

14. **PROFORMA CONSOLIDATED BALANCE SHEETS OF MNCW AS AT 30 JUNE 2005, TOGETHER WITH THE BASES AND ASSUMPTIONS AND THE REPORTING ACCOUNTANTS' LETTER THEREON**



20 September 2005

The Board of Directors
M N C Wireless Berhad
No. 45, Block A, Level 3
Unit 3.03, Medan Setia 1
Plaza Damansara, Bukit Damansara
50490 Kuala Lumpur

Dear Sirs/Madam

**M N C WIRELESS BERHAD ("MNCW")
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2005**

We have reviewed the Proforma Consolidated Balance Sheets of MNCW and its subsidiary ("MNCW Group") as at 30 June 2005, together with the accompanying notes thereto which have been prepared for illustrative purposes only, for which the Directors are solely responsible, as set out in the accompanying statements (initialed by us for the purpose of identification only) prepared in connection with the following transactions for the inclusion in the Prospectus of MNCW to be dated 29 September 2005:-

- (a) Rights Issue of 2,259,457 new ordinary shares of RM1.00 each in MNCW on the basis of approximately 1.008 new ordinary shares of RM1.00 each for every one (1) existing ordinary share of RM1.00 each held in MNCW, at an issue price of RM1.00 per share ("Rights Issue"). The Rights Issue was completed on 26 August 2005;
- (b) Share Split of the par value, whereby every existing ordinary share of RM1.00 each will be split into ten (10) new ordinary shares of RM0.10 each ("Share Split"). The Share Split was completed on 26 August 2005;
- (c) Public Issue of 16,000,000 new ordinary shares of RM0.10 each in MNCW at an issue price of RM0.48 per share comprising:-
 - (i) 1,628,000 new ordinary shares of RM0.10 each in MNCW available for eligible directors and employees of MNCW;
 - (ii) 3,000,000 new ordinary shares of RM0.10 each in MNCW available for application by the public, companies, societies, co-operatives and institutions; and
 - (iii) 11,372,000 new ordinary shares of RM0.10 each in MNCW available for application by private placement to selected institutional and individual investors.

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- (d) Bonus Issue of 30,500,000 new ordinary shares of RM0.10 each in MNCW credited as fully paid-up ("Bonus Shares") on the basis of one (1) new ordinary share for every two (2) existing ordinary shares held after the Public Issue. The Bonus Issue will be by way of capitalising RM3,050,000 from the share premium account of MNCW arising from the Public Issue;
- (e) establishment of an Employees' Share Option Scheme ("ESOS") of up to 15% of the enlarged issued and paid-up share capital of MNCW. This will involve the issuance of options to subscribe for up to 13,725,000 new ordinary shares of RM0.10 each in MNCW based on the theoretical ex-all price of RM0.32 per share; and
- (f) listing of and quotation for the entire enlarged issued and paid-up share capital of MNCW of RM9,150,000 comprising 91,500,000 ordinary shares of RM0.10 each on the MESDAQ Market of the Bursa Malaysia Securities Berhad ("Bursa Securities").

In our opinion:-

- (i) the Proforma Consolidated Balance Sheets, which are prepared for illustrative purposes only, have been properly compiled on the bases set out in the accompanying notes to the Proforma Consolidated Balance Sheets;
- (ii) the bases are consistent with the accounting policies normally adopted by MNCW Group; and
- (iii) the adjustments are appropriate for the purposes of the Proforma Consolidated Balance Sheets.

We understand that this letter will be used solely for the purpose stated above, in connection with the aforementioned transactions. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully

A handwritten signature in black ink, appearing to be "J. P. S.", written over a horizontal line.

Horwath
Firm No : AF 1018
Chartered Accountants

A handwritten signature in black ink, appearing to be "Onn Kien Hoe", written over a horizontal line.

Onn Kien Hoe
Approval No : 1772/11/06 (J/PH)
Partner

14. **PROFORMA CONSOLIDATED BALANCE SHEETS OF MNCW AS AT 30 JUNE 2005, TOGETHER WITH THE BASES AND ASSUMPTIONS AND THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**



M N C WIRELESS BERHAD ("MNCW") AND ITS SUBSIDIARY ("MNCW GROUP")

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2005

	Group audited as at 30 June 2005 RM'000	Proforma I RM'000	Proforma II RM'000	Proforma III RM'000	Proforma IV RM'000	Proforma V RM'000
Assets						
Plant and equipment	1,994	1,994	1,994	3,574	3,574	3,574
Product development expenditure	1,439	1,439	1,439	1,439	1,439	1,439
	3,433	3,433	3,433	5,013	5,013	5,013
Current Assets						
Trade receivables	6,065	6,065	6,065	6,065	6,065	6,065
Other receivables, deposits and prepayments	886	886	886	340	340	340
Tax refundable	14	14	14	14	14	14
Cash and bank balances	628	2,887	2,887	8,233	8,233	12,625
Total current assets	7,593	9,852	9,852	14,652	14,652	19,044
Current Liabilities						
Trade payables	1,837	1,837	1,837	1,837	1,837	1,837
Other payables and accruals	2,207	2,207	2,207	2,207	2,207	2,207
Total current liabilities	4,044	4,044	4,044	4,044	4,044	4,044
Net current assets	3,549	5,808	5,808	10,608	10,608	15,000
	6,982	9,241	9,241	15,621	15,621	20,013
Financed by:-						
Share capital	2,241	4,500	4,500	6,100	9,150	10,522
Share premium	-	-	-	4,780	1,730	4,750
Negative goodwill on consolidation	42	42	42	42	42	42
Retained profits	4,421	4,421	4,421	4,421	4,421	4,421
Shareholders' equity	6,704	8,963	8,963	15,343	15,343	19,735
Non-current liability						
Deferred taxation	278	278	278	278	278	278
	6,982	9,241	9,241	15,621	15,621	20,013
Number of ordinary shares in issue ('000)	2,241	4,500	45,000	61,000	91,500	105,225
Net tangible assets per ordinary share (sen)	234.94	167.20	16.72	22.79	15.20	17.39

14. PROFORMA CONSOLIDATED BALANCE SHEETS OF MNCW AS AT 30 JUNE 2005, TOGETHER WITH THE BASES AND ASSUMPTIONS AND THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)



M N C WIRELESS BERHAD ("MNCW") AND ITS SUBSIDIARY ("MNCW GROUP")

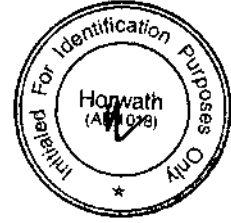
NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS

