



(Prepared for inclusion in this Prospectus)

22 JUL 2005

Registered Office:-

Key West Global Telecommunications Berhad
Level 7 Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Malaysia.

The Shareholders of
KEY WEST GLOBAL TELECOMMUNICATIONS BERHAD ("KEYWEST" OR THE "COMPANY")

Dear Sir/Madam,

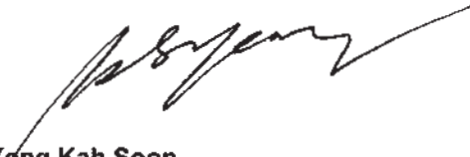
On behalf of the Board of Directors of KeyWest, I wish to report that after making due enquiries to the Company and its subsidiaries during the period between 31 January 2005 (being the date to which the last audited accounts of the Company and its subsidiaries have been made up) to **22 JUL 2005** (being a date not earlier than fourteen (14) days before the issue of this Prospectus), that:-

- (a) the business of the Company and its subsidiaries has, in the opinion of the Directors, been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen since the last audited accounts of the Company and its subsidiaries which have adversely affected the trading or the value of the assets of the Company or any of its subsidiaries;
- (c) the current assets of the Company and its subsidiaries appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) no contingent liabilities have arisen by reason of any guarantees or indemnities given by the Company or any of its subsidiaries;
- (e) in the opinion of the Directors, since the last audited accounts of the Company and its subsidiaries, they are not aware of, any default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings; and

10. DIRECTORS' REPORT (Cont'd)

- (f) save as disclosed in the Reporting Accountants' Report on Proforma Consolidated Balance Sheets in Section 8.9 and the Accountants' Report in Section 9 of this Prospectus, there have been no material changes in the published reserves or any unusual factors affecting the profits of the Company and its subsidiaries since the last audited accounts of the Company and its subsidiaries.

Yours faithfully,
For and on behalf of the Board of Directors of
Key West Global Telecommunications Berhad



Alfred Yong Kah Soon
Chairman and Managing Director

11. SUMMARY OF MARKET RESEARCH REPORT

I N T E R N A T I O N A L D A T A C O R P O R A T I O N

22 JUL 2005

Key West Global Telecommunications Berhad
Level 7 Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Malaysia.

Attention: Board of Directors

Executive Summary of the Independent Market Research Report on the Worldwide Voice Telecommunications Services Market

IDC has prepared an executive summary of the Independent Market Research Report on the Worldwide Voice Telecommunications Services Market for KEY WEST GLOBAL TELECOMMUNICATIONS BERHAD. The following is a summary of the market research report prepared by us for the inclusion in the Prospectus of KEY WEST GLOBAL TELECOMMUNICATIONS BERHAD in relation to its listing on the MESDAQ Market of Bursa Malaysia Securities Berhad.

IDC has prepared this report in an objective manner and has taken all reasonable consideration and care to ensure the accuracy of the report. IDC is neither responsible nor liable for the decisions of the readers of this document. This report should not be viewed as a recommendation to buy or not to buy the shares of any companies or companies. Reproduction is forbidden unless authorized by IDC.

Yours faithfully,


Selinna Chin
Managing Director
IDC Malaysia, Indonesia and Philippines

IDC Market Research (M) Sdn Bhd (392772-T)
Suite 13-03, Level 13, Menara HLA
3, Jalan Kia Peng, 50450 Kuala Lumpur

Tel: (603) 2163-3715 Fax: (603) 2163-5098



Analyze the Future



EXCERPT

Executive Summary of the Independent Market Research Report on the Worldwide Voice Telecommunications Services Market

Lincoln Lee

Linus Lai

SITUATION OVERVIEW

The wholesale telecommunications industry witnessed an eventful start to the beginning of this century. With rising demand for bandwidth all over the world, telecommunication infrastructure builders such as MCI, Global Crossing have built fibre connectivity between regions with undersea cable in anticipation of increasing global demand for telecommunication services. The reason for this frenzy of building was attributed to the internet 'dot com' hype.

The build up of these network connectivity have resulted to an over capacity condition between the late 1990s and into the new millennium, where numerous wholesalers of telecommunication services emerged to compete with the global carrier's efforts to drive the supply of wholesale telecommunications business. The increasing numbers of wholesalers, carrier's carrier, inter exchange carriers have resulted to a decline in prices and finally into the consolidation and restructuring of the players themselves. In the meantime, demand and usage kept on increasing. Moving forward, the wholesale market is positioned to grow by a Compound Annual Growth Rate of 15% (as at latest IDC Asia/Pacific forecasts in July 2004).

Keywest, main business model as a wholesaler is focused on not only supplying long distance voice, but other value-added service offerings such as virtual POPs, switch partitioning, virtual IP transit, and media anchoring (in the future). Keywest also leverages on service providers who bundle the KeyWest Group services via a virtual non-facility-based service and sell the KeyWest Group services under their own brand.

Telecommunication Wholesale Services

A wholesale carrier is defined, in this study, as a wholesale telecommunications service provider that offers domestic or international network capacity and services to other carriers, which in turn serve end users. The customers for these wholesale services can include public telephone operators, ISPs, call centers, datacenters, and other service providers. In the telecommunications industry, these wholesale telecommunications service providers are AT&T, MCI, Level 3 and Savvis/Cable & Wireless. In Asia, the wholesale business is largely driven by the public telephone operators (PTOs) in their domestic markets such as SingTel, CAT (Communications Authority of Thailand), Optus and even Telekom Malaysia. These players will serve both as a potential partner, customer or even competitor to KeyWest.

Filing Information: April 2005, IDC #Custom, Volume: 1
Worldwide Telecommunications Markets: Excerpt



IDC MARKET RESEARCH (M) SDN BHD
Company No: 392772-T
Suite 13-03, Level 13, Menara HLA
Jalan Kia Peng, 50450 Kuala Lumpur
Tel: (603) 2163 3715 Fax: (603) 2163 5098

11. SUMMARY OF MARKET RESEARCH REPORT (Cont'd)

Most wholesale service providers offerings fall into one of three types of service offerings:

- Voice services
- Traditional data
- IP data

In 2003, voice services contribute 72% of the total wholesale telecommunication services and will remain to be a large 55% chunk of the entire wholesale market in Asia/Pacific in the year 2008. This means that Keywest business of wholesale of voice services will still continue to remain a large percentage of the wholesale market segment. In the future, it will become inevitable that Keywest will begin to wholesale not just internet access but other forms of IP data and IP value added services as well.

Keywest has established its own state-of-the-art global network based on its own network topology. The KeyWest Group now owns POPs (points of presence), network exchange facilities, whilst its core backbone infrastructure of International Private Leased Circuits (IPLCs) and IP network are leased from other network vendors. These network vendors are incumbent Local Exchange Carriers (ILECs) and Competitive Local Exchange Carriers (CLECs). In this way, KeyWest differs from other 'traditional PTO' wholesalers who own their own physical network (e.g. submarine cables), as KeyWest is leasing bandwidth rather than building its own network of physical terrestrial or submarine cables, which is a not only a costly investment but has come down tremendously in price (per megabyte).

Keywest, main business model as a wholesaler is focused on not only supplying long distance voice, but other value-added service offerings such as virtual POPs, switch partitioning, virtual IP transit, and media anchoring (in the future). Keywest also leverages on service providers who bundle the KeyWest Group services via a virtual non-facility-based service and sell the KeyWest Group services under their own brand.

Worldwide Telecommunication Services Market - An Overview

The worldwide market for telecommunications services is seeing a CAGR (Compound Annual Growth Rate) of between 2% to 10% depending on the region from 2003-2008. This is based on IDC's worldwide telecommunications research on retail fixed and wireless voice and data services.

Worldwide Fixed Line Market

Worldwide voice revenue is segmented into local, domestic long distance, international long distance, connection/access/subscription, and "other." Worldwide, over the forecast period, fixed voice (retail) revenues will hit USD92 billion in Asia/Pacific, USD21 billion in Central Eastern Europe, USD55 billion in Latin America,

11. SUMMARY OF MARKET RESEARCH REPORT (Cont'd)

USD19 billion in Middle East and Africa, USD136 billion in North America, and USD91 billion in Western Europe by the year 2008.

While retail voice revenues worldwide are at a CAGR of -1.4%, the opportunities remain very large (totaling USD439 billion in 2004). This is because the North America region has half the worldwide share and is declining by -5.3% CAGR. This is not a reflection of minutes of use, as the price per minute is getting cheaper during the forecast period.

The rate of price decline has slowed in North America and Western Europe compared with trends displayed over the past few years. Also driving declines in voice revenue in markets such as the United States is bundling of local and long distance service, which will drive down prices and eventually blur the distinction between these two segments.

Because Asia/Pacific encompasses countries at various stages of telecom deregulation, pricing trends vary greatly in the region. In countries that have been slow to deregulate and are just opening their markets now, pricing declines are expected to be high, similar to the declines displayed in North America and Western Europe over the past several years. However, in other markets, such as Singapore, where the international calling rate are already low, pricing declines will be less dramatic.

Additionally, landline voice services, such as local and long distance calling, will continue to be replaced by wireless alternatives. The effects of this will be felt most sharply in areas where access line penetration is high and users have traditionally had ready access to landline phone service. Hampering the transition to wireless service in developed markets is the demand for dial-up Internet access and DSL service. In regions where access line penetration is lower, such as Latin America and parts of Asia, wireless service can often be less expensive than landline service, with users opting for wireless service instead of wireline service. Here, fixed line revenue will also feel the impact of wireless alternatives, but the declines will not be felt as strongly because they are offset by the development of the fixed line infrastructure.

Globally, the cost of fixed line data service is expected to experience continued downward pricing pressure. Commoditization of products such as frame relay and ATM services and competition among providers to woo high-usage customers will lead to greater pricing flexibility in this market. While some carriers report that price declines have stabilized in certain key markets, overall, declining prices are expected to dampen the potential revenue growth created by increased demand as the economy recovers. Frame relay, which currently makes up a large part of the business networking market, will start to lose ground to new IP VPN alternatives.

