10) Market Days of the receipt by the Company of such notice and payment, or such other period as may be prescribed by Bursa Securities, and subject to the Articles of the Company, the Company shall allot the relevant number of Shares to the Grantee. The said Shares will be credited directly into the CDS Account of the Grantee (subject to the provisions of the Articles, the Central Depositories Act and Depository Rules) or his financier, as the case may be, and a notice of allotment stating the number of Shares so credited will be issued to the Grantee. No physical certificates will be issued. An application will be made for the quotation of such Shares.

10.8 The Company, the Board and the Option Committee shall not under any circumstances be held liable to any person for any costs, losses, expenses, damages or liabilities howsoever arising in the event of any delay on the part of the Company in allotting and issuing the Shares or in procuring Bursa Securities to list and quote the Shares subscribed for by a Grantee or any delay in receipt or non-receipt by the Company of the notice to exercise the Options or for any errors in any Offers.

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11. SUBSCRIPTION PRICE

The Subscription Price of each INIX Share comprised in any Option shall, subject always to the provisions of By-Law 15 hereof, be as follows:-

(a) In respect of any Offer which is made in conjunction with the Company's listing on the MESDAQ Market of Bursa Securities, the initial public offer price; and

(b) In respect of any Offer which is made subsequent to the Company's listing on the MESDAQ Market of Bursa Securities:-

(i) the weighted average market price of the INIX Shares for the five (5) Market Days immediately preceding the Date of Offer with a discount of not more than ten per centum (10%); and

(ii) the price so determined shall not be less than the par value of the INIX Shares;

or at a subscription price in accordance with any guidelines, rules and regulations of the relevant authorities governing the Scheme at the time of the Offer.

12. RIGHTS ATTACHING TO SHARES

The new Shares to be allotted upon the exercise of any Options will, upon allotment and issue, rank pari passu in all respects with the existing issued and paid-up Shares of the Company, except that the new Shares will not be entitled to any dividends, rights, allotments or other distributions, the Entitlement Date of which is prior to the date of allotment of the said Shares. The new Shares will be subject to all the provisions of the Articles of Association of the Company.

13. HOLDING OF SHARES

The Company encourages Grantees to hold the Shares subscribed for by them for as long as possible although a Grantee or his financier, as the case may be, may sell the Shares subscribed for by the Grantee at any time after such Shares have been credited to the Grantee's or his financier's CDS Account.

14. TERMINATION OF EMPLOYMENT

14.1 Subject to By-Law 14.2 and 14.3, any Option which has not been exercised by a Grantee shall be automatically terminated in the following circumstances:-

(a) Termination of employment or appointment of the Grantee with the Group for any reason whatsoever, in which event the Option shall be automatically terminated on the day the Grantee notifies his employer of his resignation or on the Grantee's last day of employment or appointment, whichever is the earlier; or

(b) Bankruptcy of the Grantee, in which event the Option shall be automatically terminated on the date a receiving order is made against the Grantee by a court of competent jurisdiction; or

(c) Upon the happening of any other event which results in the Grantee being deprived of the beneficial ownership of the Option.

Upon the termination of Options pursuant to By-Law 14.1(a), (b) or (c) above, the Grantee shall have no right to compensation or damages or any claim against the Company from any loss of any right or benefit or prospective right or benefit under the Scheme which he might otherwise have enjoyed, whether for wrongful dismissal or breach of contract or loss of office or otherwise howsoever arising from his ceasing to hold office or employment or appointment or from the suspension of his right to exercise his Options or his Options ceasing to be valid.

14.2 Notwithstanding By-Law 14.1 above, the Option Committee may at its discretion allow an Option to remain exercisable during the Option Period on such terms and conditions as it shall deem fit if the cessation of employment or appointment occurs as a result of:-

(a) Retirement on attaining the normal retirement age of fifty-five (55) years; or

(b) Retirement before attaining the normal retirement age and with the consent of the employer company within the Group; or

(c) Ill-health, injury, physical or mental disability; or

(d) Redundancy; or

(e) Transfer to any company outside the Group at the direction of the Company; or

(f) Any other circumstance acceptable to the Option Committee, subject to the approval and/or ratification by the Board.