1. Basis of Preparation

The Proforma Consolidated Balance Sheets of MNCW for which the Directors are solely responsible, have been prepared on bases and accounting principles consistent with those previously adopted in the preparation of the audited financial statements of MNCW Group, together with the accompanying notes thereto, which have been prepared solely for illustrative purposes to show the effects of the following transactions had these transactions been effected as of 30 June 2005:-

- (a) Rights Issue of 2,259,457 new ordinary shares of RM1.00 each in MNCW on the basis of approximately 1.008 new ordinary shares of RM1.00 each for every one (1) existing ordinary share of RM1.00 each held in MNCW, at an issue price of RM1.00 per share ("Rights Issue");
- (b) Share Split of the par value, whereby every existing ordinary share of RM1.00 each will be split into ten (10) new ordinary shares of RM0.10 each ("Share Split");
- (c) Public Issue of 16,000,000 new ordinary shares of RM0.10 each in MNCW at an issue price of RM0.48 per share comprising:-
 - (i) 1,628,000 new ordinary shares of RM0.10 each in MNCW available for eligible directors and employees of MNCW;
 - (ii) 3,000,000 new ordinary shares of RM0.10 each in MNCW available for application by the public, companies, societies, co-operatives and institutions; and
 - (iii) 11,372,000 new ordinary shares of RM0.10 each in MNCW available for application by private placement to selected institutional and individual investors.
- (d) Bonus Issue of 30,500,000 new ordinary shares of RM0.10 each in MNCW credited as fully paid-up ("Bonus Shares") on the basis of one (1) new ordinary share for every two (2) existing ordinary shares held after the Public Issue. The Bonus Issue will be by way of capitalising RM3,050,000 from the share premium account of MNCW arising from the Public Issue;

14. **PROFORMA CONSOLIDATED BALANCE SHEETS OF MNCW AS AT 30 JUNE 2005, TOGETHER WITH THE BASES AND ASSUMPTIONS AND THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**



M N C WIRELESS BERHAD ("MNCW") AND ITS SUBSIDIARY ("MNCW GROUP")

NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS (CONT'D)

1. Basis of Preparation (Cont'd)

- (e) establishment of an Employees' Share Option Scheme ("ESOS") of up to 15% of the enlarged issued and paid-up share capital of MNCW. This will involve the issuance of options to subscribe for up to 13,725,000 new ordinary shares of RM0.10 each in MNCW based on the theoretical ex-all price of RM0.32 per share; and
- (f) listing of and quotation for the entire enlarged issued and paid-up share capital of MNCW of RM9,150,000 comprising 91,500,000 ordinary shares of RM0.10 each on the MESDAQ Market of the Bursa Securities.

Proforma I

Proforma I incorporates the effects of the Rights Issue.

Proforma II

Proforma II incorporates the effects of Proforma I and the Share Split.

Proforma III

Proforma III incorporates the effects of Proforma II, the Public Issue and the utilisation of proceeds from the Public Issue.

Proforma IV

Proforma IV incorporates the effects of Proforma III and the Bonus Issue.

Proforma V

Proforma V incorporates the effects of Proforma IV and the ESOS on the basis that all the options under the ESOS are exercised.

14. **PROFORMA CONSOLIDATED BALANCE SHEETS OF MNCW AS AT 30 JUNE 2005, TOGETHER WITH THE BASES AND ASSUMPTIONS AND THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**



M N C WIRELESS BERHAD ("MNCW") AND ITS SUBSIDIARY ("MNCW GROUP")

NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS (CONT'D)

2. Utilisation of Proceeds

The utilisation of proceeds from the Public Issue is as follows:-

Purpose		RM'000
Purchase of new equipment	(a)	1,580
Working capital	(b)	1,200
Overseas expansion	(b)	1,500
Research and development	(b)	2,100
Estimated listing expenses	(c)	1,300
Total		7,680

Notes:-

- (a) Included in plant and equipment for the purposes of the Proforma Consolidated Balance Sheets;
- (b) Included in cash and bank balances for the purposes of the Proforma Consolidated Balance Sheets; and
- (c) The estimated listing expenses of RM1.3 million have been debited against the share premium account.

14. **PROFORMA CONSOLIDATED BALANCE SHEETS OF MNCW AS AT 30 JUNE 2005, TOGETHER WITH THE BASES AND ASSUMPTIONS AND THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)**

M N C WIRELESS BERHAD ("MNCW") AND ITS SUBSIDIARY ("MNCW GROUP")

NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS (CONT'D)



3. Share Capital

The movements in the issued and paid-up share capital of MNCW in the various scenarios are as follows:-

	Number of Ordinary Shares	Amount of Share Capital RM
As at 30 June 2005	2,240,543	2,240,543
Rights Issue	2,259,457	2,259,457
As per Proforma I	4,500,000	4,500,000
Share Split	40,500,000	-
As per Proforma II	45,000,000	4,500,000
Public Issue	16,000,000	1,600,000
As per Proforma III	61,000,000	6,100,000
Bonus Issue	30,500,000	3,050,000
As per Proforma IV	91,500,000	9,150,000
Upon full exercise of ESOS	13,725,000	1,372,500
As per Proforma VI	<u>105,225,000</u>	<u>10,522,500</u>

4. Share Premium Account

The movements in the share premium account of MNCW Group are as follows:-

	RM
As at 30 June 2005/Proforma I/Proforma II	-
Public Issue	6,080,000
Less: Estimated listing expenses	(1,300,000)
As per Proforma III	4,780,000
Bonus Issue	(3,050,000)
As per Proforma IV	1,730,000
Upon full exercise of the ESOS	3,019,500
As per Proforma V	<u>4,749,500</u>

15. SALIENT TERMS OF THE ESOS BY-LAWS

15.1 QUANTUM

- 15.1.1 The maximum number of our new Shares which may be available under the Scheme shall not exceed in aggregate fifteen per cent (15%) of our total issued and paid-up share capital at any one time at the point of granting of the Options during the existence of the Scheme. For the avoidance of doubt, where we purchase our own shares or undertakes any other corporate proposal resulting in the total number of shares to be issued under the scheme exceeds aggregate fifteen per cent (15%) of our issued and paid up capital, no further Options shall be offered until the total of our new Shares to be issued under the Scheme falls below fifteen (15%) of our issued and paid-up capital.
- 15.1.2 We will during the Option Period keep available sufficient authorised and unissued shares to satisfy all Option, which may be exercised, in whole or in part during the Option Period.