Amidst the various developments in the telecommunications industry, several key fundamentals prevail, demand from consumer and business for quality types of telecommunications technology are strong and minutes-of-use is increasing.

Currently, IDC observed a scenario where wholesalers and retailers are increasing rates through offering better service level agreements (SLA), quality of voice and network connectivity as minutes of usage continues to increase at a healthy rate.

11. SUMMARY OF MARKET RESEARCH REPORT (Cont'd)

KeyWest network services apply to both the fixed line and wireless services markets.

Worldwide Wireless Market

Wireless services continue to be the bright spot in the telecom market. The market in most developed countries is moving towards the end of the growth stage and moving into maturity as penetration levels are remains high. Wireless data services were thought to be the salve that would bolster wireless revenue as wireless voice revenue plateau. However, usage of wireless data services by mobile phone users hasn't yet been high enough to offset voice-pricing declines. This trend is expected to turn around during the forecast period. Other wireless technologies, such as wireless LAN and wireless hotspots are expected to drive revenue growth in this market going forward.

Several issues stand out as key concerns in the mobile market today. Many markets, especially in Western Europe, have reached, or are close to reaching, maturity of wireless usage. High-end users and early adopters already have their mobile phone subscriptions. Therefore, new subscribers will tend to be laggards who are likely low-volume users that generate minimal incremental revenue. As a result, revenue growth must come from driving increases in ARPU from existing subscribers.

Complicating this strategy is the declining price of voice calling in most markets. Stiff competition has led to fierce pricing pressure in developed markets. Even in developing countries that have low wireless penetration, governments are looking to create greater competition in the wireless space by licensing new operators. Consumers benefit from these lower costs and greater selection, but wireless carriers must be constantly looking for ways to drive revenue growth and generate increased usage to offset pricing declines.

Mobile data services were long thought to be the solution that would offset voice pricing declines and boost average revenue per user (ARPU). However, the killer data application is yet to be found. Nonetheless, wireless carriers have seen a growing portion of their wireless revenue coming from data services, with SMS messaging service proving to be a successful market driver. Other promising data services include gaming, MMS, email, location-based services and downloads that include ring tones and logos.

Despite the hype regarding mobile data services, one of the most important findings is that worldwide, voice will continue to bring in the bulk of mobile revenue. Despite declines in ARPU, wireless voice revenue will continue to grow. This means that even though carriers are focused on data offerings, they should continue to pay close attention to the voice portion of the market.

Key Trends in the Telecoms Industry

IP Data allows more value added services to be added such as voice

Numerous new technologies are gaining traction in the market. Multi Packet Layer Switching (MPLS)- based IP VPN offerings have been rolled out by many major telecommunications services providers, and interest among end-users is strong. Features such as voice and video classes of services, as well as IP telephony hold the appeal of converged voice and data solutions. Unified messaging is another technology that is working hard to prove itself in today's market. Given the current economic constraints, customers want to enjoy the cost savings promised by these solutions, as well as guarantees related to service level quality. Broadband rollouts, such as DSL and metro Ethernet Internet access, are also gaining momentum, bringing high-speed data services to an even greater number of consumers and small businesses.

Progressive deregulation of Telecom markets bring opportunity

The global regulatory environment also continues to foster greater telecom liberalization and competition. One of the most notable events has been China's entrance to the WTO. Service providers are eager to make inroads into this largely untapped market and are encouraged by continued foreign investment opportunities. The United States is also in the process of reviewing its regulatory framework, particularly in the area of local service competition. In Europe, regulations governing 3G licensing have been up for debate, and talk regarding infrastructure sharing and licenses term extensions continues.

Markets where telecoms are not fully deregulated yet are very suitable for Keywest to venture in, these are in Eastern Europe, Asia/Pacific and Middle East and Africa.

More choices for the consumer and corporate

The telecommunications market globally is faced with many exciting new developments taking place, despite pockets of economically related conditions. Businesses and consumers have far more options to choose from than before and enjoy some of the lowest prices for voice and data service ever offered. The Internet and wireless connectivity have brought communication and information to countless hard-to-reach communities around the world, and demand for these services continues to be strong.

Wireless markets are growing

In today's world, the mobile phone is fast becoming indispensable. This means that most calls will be made out of a mobile phone, and the mobile phone has the ability to carry data as well (SMS is a good example). In the future, the buildout of 3G infrastructure will allow much more multimedia data to be streamed to the mobile phone. This also includes other mobile devices such as the Hand held PC and notebook PC.

11. SUMMARY OF MARKET RESEARCH REPORT (Cont'd)**Worldwide Telecommunication Services Market - Market Opportunity**

Keywest's main clients are from the North America and Asian region and some of the clients are engaged with multinationals telecommunications providers that have worldwide presence. Thus, in this section, we will look at the market opportunity in the North America and than comparing the worldwide telecommunication trends by regions.

2004 is a year where the winds of change for the better of the global telecommunications market came around. MCI announced their exited out of bankruptcy, 3G roll out in many regions, and IP telephony takes the limelight. As a result, many telecommunications companies redefined their business models in an attempt to bolster revenue growth and improve profitability. In doing so, many have repositioned themselves in the global market or align vertical and technology focus. These movements in the industry comes with challenges, such as customer demands for shorter contract terms, senior-level management changes, and large debt burdens brought on by infrastructure build outs and 3G license purchases have weighed heavily on service providers' shoulders.

Based on IDC's Telecom Black Book (v4 2004), which tracks worldwide telecommunications spending, the market is currently a USD1,074 billion market in 2004. Fixed voice revenue still accounts for the majority of the market.

Growth is strongest in wireless and IP data services, with these markets making up a growing portion of the overall market during the 2003–2008 forecast period. Wireless revenue, for example, which makes up 43% of the market in 2004 will account for 48% of the market by 2008.

Despite the hype surrounding data services, voice revenue continues to represent the majority of telecommunications services revenue. Currently, voice revenue represents 77% of the global telecom market in 2004. Over the forecast period (2003-2008), the voice services segment of the market will grow (at CAGR of 1.6%), while the data services portion will grow at CAGR of 12.8%. Therefore, by 2008, voice will account for 69% of the total market, still the majority of the market. This (voice) is where Keywest focus is in.

Copyright Notice

This IDC research document was published as part of an IDC continuous intelligence service, providing written research, analyst interactions, telebriefings, and conferences. Visit www.idc.com to learn more about IDC subscription and consulting services. To view a list of IDC offices worldwide, visit www.idc.com/offices. Please contact the IDC Hotline at 800.343.4952, ext. 7988 (or +1.508.988.7988) or

11. SUMMARY OF MARKET RESEARCH REPORT (Cont'd)

sales@idc.com for information on applying the price of this document toward the purchase of an IDC service or for information on additional copies or Web rights.

Copyright 2005 IDC. Reproduction is forbidden unless authorized. All rights reserved.

12. BY-LAWS OF THE ESOS**1. NAME OF SCHEME**

This Scheme shall be called the "Key West Global Telecommunications Berhad Employee Share Option Scheme".

2. DEFINITIONS AND INTERPRETATION

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

"Act"	Malaysian Companies Act, 1965
"Adviser"	Am Merchant Bank Berhad
"Available Balance"	Unissued share capital of the Company which is available for Offer subject to the limit set out in By-Law 3.1 and after deducting all Shares under Options which have been granted
"Board"	Board of Directors of the Company
"By-Laws"	Rules, terms and conditions of the Scheme (as may be amended, varied or supplemented from time to time in accordance with By-Law 21)
"CDS"	Central Depository System
"CDS Account"	Account established by Bursa Malaysia Depository Sdn Bhd (formerly known as Malaysian Central Depository Sdn Bhd) for a depositor for the recording of deposits of securities and dealings in such securities by the depositor
"Company"	Key West Global Telecommunications Berhad
"Date of Expiry"	Last day of the Duration of the Scheme as set out in By-Law 18.2
"Date of Offer"	Date on which an Offer is made by the Option Committee to an Eligible Participant in the manner provided in By-Law 6
"Director"	Has the meaning given in Section 4 of the Act and includes an Executive Director and a Non-Executive Director as defined herein
"Duration of the Scheme"	Period of five (5) years from Effective Date subject to early termination in accordance with By-Law 18.5
"Effective Date"	Date as set out in By-Law 18.1
"Eligible Participant"	Employee, Director or Non-executive Director of the Group, who meets the criteria of eligibility for participation in the Scheme as set out in By-Law 4.1

12. BY-LAWS OF THE ESOS (Cont'd)

"Entitlement Date"	Date as at the close of business on which shareholders' names must appear on the Company's Record of Depositors or Register of Members in order to participate in any dividends, rights, allotments or other distributions
"Exchange"	Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad) or any other name that the operating stock exchange in Malaysia may be called
"Executive Director"	Natural person who holds a directorship in an executive capacity and is involved in the day to day management in any company in the Group and is on the payroll of such company
"Grantee"	Eligible Participant who has accepted an Offer in the manner provided in By-Law 7
"Group"	Company and its subsidiaries as defined in Section 5 of the Act, which are not dormant as at the point of the Offer
"Listing Requirements"	Listing Requirements of the Exchange that are applicable to the MESDAQ Market
"Market Day"	Any day on which the MESDAQ Market is open for trading in securities
"Maximum Entitlement"	Maximum number of Shares under the Options that can be offered to an Eligible Participant as stipulated in By-Law 5.1
"MESDAQ Market"	MESDAQ Market of the Exchange
"Non-Executive Director"	Natural person who holds a directorship in any company in the Group but who is not an Executive Director
"Offer"	Written offer made by the Option Committee to an Eligible Participant in the manner provided in By-Law 6
"Option"	Right of a Grantee to subscribe for new Shares pursuant to the contract constituted by acceptance by the Grantee of an Offer in the manner provided in By-Law 7
"Option Committee"	Committee comprising Directors and/or senior management personnel appointed by the Board to administer the Scheme
"Option Period"	Period commencing from the date an Offer is accepted by the Grantee and expiring on the Date of Expiry
"SC"	Securities Commission of Malaysia
"Scheme"	Scheme for the grant of Options to Eligible Participants to subscribe for new Shares upon the terms as herein set out, such scheme to be known as the "Key West Global Technologies Berhad Employee Share Option Scheme"