14.3 In the event that a Grantee dies before the expiry of the Option Period and, at the date of death, holds any Options which are unexercised, such Options may be exercised by the personal or legal representative of the deceased Grantee within the Option Period subject to the approval of the Option Committee.

The exercise of Options in the proportions set out in By-Law 10.1 hereof shall not apply to an exercise of the Options of a deceased Grantee by his personal or legal representative. The proportion exercisable is at the discretion of the Option Committee.

15. ALTERATION OF CAPITAL

15.1 In the event of any alteration in the capital structure of the Company during the Option Period, whether by way of a capitalisation issue, rights issue, bonus issue, consolidation or subdivision of Shares or capital reduction or any other variation of capital, the Company shall cause such adjustments to be made to:-

(a) The number of new Shares which a Grantee shall be entitled to subscribe for upon the exercise of each Option (excluding the Options already exercised); and/or

(b) The Subscription Price;

as shall be necessary to ensure that any adjustment made must be in compliance with the provisions for adjustment as provided in the By-Laws of the Scheme.

15.2 The following provisions shall apply in relation to an adjustment which is made pursuant to By-Law 15.1:-

(a) Any adjustment to the Subscription Price shall be rounded up to the nearest one (1) sen and in no event shall the Subscription Price be reduced to an amount which is below the par value of the Shares; and

(b) In determining a Grantee's entitlement to subscribe for new Shares, any fractional entitlements will be disregarded.

15.3 In addition to By-Law 15.1 and not in derogation thereof, the Subscription Price and the number of new Shares relating to the Option so far unexercised shall from time to time be adjusted in accordance with the following relevant provisions in consultation with the Auditor:-

(a) If and whenever a Share by reason of any consolidation or subdivision or conversion shall have a different par value, the Subscription Price shall be adjusted by multiplying it by the revised par value and dividing the result by the former par value and the additional number of new Shares relating to the Option to be issued shall be calculated in accordance with the following formula:-

$$\text{Number of additional Shares} = T \text{ X} \left(\frac{\text{Former Par Value}}{\text{Revised Par Value}} \right) - T$$

Where T = existing number of Shares relating to the Option.

Such adjustment will be effective from the close of business on the Market Day immediately following the date on which the consolidation or subdivision or conversion becomes effective (being the date when the Shares are traded on Bursa Securities at the new par value), or such period as may be prescribed by Bursa Securities.

(b) If and whenever the Company shall make any issue of Shares to shareholders credited as fully paid, by way of bonus issue or capitalisation issue of profits or reserves of the Company (whether of a capital or income nature and including any share premium account and capital redemption reserve fund), the Subscription Price shall be adjusted by multiplying it by the following fraction:-

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

and the additional number of new Shares relating to the Option to be issued shall be calculated as follows:-

$$\text{Number of additional Shares} = \left\{ T \text{ X} \left(\frac{A+B}{A} \right) \right\} - T$$

Where:

A = the aggregate number of issued and fully paid-up Shares immediately before such bonus issue or capitalisation issue; and

B = the aggregate number of Shares to be issued pursuant to any allotment to shareholders credited as fully paid by way of bonus issue or capitalisation issue of profits or reserves of the Company (whether of a capital or income nature and including any share premium account and capital redemption reserve fund); and

T = T as in By-Law 15.3(a) above.

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

(c) If and whenever Company shall make:

(1) a Capital Distribution (as defined below) to ordinary shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets); or

(2) any offer or invitation to ordinary shareholders whereunder they may acquire or subscribe Shares by way of rights; or

(3) any offer or invitation to ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into Shares or securities with rights to acquire or subscribe for Shares,

then and in respect of each such case, the Subscription Price shall be adjusted by multiplying it by the following fraction:-

$$\frac{C - D}{C}$$

and in respect of the case referred to in By-Law 15.3(c)(2) hereof, the number of additional new Shares comprised in the Option to be issued shall be calculated as follows:-

$$\text{Number of additional Shares} = \left\{ T \times \left(\frac{C}{C - D^*} \right) \right\} - T$$

Where:

T = T as in By-Law 15.3(a) above;

C = the current market price of each Share on the Market Day immediately preceding the date on which the Capital Distribution or, as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing any such announcement) immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation; and

D = (aa) in the case of an offer or invitation to acquire or subscribe for Shares under By-Law 15.3(c)(2) above or for securities convertible into or with rights to acquire or subscribe for Shares under By-Law 15.3(c)(3) above, the value of rights attributable to one (1) Share (as defined below); or

(bb) in the case of any other transaction falling within By-Law 15.3(c) hereof, the fair market value as determined (with the concurrence of the Auditor) by the adviser of the Company (a merchant bank or universal broker) of that portion of the Capital Distribution to one (1) Share.