15.2 ELIGIBILITY

- 15.2.1 Subject to the discretion of the Option Committee, any employee and Director of our Group (i.e. by us or our subsidiary as defined under the Act, provided that it is not dormant) is eligible to participate in the Scheme, if, as at the Offer Date, such employee and Director:-
- (i) has attained the age of eighteen (18) years on the Offer Date;
 - (ii) either:-
 - (a) in the case of employee, is classified as an “employee” based on the terms of employment letter issued by us and is not a member of any trade union; or
 - (b) in the case of Director, the name appears in our Register of directors on or before the Offer Date.
- 15.2.2 Eligibility, however, does not confer on an Eligible Person a claim or right to participate in the Scheme unless an Offer in writing has been made by the Option Committee to the Eligible Person and the Eligible Person has accepted the Offer in accordance with the terms of the Offer and the Scheme.

15.3 MAXIMUM ALLOWABLE ALLOTMENT AND THE BASIS OF ALLOTMENT

- 15.3.1 Subject to the adjustments which may be made under Section 15.10 below, the aggregate maximum number of our new Shares that may be subscribed pursuant to the exercise of the Option offered to any of the Eligible Person who are entitled to participate in the Scheme shall be at the sole and absolute discretion of the Option Committee after taking into consideration the position, performance, seniority and the length of service of the Eligible Person in our Group or such other matters which the Option Committee may in its sole and absolute discretion deem fit subject to the following:-
- (i) the number of our new Shares allocated, in aggregate, to our Directors and our Group’s senior management shall not exceed 50% of our new Shares available under the Scheme; and
 - (ii) the number of our new Shares allotted to any individual employee as defined under Section 15.2.1(ii)(a) above shall not exceed 10% of our total new Shares available under the Scheme.
- 15.3.2 Subject to any adjustments which may be made under Section 15.10 below, the maximum number of our new Shares that may be offered and allotted to an Eligible Person shall be determined at the discretion of the Option Committee taking into consideration the performance, seniority and years of service of the Eligible Person. The decision of the Option Committee shall be final and binding.

15. SALIENT TERMS OF THE ESOS BY-LAWS (CONT'D)

- 15.3.3 Subject to Section 15.9 below, in the circumstances where the maximum allowable allotment as provided in the Bursa Securities LR is amended by the Bursa Securities from time to time, the Option Committee shall have the absolute discretion to make the necessary adjustments so that the number of our new Shares that may be offered to any one of the Eligible Person shall be in accordance with the provisions of the Bursa Securities LR prevailing during the Option Period.
- 15.3.4 An Eligible Person who holds more than one (1) position within us, and by virtue of such position is an Eligible Person in more than one (1) category, shall be entitled to the Maximum Allowable Allotment of any one (1) category. The Option Committee shall be entitled at its discretion to determine the applicable category.
- 15.3.5 The Option Committee may, subject to the approval of our Board, introduce additional categories of Eligible Person who are eligible to participate in the Scheme, which it deems necessary, during the duration of the Scheme.

15.4 DURATION OF THE SCHEME

- 15.4.1 The Scheme shall be in force for a period of five (5) years commencing from the date the adviser for the Scheme confirms in writing to Bursa Securities that the relevant requirements under Chapter 3 of the Bursa Securities LR, including the following have been complied with:-
- (i) submission of our final Scheme By-laws to Bursa Securities;
 - (ii) our receipt of the approval-in-principle from Bursa Securities for the listing of and quotation for our Shares to be issued pursuant under the Scheme;
 - (iii) the approval of our shareholders in general meeting in relation to the Scheme;
 - (iv) any other relevant regulatory authorities, where applicable; and
 - (v) fulfilment of all conditions attached to the above approvals, if any.
- 15.4.2 Upon the expiry of the Scheme, the Option Committee shall have the discretion to extend the Duration of the Scheme PROVIDED THAT:-
- (i) any extension of the Scheme shall not result in the total duration of the Scheme exceeding ten (10) years;
 - (ii) the approval of our shareholders in a general meeting have been obtained, where required; and
 - (iii) all necessary approvals, where required, have been obtained from the Bursa Securities and any other relevant authorities.

15.5 OFFER

- 15.5.1 The Option Committee may, within the Duration of the Scheme referred to in Section 15.4 above, make Offers to any Eligible Person whom the Option Committee may in its discretion select to participate in the Scheme.
- 15.5.2 The Option Committee may in its discretion at any time and from time to time as it may deem fit make an Offer to any Eligible Person whom the Option Committee may in its discretion select, to subscribe during the Option Period for our new Shares in accordance with the terms of the Scheme.

15. SALIENT TERMS OF THE ESOS BY-LAWS (CONT'D)

15.5.3 Nothing in this Scheme shall prevent the Option Committee from making more than one Offer to any Eligible Person Provided That:-

- (i) our new Shares to be allotted shall always be in multiples of One Hundred (100) Shares; and
- (ii) the total aggregate number of our new Shares to be so allotted to any Eligible Person shall not exceed the Maximum Allowable Allotment of each Eligible Person as set out in Section 15.3 above.

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

- (i) the number of Shares that are being offered to the Eligible Person;
- (ii) the number of Shares which the Eligible Person shall be entitled to subscribe for upon the exercise of the Option being offered (including the breakdown of our new Shares the Eligible Person shall be entitled to, at various stages during the Option Period, as may be determined by the Option Committee);
- (iii) the Option Period;
- (iv) the Option Price;
- (v) the closing date for acceptance of the Offer; and
- (vi) Any other necessary information or condition which may be imposed by the Option Committee at its absolute discretion, subject to the relevant laws.

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

15.5.6 With the exception to Sub-Clause 10.2 of our By-laws, the Offer shall automatically lapse and be null and void in the event of the Eligible Person ceasing to be a Director or employed by our Group for any reason whatsoever prior to the exercise of the Offer by the Eligible Person in the manner set out in Clause 15.8 below.

15.5.7 Subject to Sub-Clause 10.2.5 of our By-laws, the Offer shall automatically lapse and be null and void in the event of death, bankruptcy or insanity of the Eligible Person.

15.6 OPTION PRICE

15.6.1 The Option Price shall be the higher of the following:-

- (i) in respect of any Offer which is made in conjunction with our Listing, the Issue Price; and
- (ii) in respect of any Offer which is made subsequent to our Listing, set at a discount of not more than ten percent (10%) of the weighted average market price of our Shares as shown in the daily official list of Bursa Securities for the five (5) Market Days immediately preceding the date of which an Offer is made to an Eligible Person to participate in the ESOS Scheme by the Option Committee (or such other pricing mechanism as may be permitted by the SC or any other relevant regulatory authorities from time to time), provided that the Option Price shall in no event be less than the par value of our Shares.