12. BY-LAWS OF THE ESOS (Cont'd)

“Senior Management”	Persons holding the positions of Chairman, Group CEO, Group COO, Group CFO or any other such persons who are prescribed as Senior Management by the Option Committee from time to time for the purpose of By-Law 5.1(a)
“Shares”	Ordinary shares of RM0.10 each in the Company
“Subscription Price”	Price at which a Grantee shall be entitled to subscribe for each Share upon the exercise of the Option as calculated in accordance with By-Law 10

- 2.2 Headings are for ease of reference only and do not affect the meaning of a By-Law.
- 2.3 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 and any subordinate legislation made from time to time under the provision and any listing requirement, policies and/or guidelines of the Exchange, SC and/or other relevant authorities.
- 2.4 Words importing the masculine gender shall include the feminine and neuter genders and all such words shall be construed interchangeably in that manner.
- 2.5 Words importing the singular meaning shall include the plural meaning and vice versa where the context so admits.
- 2.6 Any liberty or power which may be exercised or any determination which may be made hereunder by the Option Committee shall, subject always to the directions (if any) to the contrary of the Board, be exercised at the Option Committee's sole and absolute discretion and the Option Committee shall not be under any obligation to give any reasons thereof except as may be required by the relevant authorities.

3. TOTAL NUMBER OF SHARES AVAILABLE UNDER THE SCHEME

- 3.1 The aggregate number of Shares available for the grant of Options under the Scheme (including Shares that have been issued under the Scheme) shall not exceed ten percent (10%) of the issued and paid-up ordinary share capital of the Company at the time of any offer.
- 3.2 Notwithstanding By-Law 3.1 and any other By-Laws, in the event the maximum number of Shares comprised in the Options (including Shares that have been issued under the Scheme) exceeds the aggregate of ten percent (10%) of the issued and paid-up ordinary share capital of the Company during the Duration of the Scheme either as a result of the Company purchasing its own Shares or cancelling or reducing its share capital and thereby diminishing the issued and paid-up capital of the Company, the Options granted prior to the adjustment of the issued and paid-up ordinary share capital of the Company 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 until such time that the number of Shares under the subsisting Options (including Shares that have been issued under the Scheme) falls below ten percent (10%) of the total issued and paid-up ordinary share capital of the Company.

12. BY-LAWS OF THE ESOS (Cont'd)

- 3.3 The Company will keep available sufficient unissued Shares in its authorised share capital to satisfy all outstanding Options which may be exercisable, in whole or in part, from time to time, throughout the Duration of the Scheme.

4. ELIGIBILITY

- 4.1 An employee of the Group or an Executive Director or Non-Executive Director of the Group who at the date of Offer is:
- (a) in the case of an employee and at least eighteen (18) years of age, employed by and is on the payroll of the Company or any company within the Group, and who is confirmed in the employment of the Company or any company within the Group; or
 - (b) an Executive Director who:
 - (i) is either on a full time or contractual basis;
 - (ii) The Executive Director's specific entitlement shall be approved by the shareholders of the Company or any company within the Group, in general meeting; or
 - (c) a Non-Executive Director of the Company or any company within the Group, whose specific entitlement shall be approved by the shareholders in general meeting.
- 4.2 No Eligible Participant shall participate at any one time in more than one (1) employee share option scheme currently implemented by any company within the Group notwithstanding the fact that the said Eligible Participant may be employed by more than one company comprised in the Group.
- 4.3 The Option Committee has the discretion not to make further additional Offers regardless of the amount of the Available Balance.
- 4.4 The Option Committee may make more than one (1) Offer to the Eligible Participant if at the time of the Offer such Eligible Participant is under the employment of or in the case of a Non-Executive Director, appointed as a Director in, any one (1) or more companies in the Group provided that the total number of Shares to be so offered under the Options to such Eligible Participant (inclusive of Shares already offered under previous Offers, if any) shall not exceed the Maximum Entitlement of the rank of the Eligible Participant pursuant to By-Law 5.1, at the time when each subsequent Offer is made.
- 4.5 If an Eligible Participant shall fall into more than one (1) of the categories pursuant to By-Law 5.1 and the Maximum Entitlement under such categories are different, then the higher or highest Maximum Entitlement shall apply.
- 4.6 Directors who represent the Malaysian Government or Malaysian Government institutions or agencies and Malaysian Government employees who are serving in the public service scheme as defined under Article 132 of the Malaysian Federal Constitution are not eligible to participate in the Scheme.
- 4.7 Eligibility under the Scheme does not confer on an Eligible Participant a claim or right to participate in or any rights whatsoever under the Scheme and an Eligible Participant does not acquire or have any rights over or in connection

12. BY-LAWS OF THE ESOS (Cont'd)

with the Options or the Shares comprised herein unless an Offer has been made by the Option Committee to the Eligible Participant and the Eligible Participant has accepted the Offer in accordance with the terms of the Offer and the Scheme.

5. MAXIMUM ENTITLEMENT AND BASIS OF ALLOTMENT

5.1 The maximum entitlements of the Eligible Participants are as follows:

- (a) Not more than fifty percent (50%) of the Shares available under the Scheme shall be allocated, in aggregate, to Directors and Senior Management ("**Class A Options**"), with the balance of the Shares available under the Scheme to be allocated to the remainder of the Eligible Participants ("**Class B Options**"); and
- (b) Not more than ten percent (10%) of the Shares available under the Scheme shall be allocated to an Eligible Participant who, either singly or collectively through persons connected (as defined under the Listing Requirements) with him/her, holds twenty percent (20%) or more of the issued and paid-up ordinary share capital of the Company.

5.2 (a) Notwithstanding By-Law 5.1, the number of Shares under Options to be offered to each Eligible Participant shall, subject to each Eligible Participant's Maximum Entitlement, be at the discretion of the Option Committee. The decision of the Option Committee shall be final and binding.

(b) In determining the number of Shares under Options to be offered to an Eligible Participant under the Scheme, the seniority of the Eligible Participant and his performance and length of service in the Group as at the Date of Offer shall, amongst other matters, be taken into consideration, subject to the provisions of the Listing Requirements with respect to the allocations.

(c) In the event that an Eligible Participant is moved to a higher category, his Maximum Entitlement shall be increased to the Maximum Entitlement under the category to which he has moved but only upon his confirmation in the higher category and subject to the Maximum Entitlement set out in By-Law 5.1.

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

(i) His Maximum Entitlement shall be reduced to the Maximum Entitlement under the category to which he has moved; and

(ii) In the event that the total number of Shares in respect of Options which have been accepted by him up to the date that he 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. In the event that he does subsequently move to a higher category his Maximum Entitlement will increase correspondingly to the Maximum Entitlement under the category to which he has moved and in

12. BY-LAWS OF THE ESOS (Cont'd)

these circumstances he shall be entitled to be offered further Options if Shares in respect of the Options which have already been accepted by him is lower than the Maximum Entitlement under the category to which he has moved;

- (e) In the event of an alteration of capital as set out in By-Law 14.1 and 14.4 and where the total number of ordinary shares in the Company has changed, the Maximum Entitlements of the Eligible Participants shall be adjusted in such a manner as the external auditors of the Company for the time being (acting as experts and not as arbitrators), upon reference to them by the Option Committee, confirm in writing to be, in their opinion, fair and reasonable, except in the event of an adjustment arising from a bonus issue, for which no confirmation is required. By-Law 21 shall not apply to any adjustment made according to this By-Law 5.2(e).

- 5.3 The Option Committee may at its discretion and pursuant to By-Law 20 introduce additional categories of Participants which it shall deem necessary to introduce 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, if any.

6. OFFER

- 6.1 The Option Committee may at its discretion at any time within the Duration of the Scheme and from time to time make Offers to any Eligible Participant, subject to the Eligible Participant's Maximum Entitlement under By-Law 5.1.
- 6.2 The Option Committee shall state the following particulars in the letter of Offer:
 - (a) The number of Shares under Options that are being offered to the Eligible Participant;
 - (b) The Option Period;
 - (c) The Subscription Price; and
 - (d) The Offer Period as defined in By-Law 6.3.
- 6.3 An Offer shall be valid for a period of fourteen (14) days from the Date of Offer or such longer period as may be determined by the Option Committee at its sole and absolute discretion ("**Offer Period**").
- 6.4 No Offer shall be made to any Director of the Group unless such Offer and the respective allotment of Shares have previously been approved by the shareholders of the Company in general meeting, unless such approval is no longer required under the Listing Requirements and Memorandum and Articles of Association of the Company.
- 6.5 Without prejudice to By-Law 20, in the event of an error on the part of the Company in stating any of the particulars referred to in By-Law 6.2, 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 6.2;

12. BY-LAWS OF THE ESOS (Cont'd)

- (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 and take effect as if it were issued on the date of the original letter of Offer, save and except with respect to any Option which have already been exercised as at the date of issue of the supplemental letter of Offer.
- 6.6 Subject to the discretion of the Option Committee, the Offer shall lapse and be null and void in the event of death of an Eligible Participant or the Eligible Participant ceasing to be employed by or ceasing to be appointed as, a Director in any company in the Group for any reason whatsoever prior to the acceptance of the Offer by the Eligible Participant in the manner as set out in By-Law 7.

7. ACCEPTANCE

- 7.1 An Offer shall be accepted by an Eligible Participant within the Offer Period by written notice to the Company in the form prescribed by the Option Committee from time to time and accompanied by a payment to the Company of a nominal non-refundable consideration of Ringgit Malaysia One (RM1.00) only for the acceptance of the Offer.
- 7.2 The Option Committee shall, within fourteen (14) days of acceptance of the Offer by the Eligible Participant, issue to the Grantee a certificate of Option in such form as may be determined by the Option Committee from time to time, stating, amongst other matters, the number of Shares granted under the Option, the Subscription Price and the Option Period.
- 7.3 If an Offer is not accepted in the manner aforesaid, the Offer shall automatically lapse upon the expiry of the Offer Period.