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

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

Where:

C = C as in By-Law 15.3(c) above;

E = the subscription price for one (1) additional Share under the terms of offer or invitation or one (1) additional security convertible into Shares or one (1) additional security with rights to acquire or subscribe for Shares;

F = the number of Shares which is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Shares or security convertible into Shares or right to acquire or subscribe for Shares; and

D* = The value of rights attributable to one (1) Shares (as defined below).

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

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

Where:

C = C as in By-Law 15.3(c) above;

E = the subscription price for one (1) additional Share under the terms of offer or invitation; and

F = the number of Shares which is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Shares.

For the purpose of By-Law 15.3(c) hereof, ("**Capital Distribution**") shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of Shares (not falling under By-Law 15.3(b) hereof) or other securities credited as fully or partly paid-up by way of capitalisation of profits or reserves of the Company (whether of a capital or income nature and including any share premium account and capital redemption reserve fund).

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

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

(d) If and whenever the Company makes any allotment to its shareholders as provided in By-Law 15.3(b) above and also makes any offer or invitation to its shareholders as provided in By-Law 15.3(c)(2) or (3) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the Subscription Price shall be adjusted by multiplying it by the following fraction:-

$$\frac{(G \times C) + (H \times I)}{(G + H + B) \times C}$$

and where the Company makes any allotment to its shareholders as provided in By-Law 15.1(b) above and also makes any offer or invitation to its shareholders as provided in By-Law 15.3(c)(2) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the number of additional new Shares relating to the Option to be issued shall be calculated as follows:-

$$\text{Number of additional Shares} = \left(T \times \frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right) - T$$

Where:

G = the aggregate number of issued and fully paid-up Shares on the entitlement date;

C = C as in By-Law 15.3(c) above;

H = the aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into Shares or rights to acquire or subscribe for Shares as the case may be;

H* = the aggregate number of Shares under an offer or invitation to acquire or subscribe for Shares by way of rights;

I = the subscribe price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares or the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Share, as the case may be;

I* = the subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares;

B = B as in By-Law 15.1(b) above; and

T = T as in By-Law 15.1(a) above.

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

(e) If and whenever the Company makes any offer or invitation to its shareholders to acquire or subscribe for Shares as provided in By-Law 15.3(c)(2) above together with an offer or invitation to acquire or subscribe for securities convertible into or rights to acquire or subscribe for shareholders as provided in By-Law 15.3(c)(3) above, the Subscription Price shall be adjusted by multiplying it by the following fraction:-

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C}$$

and the number of additional new Shares relating to the Option to be issued shall be calculated as follows:-

$$\text{Number of additional Shares} = \left(T \times \frac{(G + H^*) \times C}{(G \times C) + (H^* \times I^*)} \right) - T$$

Where:

G = G as in By-Law 15.3(d) above;

C = C as in By-Law 15.3(c) above;

H = H as in By-Law 15.3(d) above;

H* = H* as in By-Law 15.3(d) above;

I = I as in By-Law 15.3(d) above;

I* = I* as in By-Law 15.3(d) above;

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

K = the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Shares; and

T = T as in By-Law 15.3(a) above.

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

(f) If and whenever the Company makes an allotment to its shareholders as provided in By-Law 15.3(b) above and also makes an offer or invitation to acquire or subscribe for Shares to its shareholders as provided in By-Law 15.3(c)(2) above, together with rights to acquire or subscribe for securities convertible into or with rights to acquire or subscribe for Shares as provided in By-Law 15.3(c)(3) above, and the Entitlement Date for the purpose of allotment is also the Entitlement Date for the purpose of the offer or invitation, the Subscription Price shall be adjusted by multiplying it by the following fraction:-

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J + B) \times C}$$

and the number of additional new Shares relating to the Option to be issued shall be calculated as follows:-

$$\text{Number of additional Shares} = \left(T \times \frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right) - T$$

Where:

G = G as in By-Law 15.3(d) above;