15.6.2 The Option Price shall be stipulated on each Option Certificate.

15.6.3 The Option Price shall be adjusted to any adjustments in accordance with Section 15.10 below.

15. SALIENT TERMS OF THE ESOS BY-LAWS (CONT'D)**15.7 ACCEPTANCE OF THE OFFER**

- 15.7.1 The Offer to participate in the Scheme shall be valid for acceptance for a period of thirty (30) days from the Offer Date or such longer period as may be determined by the Option Committee on a case by case basis at its discretion. The acceptance of an Offer shall be made by way of a written notice from the Eligible Person to the Option Committee in the form prescribed by the Option Committee from time to time. In the event that the Eligible Person fails to accept the Offer within the prescribed period, the Offer shall automatically lapse PROVIDED THAT the Option Committee shall not be precluded from making a new Offer to the Eligible Person subsequently.
- 15.7.2 Acceptance of the Offer by an Eligible Person shall be accompanied by the payment of Ringgit Malaysia One (RM 1.00) as non-refundable consideration for the grant of the Option.
- 15.7.3 Within fourteen (14) days after the due acceptance of the Offer in accordance with the provisions of this Section, the Option Committee shall issue to the Grantee a certificate of Option in such form as may be determined by the Option Committee from time to time stating, *inter alia*, the number of our Shares granted, the Option Price and the Option Period.
- 15.7.4 An Option shall be personal to the Grantee and cannot be assigned, transferred or otherwise disposed of in any manner whatsoever.
- 15.7.5 The Option may be cancelled at the discretion of the Grantee by notice in writing to the Option Committee.

15.8 EXERCISE OF OPTIONS

- 15.8.1 Subject to Section 15.8.2 below, an Option may be exercised by the Grantee by notice in writing to us in the prescribed form from time to time during the Option Period in respect of all or any part of our new Shares comprised in the Option, provided that where an Option is exercised in respect of a part of our new Shares comprised therein, the number of our new Shares of which such Option may be exercised shall not be less than One Hundred (100) and shall be in multiples of One Hundred (100).

Notwithstanding anything herein to the contrary in the event of any alteration in our share capital during the Option Period in accordance with Section 15.10 below which results in the number of our Shares comprised in an Option not being in multiples of One Hundred (100), then the requirement that an Option shall be exercised in multiples of not less than One Hundred (100) of our new Shares shall not be applicable for the Grantee's final exercise of the Option.

- 15.8.2 Subject to Section 15.10 below, the Option Committee may, at any time an Option is granted:-
- (i) limit the exercise of the Option to a maximum number of our new Shares; and/or
 - (ii) limit such percentage of our total new Shares comprised in the Option that may be exercised by the Grantee during such periods within the Option Period including the exercise of the Option during such Option Period on a staggered basis; and
 - (iii) impose any other terms and/or conditions deemed appropriate by the Option Committee.

For the avoidance of doubt, partial exercise of an Option shall not preclude the Grantee from exercising the Option for the remaining duration of the Option Period in respect of the balance of our new Shares comprised in the Option.

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

15. SALIENT TERMS OF THE ESOS BY-LAWS (CONT'D)

- 15.8.3 Every such written notice referred to in Section 15.8.1 hereof must be in the form prescribed by the Option Committee from time to time and accompanied by a remittance (calculated in accordance with the provisions of Section 15.6 above) for the full amount of the subscription monies for our new Shares in respect of which notice is given. Within ten (10) Market Days from the receipt by us of the aforesaid notice and remittance from the Grantee, we shall allot such new Shares to the Grantee accordingly, subject to and in accordance with the provisions of our Articles of Association, the Central Depositories Act and the Rules of the Central Depository.
- 15.8.4 A Grantee who exercises his Option shall provide the Option Committee with the details of his CDS Account or the details of the CDS Account of his authorised nominee, as the case may be, in the notice referred to in Section 15.8.1 above. Our new Shares to be issued pursuant to the exercise of an Option will be credited into the CDS Account of the Grantee or his Authorised Nominee, as the case may be and a notice of allotment stating the number of shares credited into such CDS Account will be issued and despatched to the Grantee or the Grantee's Authorised Nominee with a copy to the Grantee, as the case may be, within ten (10) Market Days from the date of receipt by us of the written notice of the exercise of the Option together with the requisite remittance. No physical share certificate(s) will be issued.
- 15.8.5 No Options shall be exercisable after the expiry of the Option Period.
- 15.8.6 In the event that a Grantee is subject to disciplinary proceedings (whether or not such disciplinary proceedings will give rise to a dismissal or termination of service) the Option Committee may, in its discretion, suspend and/or cancel the right of the Grantee to exercise his Option pending the outcome of such disciplinary proceedings. The Option Committee may impose such terms and conditions as the Option Committee shall deem appropriate having regard to the nature of the charges made or brought against the Grantee and the outcome of such disciplinary proceedings PROVIDED ALWAYS THAT in the event that such Grantee shall subsequently be found to be not guilty of the charges which gave rise to such disciplinary proceedings, the Option Committee shall reinstate the rights of such Grantee to exercise his Option PROVIDED THAT such reinstatement is within the Duration of the Scheme in accordance with Section 15.4 above.
- 15.8.7 Notwithstanding the provisions of Section 15.8.3 above, our Board (including directors that had resigned but were on our Board during the Option Period), the Option Committee, we and/or any of our officer shall not under any circumstances be held liable for any cost, loss, expense and/or damages whatsoever or howsoever arising in any event relating to the delay on our part in allotting our new Shares within the stipulated deadline or in procuring the Bursa Securities to list our new Shares subscribed for by a Grantee.
- 15.8.8 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 Sections 15.8.1 to 15.8.4 above will invalidate the purported exercise of such Option by an Eligible Person.
- 15.8.9 Every Option shall be subject to the condition that none of our 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.
- 15.8.10 We will undertake to keep available sufficient unissued Shares to satisfy all outstanding Options.

15. SALIENT TERMS OF THE ESOS BY-LAWS (CONT'D)**15.9 AMENDMENTS AND/OR MODIFICATION TO THE SCHEME**

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

15.10 ALTERATION OF SHARE CAPITAL DURING THE OPTION PERIOD

15.10.1 In the event of any alteration in our capital structure during the Option Period, whether by way of capitalisation of profit or reserves, rights issues, reduction, subdivisions or consolidation of capital or otherwise howsoever taking place:

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

shall be adjusted in such a manner as our external auditors 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, PROVIDED ALWAYS THAT:-

- (a) no adjustment to the Option Price shall be made which would result in our 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 Option Price payable shall be the par value of our new Shares;
- (b) upon any adjustment being made pursuant to this Section, the Option Committee shall within thirty (30) days of the effective date of the alteration in our capital structure notify the Grantee (or his/her legal or personal representatives where applicable) in writing informing him of the adjusted Option Price thereafter in effect and/or the revised number of our new Shares thereafter to be issued on the exercise of the Option; and
- (c) such adjustments would give the Grantee the same proportion of our issued ordinary share capital as that to which he was entitled under the Option prior to such alterations.