8. NON-TRANSFERABILITY

- 8.1 An Option is personal to the Grantee and subject to By-Laws 13.2 and 13.3, it is exercisable only by the Grantee personally during his lifetime whilst he is in the employment of any company within the Group, or in the case of a Non-Executive Director, whilst he remains appointed as a Director.
- 8.2 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 13.3. Any such transfer, assignment, disposal or encumbrance shall result in the automatic cancellation of the Option.

12. BY-LAWS OF THE ESOS (Cont'd)

9. EXERCISE OF OPTIONS

9.1 Subject to the By-Laws, a Grantee shall, within the Option Period, be allowed to exercise the Options granted to him on terms set out in the letter of Offer, during his lifetime whilst he is in the employment of any company within the Group, or in the case of a Non-Executive Director, whilst he remains appointed as a Director, and within the Option Period subject always that Class A Options and Class B Options are exercisable in the first and second year of the Option Period with 50% of the Shares under the options granted, being exercisable from the beginning of each year the Options are granted.

Any Options which are not exercised in any of those respective five (5) years may be carried forward to subsequent years and be exercised together with the Options which the Eligible Participant is entitled to exercise in any particular year during the Option Period;

9.2 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 his Options to any remaining Shares under Options upon the expiry of the contract but before the Date of Expiry.

9.3 Options which are exercisable in a particular year but are not exercised may be carried forward to subsequent years subject to the duration of 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. Any Option which remains unexercised at the expiry of the Option Period shall be automatically terminated without any claim being made against the Company. For the avoidance of doubt, it is hereby stated that By-Laws 9.1 and 9.2 are subject to the provisions of this By-Law 9.3.

9.4 A Grantee shall exercise his Options on the fifteenth day (but if it is not a working day, then the following working day) and 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.

9.5 A Grantee shall exercise his Options by notice in writing to the Company in the prescribed form stating the number of Shares relating to the Options exercised, and the Grantee's individual/nominee CDS Account number. The Grantee may exercise all or any part of the rights under Options in whole or in part, provided that any partial exercise of an Option shall be in multiples of one hundred (100) Shares or the minimum board lot as prescribed by the Exchange from time to time. 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.

12. BY-LAWS OF THE ESOS (Cont'd)

- 9.6 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, or such other form and/or currency of payment as the Company may permit subject to applicable laws and regulations, for the full amount of the subscription money in relation to the number of Shares in respect of which the notice is given.
- 9.7 The Company shall endeavour to allot such new Shares to the Grantee, despatch the notice of allotment to the Grantee and make an application for the quotation of the new Shares within ten (10) Market Days (or such other period as may be prescribed by the Exchange) from the receipt by the Company of the aforesaid notice and remittance from the Grantee in an acceptable form subject to the provisions of the Company's Articles of Association. The new Shares to be issued pursuant to the exercise of an Option will be credited directly into the CDS account of the Grantee or his nominee. No physical share Certificate will be issued to the Grantee.
- 9.8 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 whatsoever and howsoever arising in the event of any delay on the part of the Company in allotting and/or issuing the Shares or in procuring the Exchange 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.
- 9.9 The Option Committee may, at any time and from time to time, before or after an Option is granted, limit the exercise of the Option to a maximum number of new Shares and/or such percentage of the total new Shares comprised in the Option during such periods within the Option Period and impose any other terms and/or conditions deemed appropriate by the Option Committee in its discretion including amending/varying any terms and conditions imposed earlier.
- 9.10 Subject to the discretion of the Option Committee, failure by the Grantee to comply with the procedure for an exercise of an Option as stipulated in these By-Laws will invalidate the purported exercise of such Option by an Eligible Participant.
- 9.11 Every Option shall be subject to the condition that no new Shares shall be issued to a Grantee pursuant to the exercise of an Option if such issue would be contrary to any law, enactment, rules and/or regulations of any legislative or non-legislative body which may be in force during the Option Period or such period as may be extended.
- 9.12 Notwithstanding anything to the contrary of the By-Laws thereof, the Option Committee shall have the right at its discretion to suspend the right of any Grantee (other than Non-Executive Directors) who is being subjected to a disciplinary proceeding as provided for in the Group's standard terms of employment where provisions of disciplinary proceedings are contained (whether or not such disciplinary proceeding may give rise to a dismissal or termination of service of such Grantee) and notice to that effect has been duly served on him from exercising his Options pending the outcome of such disciplinary proceeding. The right of suspension herein, may be exercised by the Option Committee with such terms and conditions as the Option Committee shall deem appropriate having regard to the nature of charges made or brought against such Grantee **provided always that** in the event of such Grantee subsequently not found to be guilty of the charges which gave

12. BY-LAWS OF THE ESOS (Cont'd)

rise to such disciplinary proceeding, the Option Committee shall reinstate the rights of such Grantee to exercise his Option.

10. SUBSCRIPTION PRICE

The Subscription Price of each Share comprised in any Option shall, subject always to By-Law 14, be as follows:

- (a) In respect of any Offer which is made in conjunction with the Company's listing on the MESDAQ Market, 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, the weighted average market price of the Shares for the five (5) Market Days immediately preceding the Date of Offer with a discount of not more than ten percent (10%) (or such other pricing mechanism as may be permitted by the SC, the Exchange or any other relevant regulatory authorities, from time to time) at the Option Committee's discretion, **provided that** the Subscription Price shall in no event be less than the par value of the Shares.

11. RIGHTS ATTACHING TO SHARES

The new Shares to be allotted upon the exercise of any Options shall, upon allotment and issue, rank *pari passu* in all respects with the existing issued and paid-up Shares, except that the new Shares will not entitle the holders thereof to any dividend, right, allotment or any other distributions distributed or issued 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.

12. RIGHTS OF A GRANTEE

The Options shall not carry any rights to vote at any general meeting of the Company. A Grantee shall not be entitled to any dividend, right, allotment or other entitlements on his unexercised Options.

13. TERMINATION OF OPTIONS

13.1 Any Option which has not been exercised by a Grantee shall be automatically terminated in the following circumstances:

- (a) Termination of employment 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, whichever is the earlier; or
- (b) In the event of a Non-Executive Director ceasing as a Director for any reason whatsoever, in which event the Option shall be automatically terminated upon the last day of his appointment; or
- (c) 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

12. BY-LAWS OF THE ESOS (Cont'd)

- (d) 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 the 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 from the suspension of his right to exercise his Options or his Options ceasing to be valid.

- 13.2 Notwithstanding By-Law 13.1, in respect of Grantees who are not Non-Executive Directors, 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 occurs as a result of:

- (a) Retirement on attaining the normal retirement age of the Company's policy; 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 or 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 circumstances acceptable to the Option Committee in its exercise of discretion.

Similarly, in respect of Grantees who are Non-Executive Directors, the Option Committee may at its discretion allow the Option to remain exercisable during the Option Period on such terms and conditions as it shall deem fit if cessation of his/her directorship occurs as a result of ill health, injury, physical or mental disability or any other circumstances acceptable to the Option Committee in the exercise of its discretion.

- 13.3 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 9.1 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.

12. BY-LAWS OF THE ESOS (Cont'd)**14. ALTERATION OF CAPITAL**

14.1 Subject to By-Law 14.4, in the event of any alteration in the capital structure of the Company during the Option Period, whether by way of capitalisation of profit or reserves, rights issues, bonus issues, reduction, subdivisions or consolidation of capital or otherwise howsoever taking place:

- (a) the Subscription Price; and/or
- (b) the number of Shares comprised in the Option so far as unexercised

may be adjusted in accordance with the following formula:

$$\text{The adjusted subscription price} = S \times \frac{A}{A + B}$$

$$\text{The number of Shares comprised in the Option so far as unexercised} = O \times \frac{A + B}{A}$$

Where,

- S = the Subscription Price immediately prior to the alteration of the capital structure of the Company
- O = the number of Shares comprised in the Option so far as unexercised
- A = the aggregate number of issued and paid up Shares on the entitlement date immediately preceding such alteration in the capital structure of the Company

In the event of alteration in the capital structure of the Company which results in an increase in the number of shares of the Company:

- B = a positive figure being the aggregate number of Shares to be issued pursuant to any allotment to shareholders of the Company credited as fully paid arising from the Company's capitalisation of profits or reserves, rights issues, bonus issues, subdivisions of capital or otherwise howsoever taking place

In the event of alteration in the capital structure of the Company which results in a decrease in the number of shares of the Company:

- B = a negative figure being the aggregate number of Shares to be reduced or cancelled as a result of the Company's reduction or consolidation of capital howsoever taking place.

14.2 The following provisions shall apply in relation to an adjustment which is made pursuant to By-Law 14.1:

- (a) Any adjustment to the Subscription Price shall be rounded up to the nearest one (1) sen;
- (b) In determining a Grantee's entitlement to subscribe for Shares, any fractional entitlements will be disregarded;

12. BY-LAWS OF THE ESOS (Cont'd)

- (c) 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;
- (d) Upon any adjustment being made pursuant to this By-Law, the Option Committee shall notify the Grantee (or his legal representative where applicable) in writing within one (1) month from the date of receipt of the letter of the external auditors of the Company on the adjusted Subscription Price and/or the adjusted number of Shares comprised in the Option so far as unexercised, or from the date of such adjustment, whichever the earlier; and
- (e) Such adjustments should ensure that the capital outlay to be incurred by a Grantee remains unaffected.

- 14.3 By-Law 14.2(e) shall not apply to a Capital Distribution to shareholders whether on a reduction of capital or otherwise (but excluding any capital reduction involving the cancellation of capital which is lost or unrepresented by available assets).

For the purposes of By-Law 14.3, "Capital Distribution" shall (without prejudice to the generality of that expression) include distributions of assets or by way of issue of Shares or other securities credited as fully or partly paid up by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund). Any dividend charged or provided for in these accounts pertaining to 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 Company's shareholders.