C = C as in By-Law 15.3(c) above;

H = H as in By-Law 15.3(d)) above;

H* = H* as in By-Law 15.3(d) above

I = I as in By-Law 15.3(d) above;

I* = I* as in By-Law 15.3(d) above

J = J as in By-Law 15.3(d) above;

T = T as in By-Law 15.3(a) above;

K = K as in By-Law 15.3(e) above;

B = B as in By-Law 15.3(b) above;

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

(g) If and whenever (otherwise than pursuant to a rights issue available to all shareholders and requiring an adjustment under By-Laws 15.3(c)(2), (c)(3), (d), (e) or (f) above), the Company shall issue either any Share or any security convertible into Shares or any rights to acquire or subscribe for Shares, and in any such case, the Total Effective Consideration per Share (as defined below) is less than ninety percent (90%) of the Average Price for one (1) Share (as defined below) or, as the case may be, the price at which the Shares will be issued upon conversion of such securities or exercise of such rights is determined, the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{L + M}{L + N}$$

Where:

L = the number of Shares in issue at the close of business on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;

M = the number of Shares which the Total Effective Consideration (as defined below) would have purchased at the Average Price (as defined below) (exclusive of expenses); and

N = the aggregate number of Shares so issued or, in the case of securities convertible into Shares or rights to acquire or subscribe for Shares, the maximum number (assuming no adjustment of such rights) of Shares issuable upon full conversion of such securities or the exercise in full of such rights.

For the purpose of By-Laws 15.3(g), ("**Total Effective Consideration**") shall be determined by the Board with the concurrence of the Auditor and shall be:-

(i) In case of the issue of Shares, the aggregate consideration receivable by the Company on payment in full for such Shares; or

(ii) In the case of the issue by the Company of securities wholly or partly convertible into Shares, the aggregate consideration receivable by the Company on payment in full for such securities or such part of the securities as is convertible together with the total amount receivable by the Company upon full conversion of such securities (if any); or

(iii) In the case of the issue by the Company of securities with rights to acquire or subscribe for Shares, the aggregate consideration attributable to the issue of such rights together with the total amount receivable by the Company upon full exercise of such rights;

in each case without any deduction of any commission, discount or expense paid, allowed or incurred in connection with the issue thereof, and the "Total Effective

Consideration per Share" shall be the Total Effective Consideration divided by the number of Shares issued as aforesaid or, in the case of securities convertible into Shares or securities with rights to acquire or subscribe for Shares, by the maximum number of Shares issuable on full conversion of such securities or on exercise in full of such rights.

For the purpose of By-Law 15.3(g), ("**Average Price**") of a Share shall be the average price of one (1) Share as derived from the last dealt prices for one or more board lots of Shares as quoted on Bursa Securities on the Market Days comprised in the period used as a basis upon which the issue price of such Shares is determined.

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

(h) For the purpose of By-Law 15.1(c),(d),(e) and (f), the "Current Market Price" in relation to one (1) Share for any relevant day shall be the average of the last dealt prices for the five (5) consecutive Market Days before such date or during such other period as may be determined in accordance with any guidelines issued, from time to time, by the relevant authorities.

Such adjustments must be confirmed in writing by the Auditors of the Company for the time being (acting as experts and not as arbitrators), upon reference to them by the Option Committee, to be in their opinion, fair and reasonable, PROVIDED ALWAYS THAT:

(a) no adjustment to the Subscription Price shall be made which would result in the new 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 Subscription Price payable shall be the par value of the new Shares;

(b) upon any adjustment being made pursuant to this By-Law, the ESOS 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 legal representatives where applicable) in writing informing him of the adjusted Subscription Price thereafter in effect and/or the revised number of new Shares thereafter to be issued on the exercise of the Option; and

(c) any adjustments made must be in compliance with the provisions for adjustment as provided in these By-Laws .

Nevertheless, any adjustments to the Subscription Price and /or the number of new Shares comprise in the Option so far as unexercised arising from bonus issues, need not be confirmed in writing by the Auditors of the Company.

15.4 The adjustment pursuant to this By-Law shall be made on the day immediately following the books closure date for the event giving rise to the adjustment.

15.5 The Company's auditors must confirm in writing that the adjustments (other than on a capitalisation issue) are in their opinion fair and reasonable.