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

15.11 RANKING OF OUR NEW SHARES

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

15. SALIENT TERMS OF THE ESOS BY-LAWS (CONT'D)

15.12 RETENTION PERIOD

Other than our new Shares to be allotted and issued to the Non-Executive Director pursuant to this Scheme that shall not be sold, transferred or assigned within one (1) year from the date of offer of such Options, other new Shares to be issued and allotted to a Grantee pursuant to the exercise of any Option or Options will not be subject to any retention period.

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16. OTHER GENERAL INFORMATION

16.1 SHARE CAPITAL

1. No shares will be allotted and issued on the basis of this Prospectus later than twelve (12) months after the date of this Prospectus.
2. We have no founder, management or deferred shares.
3. We do not require any director to hold any of our qualification shares.
4. We only have one (1) class of shares, namely ordinary shares of RM0.10 each, all of which rank *pari passu* with one another.
5. Save as disclosed in Sections 6.1, 6.2, 6.3, 6.4 and 6.22 of this Prospectus, we and our subsidiary have not issued or proposed to issue as fully or partly paid-up in cash or otherwise any shares, debentures, warrants, options, convertible securities or uncalled capital, within the two (2) years preceding from the date hereof.
6. Save for the Issue Shares reserved for our eligible Directors and employees as disclosed in Section 3.3.2 of this Prospectus and the ESOS as disclosed in Section 6.3.5 of this Prospectus, none of our Group's Director or employee has been or is entitled to be given an option to subscribe for any of our Shares or our subsidiaries' shares, stocks or debentures.
7. Save for the Issue Shares reserved for our eligible Directors and employees as disclosed in Section 3.3.2 of this Prospectus and the ESOS as disclosed in Section 6.3.5 of this Prospectus, there is currently no other scheme for or involving our Directors and employees in our share capital or our subsidiary's share capital.
8. Save for the ESOS as disclosed in Section 6.3.5 of this Prospectus, no person has been granted or is entitled to be granted an option to purchase or subscribe for any of our shares, stocks or debentures or our Group's shares, stocks or debentures.

16.2 ARTICLES OF ASSOCIATION

1. The provisions of our Articles of Association in respect of the arrangements for the transfer of our Shares and the restrictions on their free transferability are as follows:-

Article 20

Transfers of Securities

Subject to the provisions of the Central Depositories Act and the Rules, the transfer of any listed security or class of listed security of the Company, shall be by way of book entry by the Bursa Depository in accordance with the rules of the Bursa Depository and, notwithstanding sections 103 and 104 of the Act and any exemption that may be made from compliance with subsection 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the listed securities. Subject to these Articles, there shall be no restriction on the transfer of fully paid shares except where required by law.

Article 21

Person to whom share not transferable

No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind or a person who is insolvent or to a partnership or an unincorporated body.

16. OTHER GENERAL INFORMATION (CONT'D)**Article 22**

Closing of registers

The register of transfers of any security which is not a deposited security may be closed at such time and for such period as the Directors may from time to time determine PROVIDED ALWAYS that such registration shall not be closed for more than thirty (30) days in any year.

The Company may require the Bursa Depository to suspend the trading of shares that are deposited securities at such time and for such a period as the Directors may determine and upon giving notice to Bursa Securities. Such notice shall state the book closing date, which shall be at least twelve (12) clear Market Days (or such other period as prescribed by the Bursa Securities or any relevant governing laws and/or guidelines) after the date of notification to the Bursa Securities and the address of share registry at which documents will be accepted for registration. At least three (3) Market Days prior notice shall be given to the Bursa Depository to enable the Bursa Depository to prepare the appropriate Record of Depositors.

Article 23

Non-liability for the Company's Directors and office in respect of transfer

Neither the Company nor its Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of shares apparently made by sufficient parties, although the same may by reason of any fraud or other cause not known to the Company or its Directors or other officers be legally in-operative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee, be liable to be set aside and in every such case, the person registered as transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto. PROVIDED ALWAYS that where the share is a deposited security, subject to the Rules, a transfer or withdrawal of the share may be carried out by the person becoming so entitled.

2. The provisions of our Articles of Association dealing with the voting and borrowing powers of our Directors are as follows:-

Article 85

Borrowing Powers of Directors

The Directors may from time to time at their discretion raise or borrow for the purpose of the Company such sums of moneys, as they think proper.

16. OTHER GENERAL INFORMATION (CONT'D)**Article 86**

The Directors may raise or secure the payment of such money in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the issue of debentures or debenture stock of the Company (both present and future) including uncalled capital, or by means of charges, mortgages, bonds and disposition in security or bonds of cash-credit, with or without power of sale, as the Directors shall think fit.

Directors may raise money and provide security

Article 87

The Directors, shall not borrow any money or mortgage or charge any of the Company's or the subsidiaries' undertaking, property or any uncalled capital, or to issue debentures and other securities whether outright or as a security for any debt, liability or obligation of an unrelated third party.

Restriction

Article 88

(1) The Directors may borrow or raise any such money as aforesaid upon by the issue or sale of any bonds, debentures, debenture stock, or securities, and upon such terms as to time of repayment, rate of interest, price of issue or sale, payment of premium or bonus upon redemption or repayment or otherwise as they may think proper. The Company may in general meeting grant a right for the holders of bonds, debentures, debenture stock or securities to exchange the same for shares in the Company or any class authorised to be issue.

Classification of securities and terms

(2) Subject as aforesaid, the Directors may secure or provide for the payment of any moneys to be borrowed or raised by a mortgage or a charge upon all or any part of the undertaking or property of the Company both present and future and upon any capital remaining unpaid upon the shares of the Company whether called up or not or by any other security and the Directors may confer upon any mortgagees or persons in whom any debentures, debenture stock or security is vested such rights and powers as they think necessary or expedient; and they may vest any property of the company in trustees for the purpose of securing any moneys so borrowed or so raised and confer upon the trustees or any receiver to be appointed by them or by any debenture holder, such rights and powers as the Directors may think necessary or expedient in relation to the undertaking or property of the Company, or the management or the realisation thereof, or the making, receiving or enforcing of calls upon the Members in respect of unpaid capital and otherwise, and may make and issue debentures to trustees for the purpose of further security, and any such trustee may be remunerated.