Whereby in the instances above, the adjustments would ensure the Grantee the same proportion of the issued and paid-up share capital of the Company as that to which he was entitled prior to such alterations.

- 14.4 By-Law 14.1 shall not be applicable where an alteration in the capital structure of the Company arises from any of the following:
- (a) An issue of Shares pursuant to the exercise of Options or further Options to Eligible Participants under the Scheme; or
 - (b) An issue of securities as consideration for an acquisition; or
 - (c) An issue of securities as a private placement; or
 - (d) An issue of securities as a special issue required by any relevant governmental authority to comply with the policy of the Malaysian Government on capital participation in companies; or
 - (e) A restricted issue of securities; or
 - (f) An issue of Shares arising from the exercise of any conversion rights in respect of securities convertible into new Shares including but not limited to warrants and convertible loan stocks; or
 - (g) A purchase by the Company of its own Shares pursuant to Section 67A of the Act; or

12. BY-LAWS OF THE ESOS (Cont'd)

- (h) A rights issue of Shares or securities convertible into Shares where the aggregate consideration for the new Shares (including the consideration of securities convertible into Shares) is at a discount of not more than ten percent (10%) from the weighted average market price of the Shares for the five (5) Market Days immediately preceding the price fixing date of the rights issue.
- 14.5 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Part VII of the Act, By-Law 14.1 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 14.1 is applicable, but By-Law 14.1 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 as described in By-Law 14.4.
- 14.6 An adjustment pursuant to By-Law 14.1 shall be made according to the following terms:
- (a) In the case of a rights issue, bonus issue or other capitalisation issue, on the Market Day immediately following the Entitlement Date in respect of such issue; or
- (b) In the case of a consolidation or subdivision of Shares or reduction of capital, on the Market Day immediately following the date of allotment of new Shares in respect of such consolidation, subdivision or reduction.
- Adjustments other than on a bonus issue must be confirmed in writing by the external auditors of the Company.
- 14.7 In the event of a dispute in respect of any adjustment, any Grantee may request the Company to seek the opinion of an approved company auditor, acting as an expert and not as an arbitrator, as to its fairness and that this be confirmed in writing. In addition, the Company shall in such situations, at the request of any Grantee, furnish such Grantee with a certificate from an approved company auditor stating the opinion of such auditor, acting as an expert and not as an arbitrator. For the purposes of this By-Law, an approved company auditor shall have the meaning given in Section 8 of the Act. Nevertheless, for the avoidance of doubt, by virtue of By-Law 25, the decision of the Board shall be final and binding in all respects.
- 14.8 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.

15. TAKEOVER AND COMPULSORY ACQUISITION

- 15.1 In the event of a take-over offer being made for the Shares pursuant to the Malaysian Code on Take-Overs and Mergers 1998, the Board shall use its best endeavours to procure that such a take-over offer be extended to any Shares that may be issued pursuant to the exercise of the Options.
- 15.2 In the event of a party becoming entitled or bound to exercise rights of compulsory acquisition of the Shares under the provisions of the Securities Commission Act 1993 and gives notice to the Company that it intends to exercise such rights on a specific date ("**Specific Date**"), a Grantee will be

12. BY-LAWS OF THE ESOS (Cont'd)

entitled to exercise all or any part of his Option from the date of service of the said notice to the Company until and inclusive of the Specific Date provided that this is within the Option Period. In the foregoing circumstance any Option to the extent unexercised by or on the Specific Date shall automatically lapse after the Specific Date.

- 15.3 For the avoidance of doubt, the limits on the exercise of Options stipulated in By-Law 9.1 shall not apply in respect of By-Laws 15.1 and 15.2.

16. DIVESTMENT FROM GROUP

- 16.1 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 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 By-Law 9.4. In this instance, the limits on the exercise of Options stipulated in By-Law 9.1 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 any Offer as from the date of completion of such divestment.

- 16.2 For the purposes of By-Law 16.1, 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.

17. 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.

18. DURATION, AND TERMINATION OF SCHEME

- 18.1 The effective date for the implementation of the Scheme shall be in conjunction with, and immediately upon, the Company's listing on the MESDAQ Market and in full compliance with the Listing Requirements and all applicable laws (if any).

- 18.2 The Scheme shall come into force on the effective date and shall be for a duration of five (5) years from the Effective Date. The date of expiry of the Scheme shall be the fifth (5th) anniversary from the Effective Date ("Date of Expiry"), provided always that on or before the expiry thereof, the Committee shall have the discretion to extend the duration of the Scheme for up to another five (5) years immediately from the expiry of the initial five years.

- 18.3 Offers can only be made during the Duration of the Scheme.

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

12. BY-LAWS OF THE ESOS (Cont'd)

18.5 Notwithstanding By-Law 18.2 the Scheme may be terminated by the Company at any time during the five (5) year period **provided always that** prior to the termination of the Scheme, the following conditions must have been satisfied by the Company:

- (a) the consent from the Company's shareholders at a general meeting has been obtained wherein at least a majority of the shareholders present must have voted in favour of the termination; and
- (b) the written consents from all Grantees who have yet to exercise their Options, either in part or in whole, have been obtained.

In this event, the following provisions shall apply:

- (a) No further Offers shall be made by the Option Committee from the date of the last of the above conditions have been satisfied ("**Termination Date**");
- (b) All Offers which have yet to be accepted by Eligible Participants shall automatically lapse on the Termination Date and be null and void; and
- (c) All outstanding Options which have yet to be exercised by Grantees shall be automatically terminated on the Termination Date.

19. 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 in the case where the Scheme is terminated before the Expiry Date, after the Termination Date as defined in By-Law 18.5. Where this Scheme has been renewed (subject to the approval of the relevant authorities), the new scheme may be established upon expiry or termination of the renewed current scheme.

20. ADMINISTRATION

20.1 The Scheme shall, subject to these By-Laws be administered by the Option Committee in such manner as it shall, in its discretion, think fit, in the best interest of the Grantees and Company. The Option Committee shall comprise of such persons as shall be appointed by the Board from time to time and shall be vested with such powers and duties as are conferred upon it by the Board.

20.2 Without limiting the generality of By-Law 20.1, 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 enter into any transactions, agreements, deeds, documents or arrangements, make rules, regulations or impose terms and conditions or delegate part or any of its powers and duties relating to the administration of the Scheme as it may in its discretion consider to be necessary or desirable for giving full effect to the Scheme.

20.3 The Board shall have power at any time and from time to time to rescind the appointment of any person in the Option Committee and appoint new members to the Option Committee as it shall deem fit.

12. BY-LAWS OF THE ESOS (Cont'd)

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

21. AMENDMENT

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 shall be made which will:

- (a) prejudice any rights then accrued to any Grantee without the prior consent or sanction of that Grantee; or
- (b) prejudice any rights of the shareholders of the Company without the prior approval of the Company's shareholders in general meeting; or
- (c) alter to the benefit of the Grantees, any matters which is required to be contained in the By-Laws as stipulated by the Listing Requirements, including the matters in By-Laws 3.1, 4, 5.1, 7.1, 10, 11, 14 and 18.2 without the prior approval of the Company's shareholders in general meeting; or
- (d) increase the number of Shares available under the Scheme beyond the maximum imposed by the Listing Requirements without the necessary approvals from the relevant authorities (if required).

22. INSPECTION OF ACCOUNTS

All Grantees are entitled to inspect the latest audited accounts of the Company at the Registered Office of the Company during normal business hours.

23. SCHEME NOT A TERM OF EMPLOYMENT

This Scheme shall not confer or be construed to confer on an Eligible Participant any special rights or privileges over the Eligible Participant's terms and conditions of employment or in the case of a Non-Executive Director, terms and conditions of his appointment as a Director in the Group, nor any rights additional to any compensation or damages that the Eligible Participant 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 of any employee of the Group.

24. NO COMPENSATION FOR TERMINATION

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

25. DISPUTES

Any dispute 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

12. BY-LAWS OF THE ESOS (Cont'd)

person shall be entitled to dispute any decision or certification which is stated to be final and binding under these By-Laws.

26. 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 new Shares pursuant to the exercise of Options, shall be borne by the Company.

27. 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.

28. TAX

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

29. NOTICE

29.1 Any notice or request which the Company is required to give, or may desire to give, to any Eligible Participant or the Grantee pursuant to the Scheme shall be in writing and shall be deemed to be sufficiently given:

- (a) if it is sent by ordinary post by the Company to the Eligible Participant or the Grantee at the last address known to the Company as being his address and such notice or request shall be deemed to have been received three (3) Market Days after posting; or
- (b) if it is given by hand to the Eligible Participant or the Grantee, immediately thereof.

Any change of address of the Eligible Participant or the Grantee shall be communicated in writing to the Company and the Option Committee.

29.2 Any certificate, notification or other notice required to be given to the Company or the Option Committee shall be properly given if sent by registered post or delivered by hand to the Company at its business address at 810 Block A, Phileo Damansara II, 15, Jalan 16/11, 46350 Petaling Jaya, Selangor Darul Ehsan or at any other business address which may be notified in writing by the Option Committee from time to time.

30. SEVERABILITY

Any term, condition, stipulation or provision in these By-Laws which is illegal, void, prohibited or unenforceable shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability and any such illegality, voidness, prohibition or unenforceability shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation, provision herein contained.

12. BY-LAWS OF THE ESOS (Cont'd)

31. GOVERNING LAW AND JURISDICTION

- 31.1 These By-Laws shall be governed and construed in accordance with the laws of Malaysia and the Eligible Participants and/Grantees shall submit to the exclusive jurisdictions of the Courts of Malaysia in all matters connected with the obligation and liabilities of the parties hereto under or arising out of these By-Laws.
- 31.2 Any proceedings and actions shall be instituted or taken in Malaysia and the Eligible Participants and/or Grantees irrevocably and unconditionally waive any objections on the ground of venue or forum non-convenient or any other grounds.