15.6 The provisions of this By-Law shall not apply where the alteration in the capital structure of the Company arises from:

(i) an issue of new Shares as consideration or part consideration for an acquisition of any other securities, assets or business;

(ii) a special issue of new Shares to Bumiputera parties nominated by the Ministry of International Trade and Industry, Malaysia and/or other government authorities to comply with the Government policy on Bumiputera capital participation;

(iii) a private placement of new Shares by the Company;

(iv) an issue of new Shares arising from the exercise of any conversion rights attached to securities convertible to Shares or upon exercise of any other rights including warrants (if any) issued by the Company; and

(v) an issue of new Shares upon the exercise of Options pursuant to the Scheme.

15.7 Should there be other circumstances which give rise to a consideration for adjustments to the Subscription Price or the number of new Shares in favour of all the Grantees, but it is decided that no adjustments will be made, such decision must be made known to all the Grantees via a timely notice, subject to compliance with the Listing Requirements and/or relevant guidelines.

15.8 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Part VII of the Act, By-Law 15.1 shall be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which By-Law 15.1 is applicable, but By-Law 15.1 shall not be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which By-Law 15.1 is not applicable as described in By-Law 15.4.

15.9 An adjustment pursuant to By-Law 15.1 shall be made at the following times:-

(a) In the case of a capitalisation issue, rights issue or bonus issue, on the Market Day immediately following the Entitlement Date for such issue; and

(b) In the case of a consolidation or subdivision of Shares or capital reduction, on the Market Day immediately following the date on which the consolidation or subdivision or capital reduction becomes effective (being the date when the Shares are traded on Bursa Securities at the new par value), or such period as may be prescribed by Bursa Securities.

Upon any adjustment being made, the ESOS Committee shall give notice in writing within thirty (30) days from the date of adjustment to the Grantee, or his representative where the Grantee is deceased, to inform him of the adjustment and the event giving rise thereto.

15.10 All adjustments (other than on a bonus issue) must be confirmed in writing by an Auditor of the Company, acting as an expert and not as an arbitrator to be in his opinion fair and reasonable. In addition, the Company shall, at the request of any Grantee, furnish such Grantee with a certificate from an Auditor confirming the adjustments (other than on a bonus issue) to be made either generally or as regards to such Grantee, such certification shall be final and binding on all parties

16. TAKE-OVERS AND MERGERS

16.1 In the event of an offer being made for Shares under the Securities Commission Act, 1993 and the Malaysian Code on Take-Overs and Mergers, 1998 and such offer being declared unconditional, the following provisions shall apply:-

(a) A Grantee shall be entitled to exercise all or any of the Options held by him as at the date of such offer being declared unconditional, within a period of six (6) months after such date and in accordance with the provisions of By-Law 10.4. In the event that the Grantee elects not to so exercise some or all of the Options held by him, the unexercised Options shall be automatically terminated on the expiry of the said period of six (6) months; and

(b) If during the said period of six (6) months, the offeror becomes entitled or bound to exercise rights of compulsory acquisition in respect of the Shares under the provisions of the Securities Commission Act, 1993 and gives notice to the Grantee that he intends to exercise such rights on a specific date ("**Specified Date**"), the Grantee shall be entitled to exercise all or any of the Options held by him until the expiry of the said period of six (6) months or the Market Day immediately preceding the Specified Date, whichever is the earlier, and in accordance with the provisions of By-Law 10.4. In the event that the Grantee elects not to so exercise some or all of the Options held by him, the unexercised Options shall be automatically terminated on the expiry of the said period of six (6) months or on the Specified Date, whichever is the earlier.

16.2 In the event the court has sanctioned a compromise or arrangement between the Company and its members for the purpose of, or in connection with, a scheme for reconstruction of the Company or amalgamation with any other company or companies under the provisions of the Act, then the Grantee shall immediately become entitled in the period up to but excluding the date upon which such compromise or arrangement becomes effective, to exercise in whole or in part his Options. All unexercised Options held by a Grantee shall be automatically terminated on the date upon which such compromise or arrangement becomes effective.

16.3 For the avoidance of doubt, the limits on the exercise of Options stipulated in By-Law 10.1 shall not apply in respect of By-Laws 16.1(a), 16.1(b) and 16.2 above.