Nature of Security

16. OTHER GENERAL INFORMATION (CONT'D)

- (3) The Directors may give security for the payment of any moneys payable by the Company in like manner as for the payment of money borrowed or raised, but in such case the amount shall be reckoned as part of the money borrowed.

Security for payments due

Article 89

Debentures, debenture stock or other securities may be made assigned free from any equities between the Company and the person to whom the same may be issued.

Debentures may be assignable

Article 90

Any debentures, debenture stock, bonds or other securities may be issued at a discount, premium or otherwise (with the sanction of the Company in general meeting) and with any special privileges as to redemption, surrender, drawing, allotment of shares, attending and voting at general meetings of the Company, appointment of Directors and otherwise.

Conditions of issue

Article 91

The Director shall cause a proper register to be called "Register of Charges" to be kept in accordance with the provision of the Act, of all mortgages and charges especially affecting the property of the Company and a sum of RM1.00 (Ringgit Malaysia One Only) shall be payable for each inspection of the Register of Charges.

Register of charges

Article 99

The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings, as they think fit. Questions arising at any meeting shall be determined by a majority of votes. Subject to Article 104(2), in the case of any equality of votes the Chairman shall have a second or casting vote.

Chairman's Casting Vote

Article 100

- (i) A Director may at any time summon a meeting of the of the Directors, and the secretary, upon the request of the Chairman or any one (1) Director, shall convene a meeting of the Directors by giving them not less than seven (7) days' notice thereof unless such requirement is waived by the Directors. The notices convening meetings of the Directors shall specify the place, day and hour of the meeting, and shall be given to all Directors before the meeting or such notice as the Directors may agree.

Calling of meetings

16. OTHER GENERAL INFORMATION (CONT'D)

- (ii) It shall not be necessary to give any Director or alternate Director who does not have an address in Malaysia, registered with the Company, notice of a meeting of the Directors. Unless otherwise determined by the Directors from time to time, notice of all Directors' meetings shall be given to all Directors and their alternates who have a registered address in Malaysia. Except in the case of an emergency, reasonable notice of every Directors' meeting shall be given in writing and the notice of each Directors' meeting shall be served in the manner referred to in Article 134 and the said Article 134 shall apply *mutatis mutandis* to the service of notice of Directors' meetings on Directors as they apply to the service of notices on Members.

Article 101

Quorum

The quorum necessary for the transaction of the business of the Directors shall be two (2) Directors for the time being of the company. A meeting of the Directors at which a quorum is present shall be competent to exercise all powers and discretion for the time being exercisable by the Directors.

For the avoidance of any doubt, a Director shall not be counted in the quorum present at a meeting in relation to a resolution on which he is not entitled to vote.

Article 102

Number reduced below quorum

In the event of the vacancies in the office of the Directors, the continuing Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the minimum number fixed by or pursuant to the Articles of the Company, the continuing Directors may except in any emergency act only for the purpose of increasing the number of Directors to such minimum number or to summon a general meeting of the Company.

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16. OTHER GENERAL INFORMATION (CONT'D)**Article 103**

The meeting of Directors may be conducted by telephone or audio-visual conferencing or other methods of simultaneous communication by electronic, telegraphic or other means by which all persons participating in the meeting are able to hear and be heard at all times by all other participants without the need for a Director to be in the physical presence of the other Directors (hereinafter referred to as "Directors Video-Conference Meeting") and participation in the Directors Video-Conference Meeting shall be deemed to constitute presence in person at such meeting. The Directors participating in any such Director Video-Conference Meeting shall be counted in the quorum for such meeting and subject to there being a requisite quorum at all times for such Directors Video-Conference Meeting, all resolutions agreed by the Directors in such meeting shall be deemed to be as effective as a resolution passed at a meeting in person of the Directors duly convened and held. A Director may disconnect or cease to participate in the Directors Video-Conference if he makes known to all other Directors participating that he is ceasing to participate in the meeting and such Director shall, notwithstanding such disconnection, be counted in the quorum for such meeting. The minutes of such a Directors Video-Conference Meeting signed by the Chairman or any other Director duly appointed as under Article 104 as chairperson of the meeting shall be conclusive evidence of any resolution of any Directors Video Conference Meeting. A Directors Video-Conference Meeting is deemed to be held at the place agreed by the Directors attending the meeting, provided that at least two (2) of the Directors participating in the meeting was at that place for the duration of the meeting.

Directors' meeting by way of simultaneous communication

Article 104

- (1) The Directors may elect a chairman of their meetings and determine the period for which he is to hold office; but if no such chairman is elected, or if at any meeting the chairman is not present within ten minutes after the time appointed for holding the meeting, the directors present may choose one (1) of their number to be the chairman of the meeting.
- (2) The chairman of a board meeting shall not have a casting vote where:-
 - (i) two (2) Directors form a quorum and only such a quorum is present at the meeting; or
 - (ii) only two (2) Directors are competent to vote on the question at issue.

Chairman

16. OTHER GENERAL INFORMATION (CONT'D)**Article 105**

The Directors may delegate any of their powers to a committee consisting of members of their body as they think fit. Any committee so formed shall be at least two (2) in number and shall in the exercise of the powers so delegated conform to any regulations that may be imposed on them by the Directors.

Power to
appoint committee

Article 106

A committee may elect a chairman of its meetings. If no such chairman is elected or if at any meeting the Chairman is not present within fifteen (15) minutes after the time appointed for holding the same the members present may choose one (1) of their number to be chairman of the meetings.

Chairman of committee
meetings

Article 107

A committee may meet and adjourn its meeting, as its members think proper. Questions arising at any meeting shall be determined by a majority of votes of the members present. The chairman shall have a casting vote in case of any equality of votes Provided that there are more than two (2) Directors present or who are competent to vote on the question at issue.

Proceedings at
committee meetings

Article 108

All acts bona fide done by any meeting of Directors or of a committee of Directors or by any person acting as a Director shall, notwithstanding it be afterwards discovered that there was some defect in the appointment of any such Director or person acting aforesaid or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.

Validity of acts of
Director

Article 109

The Directors shall cause proper minutes to be made of all general meetings of the Company and also of all appointments of officers and of the proceedings of all meeting of Directors and committees, and of the attendance thereat and all business transacted at such meetings any such minute of any meeting, if purporting to be signed by the chairman of such meeting or by the chairman of the next succeeding meeting shall be conclusive evidence, without any further proof, of the facts therein stated.