**13. EXPERTS' REPORT PERTAINING TO POLICIES ON FOREIGN INVESTMENTS AND
REPATRIATION OF PROFITS**

HARNEYS

British Virgin Islands and Anguillan lawyers

Associated offices

London
Tel: +44 (0) 20 7440 8790
Fax: +44 (0) 20 7440 8791

Anguilla
Tel: +1 264 498 5000
Fax: +1 264 498 5001

Harney Westwood & Riegels
Craigmuir Chambers
PO Box 71
Road Town, Tortola
British Virgin Islands
Tel: +1 284 494 2233
Fax: +1 284 494 3547
www.harneys.com

Your Ref

19 July 2005

Our Ref 034098.0002-MIG

KeyWest Global Telecommunications Berhad
Level 7 Menara Milenium
Pusat Bandar Damansara
50490
Kuala Lumpur
Malasia

Dear Sirs

Keywest Communications Inc. (the "KCI")

1. We are lawyers qualified to practise in the British Virgin Islands and have been asked to advise in relation to shareholdings in KCI, on the laws and regulations of the British Virgin Islands on:
 - a. policies on foreign investment in the British Virgin Islands;
 - b. repatriation of profits made by foreign investors in the British Virgin Islands and in particular, the repatriation of any dividends or distributions made by KCI to its shareholders; and
 - c. the protection of intellectual property.
2. For the purpose of this opinion, we have examined the International Business Companies Act 1984, Cap 291 and the BVI Business Companies Act, 2004.
3. Based on the foregoing, and subject to the qualification expressed below, there are no restrictions under the laws of the British Virgin Islands which would affect or restrict the ability of a shareholder of KCI from repatriating dividends or other distributions made by KCI to the shareholder to a jurisdiction outside of the British Virgin Islands.
4. There are no foreign investment policies in the British Virgin Islands which would affect or restrict the ability of a shareholder of KCI from repatriating dividends or other distributions made by KCI to the shareholder to a jurisdiction outside of the British Virgin Islands.
5. The British Virgin Islands are not a party to the Berne Convention for the Protection of Literary and Artistic Works, which essentially protects the rights of authors in their literary and artistic

13. EXPERTS' REPORT PERTAINING TO POLICIES ON FOREIGN INVESTMENTS AND REPATRIATION OF PROFITS (Cont'd)

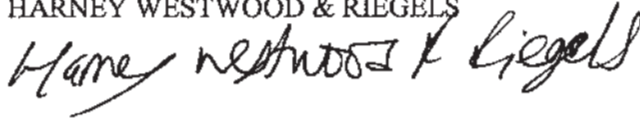
works. Notwithstanding this, protection of intellectual property and proprietary rights in the British Virgin Islands is accorded through its local legislation.

With respect to copyright, the Copyright (Virgin Islands) Order 1962 allows for literary and artistic works to be automatically protected without any need for registration. Trade marks however are territorial in nature, and as such, a trade mark that is registered outside the British Virgin Islands will not be able to exert its rights as a registered trade mark in the British Virgin Islands unless it is registered in British Virgin Islands under the Trade Marks Act (Cap 158), or in the case of trade marks already registered in the United Kingdom, registered under the Registration of United Kingdom Trade Marks Act (Cap 157). For unregistered trademarks, protection may be afforded under common law by virtue of the principle of passing off.

6. This opinion is confined to and given on the basis of the laws of the British Virgin Islands as they are in force at the date of this opinion. We have made no investigation of, and express no opinion on, the laws of any other jurisdiction.
7. This opinion is rendered for your benefit and the benefit of your legal counsel in connection with KCI only. A copy of this opinion may, for information purposes only, and without liability, be included in KeyWest Global Telecommunications Berhad's prospectus to be issued pursuant to its proposed listing on the MESDAQ Market of Bursa Malaysia Securities Berhad. It may not be disclosed to or relied on by any other party or for any other purpose.

Yours faithfully

HARNEY WESTWOOD & RIEGELS



BRUCE BRAGAGNOLO
LAW CORPORATION

July 19, 2005

KEY WEST GLOBAL TELECOMMUNICATIONS BERHAD
Level 7, Menara Milenium,
Jalan Damanlela, Pusat Bandar Damansara,
50490 Kuala Lumpur,
Malaysia

Dear Sirs

**FOREIGN INVESTMENT AND THE REPATRIATION OF PROFITS UNDER
THE LAWS OF CANADA**

1. We have been advised that Key West Global Telecommunications Berhad ("KeyWest") is proposed to be listed on the MESDAQ Market of Bursa Malaysia Securities Berhad. KeyWest, which is incorporated under the laws of Malaysia, has acquired the entire issued share capital of Times Telecom Inc. ("TTI"), which has, amongst others, a wholly-owned subsidiary, Clear Channel Communication Corp ("CCCC"), both of which are incorporated under the laws of British Columbia, Canada.

KeyWest has also acquired the entire issued share capital of KeyWest Networks (Canada) Inc ("KNI"), which has a wholly-owned subsidiary, KeyWest Communications (Canada) Inc ("KCC"), both of which are incorporated under the laws of Canada.

We have been requested by KeyWest to advise on the current position under Canadian law, including that applicable in British Columbia, regarding foreign investment policy, and the repatriation of profits by a company incorporated in British Columbia or Canada to a holding company incorporated in Malaysia.

In giving the advice contained herein we have considered such questions of law, and made such investigations as we have considered relevant or necessary in order to give the advice contained below

Subject to the qualifications expressed herein and as set forth in paragraph 4:

2. **Foreign Investments in Canadian Companies**

Foreign investment in companies incorporated in Canada or any Province of Canada is a federal matter and is therefore governed by the laws of Canada. The federal legislation that governs foreign investment is the *Investment Canada Act*. Section 14(1)

13. EXPERTS' REPORT PERTAINING TO POLICIES ON FOREIGN INVESTMENTS AND REPATRIATION OF PROFITS (Cont'd)

of the *Investment Canada Act*, states that an investment by a non-Canadian to acquire control of a Canadian business is a reviewable transaction where the assets of the entity carrying on the Canadian business is five million Canadian dollars or more.

We have reviewed the financial statements of TTI and KNI, and find that their combined asset value is less than five million Canadian dollars. The acquisition of the shares of TTI and KNI by KeyWest is therefore not a reviewable transaction under the *Investment Canada Act*.

In the event that the transaction is deemed to be a reviewable transaction and the Minister of Industry does not approve the transaction, the investor would have to divest itself of the investment. The Minister has 45 days to decide whether or not to accept the investment. The notification under the Investment Canada Act of the acquisition of the shares of TTI and KNI by KeyWest was filed on April 19, 2005 and we are not aware of any notice from the Minister that it has decided to review the transaction.

Based on our investigations, there are no other laws on foreign investment which would prohibit the transfer of 100% of the shares in TTI or KNI to KeyWest, or the ownership by KeyWest of the said shares in TTI or KNI, solely as the result of KeyWest being a non-Canadian, other than the Canadian *Telecommunications Act*. Under the *Telecommunications Act*, no Canadian carrier shall operate as a telecommunications common carrier unless not less than 80% of the voting shares of the corporation are owned by Canadians and not less than 80% of the members of the board of directors of the corporation are individual Canadians.

Telecommunications common carrier is defined under the *Telecommunications Act* to mean "a person who operates a transmission facility used by that person or another person to provide telecommunications services to the public for compensation". We have been advised by the Canadian Radio-television and Telecommunications Commission that provided the activities of TTI and CCOG and KNI and KCC are limited to telecommunications reselling and do not include the activities of a telecommunications common carrier, there will be no restriction on KeyWest's ownership of TTI and KNI.

3. Repatriation of Profits

There are currently no foreign exchange controls in British Columbia or Canada.

Subject to compliance with the laws of general effect of Canada and British Columbia, including the payment of taxes, there are presently no restrictions on the repatriation of profits whether in the form of dividends, distributions or interest by a Canadian or British Columbia incorporated company to its shareholders or parent company incorporated in Malaysia.

13. **EXPERTS' REPORT PERTAINING TO POLICIES ON FOREIGN INVESTMENTS AND REPATRIATION OF PROFITS (Cont'd)**

4. **General**

We are solicitors qualified to practice law in the Province of British Columbia and we express no opinion as to the laws of any jurisdiction, or as to any matters governed by the laws of any jurisdiction, other than the laws of the Province of British Columbia and the laws of Canada applicable therein.

This letter sets out our advice on the specified matters under Canadian laws of general application as at the date hereof. We have not made any investigation of, and do not express any views on, the laws of any other countries.

We do not express or imply any opinion as to matters of fact, and for that purpose of this advice, we have not reviewed any documents nor the facts of any specific circumstances. Our advice only covers matters considered from a legal perspective and is not intended to cover any matters to be considered from a tax, financial, commercial or accounting perspective.

Our advice is subject to applicable bankruptcy insolvency and other similar laws affecting the rights of creditors generally and the qualification that the granting of equitable remedies such as specific performance and injunctive relief is within the discretion of a court of competent jurisdiction.

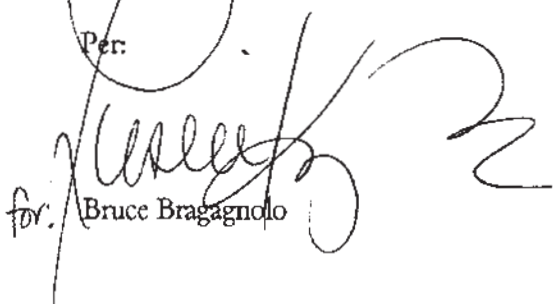
Our advice is subject to TTI and CCCC and KNI and KOC continuing in the telecommunications reselling business. If TTI or KNI change their business from telecommunications reselling, foreign control restrictions under other statutes may be applicable.