17. DIVESTMENT FROM GROUP

17.1 In the event that a company within the Group shall be divested from the Group, a Grantee who is employed by such company:-

(a) Shall be entitled to continue to hold and to exercise all the Options held by him on the date of completion of such divestment within a period of one (1) year from the date of completion of such divestment or the Option Period, whichever expires first, and in accordance with the provisions of By-Law 10.4. In this instance, the limits on the exercise of Options stipulated in By-Law 10.1 shall not apply. In the event that the Grantee does not so exercise some or all of such Options, the unexercised Options shall be automatically terminated upon the expiry of the relevant period; and

(b) Shall no longer be eligible to participate for further Options under the Scheme as from the date of completion of such divestment.

17.2 For the purposes of By-Law 17.1, a company shall be deemed to be divested from the Group in the event that such company would no longer be a subsidiary of the Company pursuant to Section 5 of the Act.

18. WINDING UP

All outstanding Options shall be automatically terminated in the event that a resolution is passed or a court order is made for the winding up of the Company.

19. DURATION, TERMINATION AND EXTENSION OF SCHEME

19.1 The Scheme shall come into force on the Effective Date. The Scheme shall be in force for a duration of five (5) years from the Effective Date subject however to any extension of the Scheme as provided under By-Law 19.3 below. The date of expiry of the Scheme shall be at the end of the five (5) years from the Effective Date or, if the Scheme shall be extended, shall be the date of expiry as so extended ("**Date of Expiry**").

19.2 Offers can only be made during the duration of the Scheme before the Date of Expiry.

19.3 The Scheme may be extended for a further period of up to five (5) years at the discretion of the Board upon the recommendation of the Option Committee. Any extended Scheme under this provision shall be implemented in accordance with the terms of these By-Laws, subject however to any revisions and/or changes to the relevant laws and/or regulations currently in force. Unless otherwise required by the relevant authorities, no further approvals shall be required for the extension of the Scheme PROVIDED THAT the Company shall serve appropriate notices on each Grantee and make any announcements to Bursa Securities (if required) within thirty (30) days prior to the expiry of the original Scheme.

The total duration of the scheme shall not exceed ten (10) years from the Effective Date.

19.4 Notwithstanding anything to the contrary, all unexercised Options shall lapse on the Date of Expiry.

19.5 Subject to the written consent of the Grantees who have yet to exercise their Options, either in part or in whole, the Company in general meeting may, at any time, by ordinary resolution terminate the Scheme. In this event, the following provisions shall apply:-

(a) No further Offers shall be made by the Option Committee from the date of such resolution;

(b) All Offers which have yet to be accepted by Eligible Persons shall automatically lapse on the date of such resolution; and

(c) All outstanding Options which have yet to be exercised by Grantees shall be automatically terminated on the date of such resolution.

20. SUBSEQUENT EMPLOYEE SHARE OPTION SCHEME

Subject to the approval of the relevant authorities and compliance with the requirements of the relevant authorities, the Company may establish a new employee share option scheme after the Date of Expiry or after the termination of the Scheme pursuant to By-Law 19.5 herein.

21. ADMINISTRATION

21.1 The Scheme shall be administered by the Option Committee. The Option Committee shall, subject to these By-Laws, administer the Scheme in such manner as it shall think fit.

21.2 Without limiting the generality of By-Law 21.1, the Option Committee may, for the purpose of administering the Scheme, do all acts and things, rectify any errors in Offers, execute all documents and delegate any of its powers and duties relating to the Scheme as it may in its discretion consider to be necessary or desirable for giving effect to the Scheme.

21.3 The Board shall have power at any time and from time to time to rescind the appointment of any person appointed to the Option Committee as it shall deem fit.