Minutes to be kept

Article 110

A resolution in writing signed by a majority of not less than seventy percent (70%) of the Directors who may at the time being present in Malaysia and who are sufficient to form a quorum, shall be as valid and effectual as if it has been passed at a meeting of the Directors duly convened and held. All such resolution may consist of several documents in the like form each signed by one or more of the Directors if transmitted to the Company by telex, telegram, cable, facsimile or other electrical or digital message purporting to include a signature of the Director.

Circular resolutions

16. OTHER GENERAL INFORMATION (CONT'D)**Article 111**

(1) A Director who is in any way, whether directly or indirectly interested in a contract or proposed contract with the Company shall declare the nature of his interest in accordance with the provisions of the Act. Save as by the next following paragraph of this Article otherwise provided, a Director shall not vote in respect of any contract or arrangement in which he is interested (and if he shall do so his vote shall not be counted), nor shall he be counted for the purpose of any resolution regarding the same in the quorum present at the meeting, but this Article shall not apply to:-

Declaration of interest
Restriction of
voting

(a) A Director may hold any other office or place of profit under the Company (other than the office of auditors) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and subject to the provisions of the Act no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested, be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established.

Director may hold other
office under the
Company

(b) Any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director, provided that nothing herein contained shall authorise a Director or his firm to act as auditor of the Company.

Director may act in
professional capacity

(2) A general notice that a Director, alternate Director or Managing Director is a member of or interested in any specified firm or corporation with whom any contract is proposed to be entered into in relation to the affairs of the Company and is to be regarded as interested in all transactions with such firm or corporation shall be a sufficient disclosure under this clause as regards such Director and the said transaction and after such general notice it shall not be necessary for such Director to give any special notice relating to any particular transaction with such firm or corporation.

General notice of
interest in corporation
by Company

16. OTHER GENERAL INFORMATION (CONT'D)

3. The provisions of our Articles of Association dealing with changes in capital and variations of class rights which are stringent as those provided in the Act are as follows:-

Article 3

Allotment and issuance of shares

- (1) Subject always to the provisions of the Act and Article 44 and to the provisions of any resolution of the Company the shares of the Company whether forming part of the original share capital or any increases thereof shall be under the control of the Directors who may offer, issue or allot or otherwise dispose of the same to such persons and on such terms and conditions with such preference, deferred or other special rights or such restrictions whether in regard to dividend, voting or return of share capital and either at a premium or otherwise and at such time or times as the Directors may think fit. Unless otherwise expressly stated in these Articles there shall be no special rights attached to shares of a class other than ordinary shares. PROVIDED HOWEVER that shares shall not be issued, allotted or disposed to transfer a controlling interest in the Company without the prior approval of shareholders in general meeting.

Rights of other classes of shares

- (2) Paragraph 1 of this Article shall be subject to the following restrictions, that is to say:-

- (a) No director shall participate in a shares scheme for employees of the Company unless the shareholders in general meetings have approved of the specific allotment to be made to such Director.

Issue of Shares to Directors

- (b) No issue of preference shares shall be made which would result in the total nominal value of issued preference shares exceeding the total nominal value of the issued ordinary shares at any time.

Issue of Preference Shares

- (c) No shares shall be issued at a discount except in compliance with the provisions of Section 59 of the Act.

- (3) All new issue of Security for which listing on Bursa Securities is sought shall be made by way of crediting the CDS Account of the allottees with such securities save and except where it is specifically exempted from compliance with Section 38 of the Central Depositories Act, in which event it shall so similarly be exempted from compliance with these Article. For this purpose, the Company shall notify the Bursa Depository of the names of the allottees and all such particulars required by the Bursa Depository, to enable the Bursa Depository to make the appropriate entries in the CDS Account of such allottees. Notwithstanding these Articles, the Company shall comply with the provisions of the Central Depositories Act and the Rules in respect of all matters relating to the prescribed securities.

16. OTHER GENERAL INFORMATION (CONT'D)

Notwithstanding these Articles, the Company shall comply with the provisions of the Central Depositories Act and the Rules in respect of all matters relating to the prescribed securities.

Article 4

- (1) Subject to Article 3(2)(b), the Company shall have power to issue preference shares carrying a right to redemption out of profits or liable to be redeemed at the option of the Company or to issue preference capital ranking equally with or in priority to preference shares already issued and the Directors may, subject to the provisions of the Act, redeem such shares on such terms and in such manner and either at par or at a premium as they may think fit.
- (2) The holders of preference shares must be entitled to a return of capital in preference to holders of ordinary shares when the Company is wound up.
- (3) Preference shareholders shall have the same rights as ordinary shareholders as regards the receiving of notices, reports and audited accounts and attending general meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of or in connection with reducing the capital or winding up or the disposal of the whole of the Company's property, business and undertaking or where the proposition to be submitted to the meeting directly affects their rights and privileges or when the dividend or any part thereof on the preference shares is more than six (6) months in arrears. In particular, preference shareholders shall have the right to vote at any meeting convened during the course of winding up of the company.
- (4) The repayment of any preference capital other than redeemable preference capital, or any other alteration of preference shareholders' rights, may only be made pursuant to a special resolution of the preference shareholders concerned, PROVIDED ALWAYS that where necessary majority for such a special resolution is not obtained at the meeting, consent in writing, if obtained from the holders of three-fourths (3/4) of the preference capital concerned within two (2) months of the meeting, shall be valid and effectual as a special resolution carried at the meeting.

Power to issue further Preference shares

Rights of Preference Shareholders

Repayment of preference shares by special resolution

16. OTHER GENERAL INFORMATION (CONT'D)**Article 5**

Shares buy-back

Subject to the provisions of the Act and the requirements of any rules, regulations and guidelines issued by the Bursa Securities and/or any other relevant authority for the time being in force, the Company shall have the power, to the fullest extent permitted, to purchase its own shares or give financial assistance to any person for the purpose of acquiring shares in the Company. The purchase of any ordinary shares in the Company by the Company shall be dealt with in accordance with the provisions of the Act, the requirements of any rules, regulations and guidelines thereunder issued by the Bursa Securities and/or any other relevant authority in respect thereof.

Article 7

Issue of Shares for raising money for construction of works and buildings

Where any shares are issued for the purpose of raising money to defray the expense of the construction of any works or buildings, or the provision for any plant or equipment which cannot be made profitable for a lengthened period, the Company may pay interest on so much of such share capital as is for the time being paid up and charge the interest so paid on the capital for the period and subject to the conditions and restrictions mentioned in Section 69 of the Act and may charge the same to capital as part of the cost of the construction of the works buildings or plant.