This advice is addressed to you solely for your benefit and the benefit of your legal advisors in connection with the proposed listing of KeyWest on the MESDAQ Market of Bursa Malaysia Securities Berhad only and may not be disclosed or quoted to or relied upon by any other person, without our prior written consent in each specific case. Notwithstanding the foregoing, this letter may be included in KeyWest's prospectus to be issued pursuant to its proposed listing on the MESDAQ Market of Bursa Malaysia Securities Berhad, on the basis that it is for disclosure purposes only and may not be relied upon by any party other than you.

Yours truly,

Bruce Bragagnolo Law Corporation

Per:

for: 
Bruce Bragagnolo

13. EXPERTS' REPORT PERTAINING TO POLICIES ON FOREIGN INVESTMENTS AND
REPATRIATION OF PROFITS (Cont'd)

ڤڤوآم بيلادان ڤڤوآم چارايڤيوك سنكارن حلیم
CHEOK SANKARAN HALIM

Advocates & Solicitors
Commissioners for Oaths
Syariah Counsel

Robin Cheok Van Kee
Siva Sankaran
Mohd. Yusof Halim
Christina Lim Li Hui
Noraha Abdul Malek (Syariah)
Mohd. Shahrays Zulkifli (Syariah)

No. 1, Jalan McArthur
6th Floor, Jalan McArthur Complex
Bandar Seri Begawan
Brunei Darussalam BS8711

Tel: 673-2222122 (6 lines)
Fax: 673-2222120
E-mail: leagle@brunet.bn
E-mail: robincvk@brunet.bn

Our Ref: RC.CL/720/03/cl

30th June, 2005

KEY WEST GLOBAL TELECOMMUNICATIONS BERHAD

Level 7, Menara Milenium,
Jalan Damanlela, Pusat Bandar Damansara,
50490 Kuala Lumpur,
Malaysia.

Dear Sirs,

**RE: KEYWEST COMMUNICATIONS SDN BHD ("KCB")
ADVICE PERTAINING TO FOREIGN INVESTMENT POLICY AND
REPATRIATION OF PROFITS**

We are instructed to advise on the current position regarding foreign investment policy and the repatriation of profits under the laws of Brunei Darussalam in relation to KCB, which is incorporated in Brunei Darussalam to a shareholder or holding company incorporated in Malaysia.

Subject to the qualifications set forth herein:

Foreign Investment Policy

There is no published foreign investment legislation in Brunei Darussalam at present. Generally, there are no restrictions on foreign ownership of companies incorporated in Brunei Darussalam, with the exception of companies operating in certain business sectors.

In particular, there are no restrictions in law on foreign ownership of companies whose business activities are those involving telecommunications. If in the future, KCB commences the provision of telecommunications services, it may require licences, which may be subject to restrictions on foreign investment. As KCB is currently inactive, no such licences currently are required.

...cont'd on pg2

13. EXPERTS' REPORT PERTAINING TO POLICIES ON FOREIGN INVESTMENTS AND REPATRIATION OF PROFITS (Cont'd)

Our Ref: RC.CL/720/03/el

page 2 of 3

KEYWEST GLOBAL TELECOMMUNICATIONS BERHAD

30th June, 2005

We have consulted the licensing authority (AITI) and have been verbally advised by a senior officer that if KCB were to provide telecommunications services which require a licence, then it will be subjected to the authority's internal licensing rules/guidelines which have yet to be gazetted. Essentially, in the event of foreign ownership of the licensee (KCB), the voting rights attached to the foreign shareholding must not constitute a majority. There are no restrictions as to the amount of foreign investment in the licensee (KCB) and therefore repatriation should not be a concern.

Repatriation of Profits

Due to the absence of foreign exchange controls in Brunei Darussalam, there are presently no restrictions on the repatriation of profits whether in the form of dividends, distributions or interest by a Bruneian incorporated company to its shareholder or holding company incorporated in Malaysia. As such, the expected timeframe for profits to be repatriated to Malaysia by Bruneian companies is dependent on the ability of such companies to pay dividends to shareholders whether in or outside of Brunei Darussalam.

Protection of Certain Intellectual Property Rights


Assuming that copyright subsists in the works involved in a transaction, such rights are automatically protected without any need for registration.

Owing to its territorial nature, a trade mark that is registered outside Brunei will not be able to exert its rights as a registered trade mark unless it is also registered in Brunei. It is common for passing off claims to be instituted in respect of unregistered trademarks. The general provisos to initiating a claim for passing off would be the basic common law requirement of goodwill, misrepresentation and damage.

General

We are solicitors qualified to practice law in Brunei Darussalam and we express no opinion as to the laws of any jurisdiction, or as to any matters governed by the laws of any jurisdiction, other than the laws of Brunei.

This letter sets out our advice on the specified matters under the laws of Brunei Darussalam as at the date hereof. We have not made any investigation of, and do not express any views on, the laws of any other countries.

...cont'd on pg3 

13. EXPERTS' REPORT PERTAINING TO POLICIES ON FOREIGN INVESTMENTS AND REPATRIATION OF PROFITS (Cont'd)

Our Ref: RC.CL/720/03/cl

page 3 of 3

KEYWEST GLOBAL TELECOMMUNICATIONS BERHAD

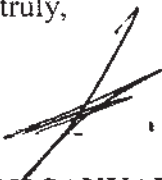
30th June, 2005

We do not express or imply any opinion as to matters of fact, and for the purpose of this advice, we have not reviewed any documents nor the facts of any specific circumstances. Our advice only covers matters considered from a legal perspective and is not intended to cover any matters to be considered from a tax, financial, commercial or accounting perspective.

We have not had sight of AITI's internal rules/guidelines on licensing and have been informed that no written confirmation will be available from AITI in respect of the verbal advice given to us as stated hereinabove.

This advice is addressed to you solely for your benefit in connection with the proposed listing of Key West Global Telecommunications Berhad ("Key West") only and may not be disclosed or quoted to or relied upon by any other person, without our prior written consent in each specific case. Notwithstanding the foregoing, this letter may be included in Key West's prospectus to be issued pursuant to its proposed listing on the MESDAQ Market of Bursa Malaysia Securities Berhad, on the basis that it is for disclosure purposes only and may not be relied upon by any party other than you.

Yours truly,



CHEOK SANKARAN HALIM
Advocates & Solicitors

13. EXPERTS' REPORT PERTAINING TO POLICIES ON FOREIGN INVESTMENTS AND REPATRIATION OF PROFITS (Cont'd)

Preston|Gates|Ellis LLP

June 30, 2005

KEYWEST GLOBAL TELECOMMUNICATIONS BERHAD
Level 7, Menara Milenium,
Jalan Damanlela, Pusat Bandar Damansara,
50490 Kuala Lumpur,
Malaysia.

FOREIGN INVESTMENT AND THE REPATRIATION OF PROFITS UNDER THE LAWS OF THE UNITED STATES OF AMERICA

We have been advised that Keywest Global Telecommunications Berhad ("KeyWest") is proposed to be listed on the MESDAQ Market of Bursa Malaysia Securities Berhad and that it is the eventual parent of Keywest Communications (USA) Inc. ("KCUSA"), and Times Telecom (USA) Inc. ("TTUSA"), both of which are private corporations incorporated under the laws of the United States of America ("United States").

We have been requested by KeyWest to advise on the current position under United States law regarding foreign investment policy, and the repatriation of profits by a company incorporated in the United States to a holding company incorporated in Malaysia.

Subject to the qualifications set forth herein:

1. Foreign Investments in United States Companies

Generally, there are no restrictions on foreign ownership of United States companies in circumstances where there are no national security implications. In particular, there are no restrictions on foreign ownership of companies whose business activities are telecommunications reselling. There are therefore no restrictions on KeyWest's ownership of KCUSA and TTUSA.

2. Repatriation of Profits

There are presently no restrictions on the repatriation of profits, whether in the form of dividends, distributions or interest, by a corporation incorporated in the United States to its shareholder or holding company incorporated outside of the United States. However, United States taxes may be imposed on repatriated profits.

3. General

We are lawyers qualified to practice law in the United States and we express no opinion as to the laws of any jurisdiction, or as to any matters governed by the laws of any jurisdiction, other than the laws of United States.

A LAW FIRM | A LIMITED LIABILITY PARTNERSHIP INCLUDING OTHER LIMITED LIABILITY ENTITIES

925 FOURTH AVENUE, SUITE 2900 SEATTLE, WA 98104-1158 TEL: (206) 623-7580 FAX: (206) 623-7022 www.prestongates.com
Anchorage Beijing Coeur d'Alene Hong Kong Orange County Portland San Francisco Seattle Spokane Taipei Washington, DC

13. EXPERTS' REPORT PERTAINING TO POLICIES ON FOREIGN INVESTMENTS AND REPATRIATION OF PROFITS (Cont'd)

This letter sets out our advice on the specified matters under United States laws of general application as at the date hereof. We have not made any investigation of, and do not express any views on, the laws of any other countries.

We do not express or imply any opinion as to matters of fact, and for the purpose of this advice, we have not reviewed any documents nor the facts of any specific circumstances. Our advice only covers matters considered from a legal perspective and is not intended to cover any matters to be considered from a tax, financial, commercial or accounting perspective.

This advice is addressed to you solely for your benefit and the benefit of your legal advisors in connection with the proposed listing of KeyWest on the MESDAQ Market of Bursa Malaysia Securities Berhad only and may not be disclosed or quoted to or relied upon by any other person, without our prior written consent in each specific case. Notwithstanding the foregoing, this letter may be included in KeyWest's prospectus to be issued pursuant to its proposed listing on the MESDAQ Market of Bursa Malaysia Securities Berhad, on the basis that it is for disclosure purposes only and may not be relied upon by any party other than you.