22. AMENDMENT

22.1 Subject to By-Law 22.2, the Option Committee may at any time and from time to time recommend to the Board any additions or amendments to or deletions of these By-Laws as it shall in its discretion think fit and the Board shall have the power by resolution to add to, amend or delete all or any of these By-Laws upon such recommendation PROVIDED THAT no additions or amendments to or deletions of these By-Laws to the following provisions of the Scheme shall be made which will alter to the advantage of any Eligible Person to whom the Option Committee has made an Offer, without the prior approval of the Company's shareholders in general meeting:-

(a) the Eligible Persons to the Scheme and the basis of eligibility;

(b) the maximum number of Options to be offered under the Scheme;

(c) the Maximum Entitlement for each category of Eligible Persons as defined in By-Law 6.1;

(d) the non-refundable consideration payable on acceptance of the Options and the basis for determining the Subscription Price;

(e) the time limit of the Scheme;

(f) the time period to which any Eligible Person is debarred, pursuant to the provisions of the Scheme, from disposing any Shares allotted pursuant to the exercise of Options;

(g) the rights attaching to the new Shares to be allotted upon the exercise of any Options and

(h) the formulas for adjustments to the Subscription Price or number of shares comprised in the Options (so far as unexercised) as set out in By-Law 15 hereto.

22.2 Any such modification/change shall be in compliance with the requirements of Bursa Securities or any other relevant authorities. If required, the Company is to submit to Bursa Securities, each time a modification/change is made, a confirmation letter that the modification/change does not contravene any provisions of the guidelines on an employee share option scheme as stipulated under the Listing Requirements.

23. INSPECTION OF ACCOUNTS

All Grantees are entitled to inspect the latest annual report of the Company at the registered office of the Company for the time being.

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24. SCHEME NOT A TERM OF EMPLOYMENT

This Scheme shall not confer or be construed to confer on an Eligible Person any special rights or privileges over the Eligible Person's terms and conditions of employment or appointment in the Group under which the Eligible Person is employed or appointed nor any rights additional to any compensation or damages that the Eligible Person may be normally entitled to arising from the cessation of such employment or appointment. The Scheme shall not form part of or constitute or be in any way construed as a term or condition of employment or appointment of any Eligible Person.

25. NO COMPENSATION FOR TERMINATION

No Eligible Person shall be entitled to any compensation for damages arising from the termination of any Options or this Scheme pursuant to the provisions of these By-Laws.

26. DISPUTES

Any disputes arising hereunder shall be referred to the decision of the Board, whose decision shall be final and binding in all respects, provided that any Directors of the Company who are also in the Option Committee shall abstain from voting and no person shall be entitled to dispute any decision or certification which is stated to be final and binding under these By-Laws.

27. COSTS AND EXPENSES

All fees, costs and expenses incurred in relation to the Scheme including but not limited to the fees, costs and expenses relating to the allotment and issue of Shares pursuant to the exercise of Options, shall be borne by the Company.

28. ARTICLES OF ASSOCIATION

In the event of a conflict between any of the provisions of these By-Laws and the Articles of Association of the Company, the Articles of Association shall prevail.

29. TAXES

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

30. DISCLAIMER OF LIABILITY

Notwithstanding any provisions contained herein and subject to the Act, the Option Committee and the Company shall not under any circumstances be held liable for any cost, loss, expense and/or damage whatsoever arising in any event, including but not limited to the Company's delay in issuing the new Shares or applying for or procuring the listing of the new Shares on Bursa Securities in accordance with By-Law 21 hereof (and any other stock exchange on which the new Shares are quoted or listed).

31. CONDITION OF OPTION

Every Option shall be subject to the condition that no new Shares shall be issued pursuant to the exercise of an Option if such issue would be contrary to any law or enactment, or any rules or regulations of any legislative governing body for the time being in force in Malaysia or any other relevant country.

32. NOTICES

32.1 Any notice which under the Scheme is required to be given to or served upon the Option Committee by an Eligible Person or Grantee or any correspondence to be made between an Eligible Person or Grantee and the Option Committee shall be given or served in writing and either delivered by hand or sent to the Registered Office of the Company by telex, facsimile, registered letter or electronic mail.

32.2 Any notice which under the Scheme is required to be given or served upon an Eligible Person or Grantee or any correspondence to be made between an Eligible Person or Grantee shall be deemed sufficiently given or served in writing and either delivered by hand or sent to the Eligible Person or Grantee at the place of employment or at the last address known to the Company as being his/her address. Any notice served by post as aforesaid shall be deemed to have been received at the time when such registered letter would in the ordinary course of post be delivered.

33. GOVERNING LAW

The Scheme shall be governed by and construed in accordance with the laws of Malaysia. The Grantee, by accepting the Options in accordance with the By-Laws and terms of the Scheme and the Articles of the Company, irrevocably submits to the exclusive jurisdiction of the courts of Malaysia.

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