Sincerely,

PRESTON GATES & ELLIS, LLP



13. EXPERTS' REPORT PERTAINING TO POLICIES ON FOREIGN INVESTMENTS AND REPATRIATION OF PROFITS (Cont'd)

Preston|Gates|Ellis

SOLICITORS

普蓋茨律師事務所

Our Ref: 51322-00001/VSKM
Our Email: steveman@prestongates.com.hk
Date: 30 June 2005

KEY WEST GLOBAL TELECOMMUNICATIONS BERHAD
Level 7, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
50490 Kuala Lumpur
Malaysia

Dear Sirs

FOREIGN INVESTMENT AND THE REPATRIATION OF PROFITS UNDER THE LAWS OF HONG KONG

1. We have been advised that Key West Global Telecommunications Berhad ("KeyWest") is proposed to be listed on the MESDAQ Market of Bursa Malaysia Securities Berhad and that it has, amongst others, a wholly-owned subsidiary, Keywest Communications (HK) Limited ("KCHK"), which is a private limited liability company incorporated under the laws of Hong Kong.

We have been requested by KeyWest to advise on the current position under Hong Kong law regarding foreign investment policy, and the repatriation of profits by a company incorporated in Hong Kong to a holding company incorporated in Malaysia.

Subject to the qualifications set forth herein:

2. **Foreign Investments in Hong Kong Companies**

Generally, there are no restrictions on foreign ownership of Hong Kong companies, with the exception of companies operating in certain specific sectors such as broadcasting and banking. In particular, there are no restrictions on foreign ownership of companies whose business activities are telecommunications reselling. There are therefore no restrictions on KeyWest's ownership of KCHK.

3. **Repatriation of Profits**

There are currently no foreign exchange controls in Hong Kong.

PARTNERS

Susan P. LIU
K.W. HUI
Navin AGGARWAL
Roger K.S. WONG
Stephen K.P. LO
Paul P.C. FONG

廖淑珊
許銳威
高誠德
王季生
盧紀全
方培碧

Keith A. LEE 李國賢
Vincent S.K. TSO
Lorraine S.N. LOH
Clifford S.M. NG
Matthew H.C. WONG

Jo T.Y. CHAN
曹紹基
羅守寧
伍守文
黃漢柱

ASSOCIATES

Caroline Y.S. CHEUNG
Eric T.L. FUNG
Michael C.W. FUNG
Orana W.L. HUI
Cynthia S.W. LEE

陳翠茵
張宇琛
馮維龍
馮澤偉
許慧玲
李思韻

Stephen K.L. MAN
Lydia WU
Christine O.Y. YAM
Winnie M.L. YAU

文啓良
吳慧真
任瓊怡
鄧美玲

REGISTERED FOREIGN LAWYERS

Lenny L. LI 李瀾 (USA)
Yujing SHU 舒玉晶 (USA)

35TH FLOOR TWO INTERNATIONAL FINANCE CENTRE 8 FINANCE STREET CENTRAL HONG KONG
香港中環金融街八號國際金融中心二期三十五樓

TEL 電話 (852) 2511-5100
(852) 2230-3500

FAX 傳真 (852) 2511-9515
(852) 2899-2996

Anchorage Beijing Coeur d'Alene Hong Kong Orange County Portland San Francisco Seattle Spokane Taipei Washington, DC

www.prestongates.com

13. **EXPERTS' REPORT PERTAINING TO POLICIES ON FOREIGN INVESTMENTS AND REPATRIATION OF PROFITS (Cont'd)**

KEY WEST GLOBAL TELECOMMUNICATIONS HERHAD
June 30, 2005
Page 2

Hence, there are presently no restrictions on the repatriation of profits whether in the form of dividends, distributions or interest by a Hong Kong incorporated company to its shareholder or holding company incorporated outside of Hong Kong.

4. **General**

We are solicitors qualified to practice law in the Hong Kong and we express no opinion as to the laws of any jurisdiction, or as to any matters governed by the laws of any jurisdiction, other than the laws of Hong Kong.

This letter sets out our advice on the specified matters under Hong Kong laws of general application as at the date hereof. We have not made any investigation of, and do not express any views on, the laws of any other countries.

We do not express or imply any opinion as to matters of fact, and for the purpose of this advice, we have not reviewed any documents nor the facts of any specific circumstances. Our advice only covers matters considered from a legal perspective and is not intended to cover any matters to be considered from a tax, financial, commercial or accounting perspective.

This advice is addressed to you solely for your benefit and the benefit of your legal advisors in connection with the proposed listing of KeyWest on the MESDAQ Market of Bursa Malaysia Securities Berhad only and may not be disclosed or quoted to or relied upon by any other person, without our prior written consent in each specific case. Notwithstanding the foregoing, this letter may be included in KeyWest's prospectus to be issued pursuant to its proposed listing on the MESDAQ Market of Bursa Malaysia Securities Berhad, on the basis that it is for disclosure purposes only and may not be relied upon by any party other than you.

Yours faithfully


PRESTON GATES & ELLIS



G O R D O N &
J O H N S T O N E
L A W Y E R S

Our ref: KP:fja:208780
Contact: Kevin Pringle
kpringle@gordonandjohnstone.com.au

30 June 2005

Key West Global Telecommunications Berhad
Level 7, Menara Milenium
Pusat Bandar Damansara
50490 Kuala Lumpur
MALAYSIA

Dear Sir

**FOREIGN INVESTMENT AND THE REPATRIATION OF PROFITS UNDER THE
LAWS OF AUSTRALIA**

We have been requested to provide legal advice on the following:

1. The applicable policies on foreign investments in Australia;
2. Whether there are any rules or restrictions on the repatriation of profits from Australia.

Foreign Investment Policies

In Australia, foreign investment policy provides for Government scrutiny of many proposed foreign purchases of Australian businesses and properties. The Government has the power (under the *Foreign Acquisitions and Takeovers Act 1975* ("the Act")) to block proposals that are determined (by the Government) to be contrary to national interest. The Act also provides legislative backing for ensuring compliance with the policy.

In the majority of industry sectors, smaller proposals are exempt from the requirements of notification and larger proposals are approved unless judged to be contrary to the national interest. The screening process is undertaken by foreign investment review board which enables comments to be obtained from relevant parties and other government agencies in considering whether larger or more sensitive foreign investment proposal are contrary to the national interest.

The government determines what is "contrary to the national interest" by having regard to the widely held community concerns for Australians. Specific restrictions on foreign investment are enforced in more sensitive sectors such as media and developed residential real estate. The screening process provides a clear and simple mechanism for reviewing the operations of



LEVEL 3, 55 MARKET ST SYDNEY 2000
TELEPHONE (02) 9264 1906 FACSIMILE (02) 9264 8005 DX 199 SYDNEY
mail@gordonandjohnstone.com.au

Liability is Limited by the Solicitor's Scheme, approved under the Professional Standards Act 1994 (NSW)

13. EXPERTS' REPORT PERTAINING TO POLICIES ON FOREIGN INVESTMENTS AND REPATRIATION OF PROFITS (Cont'd)

2

30 June 2005

foreign investors in Australia whenever they seek to establish or require a new business interest or purchase additional properties.

Under the Act the "foreign person" is relevantly:

- (a) a natural person not ordinarily resident in Australia; or
- (b) a corporation in which a foreign corporation or a natural person not ordinarily resident in Australia holds a controlling interest (noting this is defined as having a shareholding of 15% or more).

This is the case with each Keywest Communications Pty Limited and Times Telecom (Australia) Pty Limited ("the Companies"). Therefore prima facie foreign investment policy is applicable to operations of those corporations.

The types of proposals by foreign interest to invest in Australia which require prior approval by the Foreign Investment Review Board are broadly as follows:

- 1. Acquisitions of a substantial interest in an existing Australian business in which the value of the assets exceeds \$50 million;
- 2. Proposals to establish new business involving total investment of \$10 million or more;
- 3. Portfolio investments in the media of 5% or more;
- 4. With respect the real property the type of land is relevant for example the following require approval, the acquisition of interest in urban land that involves either developed non-residential real estate where the property is subject to a heritage listing valued at \$5 million or more; or developed non-residential commercial real estate where the property is not subject to a heritage listing valued at \$50 million or more, accommodation facilities irrespective of value, vacant real estate irrespective of value or residential real estate irrespective of value.

In summary there are policies and restrictions on foreign investment in Australia, however based on the information we have regarding the nature of the operations and value of the Companies the foreign investment policy and legislation will not apply. There are no other laws or policies which will operate to prohibit the 100% ownership of the shares by a foreign Company such as Keywest Communications Inc or Key West Global Telecommunications Berhad. If the operations or size of the Companies was to alter and exceed the thresholds described above, then this position may change.

13. EXPERTS' REPORT PERTAINING TO POLICIES ON FOREIGN INVESTMENTS AND REPATRIATION OF PROFITS (Cont'd)

3

30 June 2005

Repatriation of Profits

On the basis that all Australian income tax has been paid and all revenue laws are complied with and the appropriate remittances made to the government, there are no restrictions on the repatriation of profits.

Repatriation of profits can be made as desired to foreign owners, subject to compliance by the Australian entity with various taxation and revenue legislation. The rates of taxation to be applied to profits depends on the type and nature of the profits being repatriated and the country that the profits are being repatriated to. This is a matter in which specialist accounting advice should be sought.

General

We are solicitors qualified to practice law in Australia and we express no opinion as to the laws of any jurisdiction, or as to any matters governed by the laws of any jurisdiction, other than the laws of Australia.

This letter sets out our advice on the specified matters on a general application as of the date hereof, we have not made any investigation of and do not express any views on the laws of any other country, or the application to your company or its operations, other than as stated above.

We do not express or imply any opinion as to matters of fact, and for the purpose of this advice we have not reviewed any documents nor facts or any specific circumstances. Our advice covers only matters considered from a legal prospective and is not intended to cover any matters to be considered from a tax, financial, commercial or accounting perspective.

This advice is addressed to you solely for your benefit in connection with the proposed listing of Keywest Global Telecommunications Berhad ("KeyWest") only and may not be disclosed or quoted to or relied upon by any other person, without our prior written consent in each specific case. Notwithstanding the foregoing, this letter may be included in KeyWest's prospectus to be issued pursuant to its proposed listing on the MESDAQ Market of Malaysia Securities Exchange Berhad, on the basis that it is for disclosure purposes only and may not be relied upon by any party other than you.

Yours faithfully

GORDON & JOHNSTONE



Kevin Pringle
Partner