Article 41

Power to increase

The Company in general meeting may from time to time by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe.

Article 42

Issue of new Shares to Members

- (1) Subject to any direction to the contrary that may be given by the Company in general meeting any original shares for the time being unissued and any new shares from time to time to be created, shall before they are issued, be offered to the Members in proportion as nearly as may be to the number of shares held by them. Such offer shall be made by notice specifying the number of shares offered and limiting a time within which the offer if not accepted or renounced will be deemed to be declined, and after the expiration of such time or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered the Directors may, subject to these Articles, dispose of the same in such manner as they think most beneficial to the Company. The Directors may in like manner dispose of any such new or original shares as aforesaid which, by reason of the proportion borne by them to the number of persons entitled to such offer as aforesaid or by reason of any other difficulty in apportioning the same, cannot in the opinion of the Directors be conveniently offered in manner herein before provided.

16. OTHER GENERAL INFORMATION (CONT'D)

- (2) Notwithstanding the foregoing and subject to the Act, the Company may apply to Bursa Securities for waiver of convening an extraordinary general meeting to obtain shareholders approval for further issue of shares (other than bonus or rights issue) where the aggregate issues of which in any one (1) financial year do not exceed ten per cent (10%) of the issued capital and where in accordance with the provisions of Section 132D of the Act, there is still in effect a resolution approving the issue of shares by the Company.

Article 43

Rights and liabilities of new Shares

Except so far as otherwise provided by the conditions of issue, any capital raised by the creation of new shares shall be considered as part of the original share capital of the Company and shall be subject to the same provisions with reference to the payment of the calls, lien, transfer, transmission, forfeiture and otherwise as the original share capital.

Article 44

The Company may by ordinary resolution:-

- (1) Consolidate and divide all of its share capital into shares of larger amounts than its existing shares; or Power to consolidate shares
- (2) (a) Cancel any shares not taken, or agreed to be taken, by any person or which have been forfeited; or Power to cancel shares
- (b) Subject to these Articles and the Act, convert any class of shares into any other class of shares; or
- (3) Sub-divide its existing shares, or any of them, into shares of smaller amount than is fixed by the Memorandum of Association subject, nevertheless, to the provisions of the Act, and so that as between the resulting shares, one (1) or more of such shares may by the resolution by which such sub-division is effected be given any preference or advantage as regards dividend, capital, voting or otherwise over the others or any other of such shares or subject to such restrictions, limitations or liabilities over the other shares. Power to sub-divide shares

Article 45

Power to reduce capital

- (1) The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any conditions prescribed by the Act and the Bursa Securities LR.
- (2) The Company may reduce its issued share capital by the cancellation of shares purchased by the Company and the amount by which the company's issued capital is diminished shall be transferred to the capital redemption reserve in accordance with Section 67A of the Central Depository Act and the Bursa Securities LR.

16. OTHER GENERAL INFORMATION (CONT'D)**Article 46**

Subject to the provisions of Section 65 of the Act, all or any of the rights, privileges or conditions for the time being attached or belonging to any class of shares for the time being forming part of the share capital of the Company may from time to time be modified, affected, varied, extended or surrendered in any manner with the consent in writing of the holders of not less than three-fourths (3/4) of the issue shares of that class or with the sanction of a special resolution passed at a separate meeting of the Members of that class. All the provisions of these Articles as the General Meetings of the Company shall *mutatis mutandis* apply to any such separate meeting, the necessary quorum for such separate meeting, shall be one-third (1/3) of the Members of the class holding or representing by proxy the share capital paid or credited as paid on the issued shares of the class, and every holder of shares of the class in question shall be entitled on a poll to one (1) vote for every such share held by him. To every such special resolution the provisions of Section 152 of the Act shall with such adaptations as are necessary apply. Provided however that, in the event of the necessary majority not having been obtained in the manner aforesaid, consent in writing may be secured from Members holding at least three-fourths (3/4) of the issued shares of the class and such consent, if obtained within two (2) months from the date of the separate general meeting, shall have the force and validity of a special resolution duly carried by a vote in person or by proxy.

Modification of class rights.

Article 47

The rights conferred upon the holders of the shares of any class with preference or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects *pari passu* therewith but in no respect in priority thereto.

Creation or Issue of further shares

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16. OTHER GENERAL INFORMATION (CONT'D)

4. The provisions of our Articles of Association dealing with the remuneration of our Directors are as follows:-

Article 73

Remuneration of Directors

- (a) The Directors shall be paid by way of fees for their services, such fixed sums (if any) as shall from time to time be determined by an ordinary resolution of the Company in general meeting and shall (unless such resolution otherwise provide) be divisible among the Directors as they may agree, or, failing agreement, equally, except that any Director who shall be entitled only to rank in such division for a proportion of the fees related to the period during which he has held office PROVIDED ALWAYS that:-
- (i) fees payable to Directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover; and
- (ii) salaries and other emoluments payable to Directors who hold an executive office in the Company pursuant to a contract of service need not be determined by the Company in general meeting but such salaries and emoluments may not include a commission on or percentage of turnover of the Company.
- (b) The Directors may be entitled to be reimbursed all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meeting or otherwise howsoever incurred in the course of the performance of their duties as Directors.
- (c) Any Directors who is appointed to any executive office or served on any committee or who otherwise performs or renders services, which in the opinion of the Directors are outside his ordinary duties as a Director, may be paid such extra remuneration as the Directors may determine, subject however as is hereinafter provided in these Articles.
- (d) Any fee paid to an alternative Director shall be such as agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

16. OTHER GENERAL INFORMATION (CONT'D)**Article 74**

Managing Director

The Directors may from time to time appoint any one (1) or more of their body to be the Managing Director. The period of appointment of the Managing Director shall be for such period not exceeding a fixed term of five (5) years with powers to the Directors to re-appoint thereafter, and upon such terms as they think fit. The Directors may entrust to and confer upon a Managing Director any of the powers exercisable by them upon such terms and conditions and with such restrictions as they may deem fit and either collaterally with or to the exclusion of their own powers and may from time to time revoke, withdraw, alter or vary all or any or such powers and subject thereto, shall always be under the control of the Board of Directors. The remuneration of a Managing Director may be by way of salary or commission or participation in profits or by any or all of those modes but shall not include a commission on or a percentage of turnover of the Company.

16.3 DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. The names, addresses and occupations of our Directors are set out in the Section 1 of this Prospectus.
2. We do not require any Director to hold any of our qualification shares unless we fix it as a requirement in general meeting.
3. None of our Director or key management and technical personnel is or has been involved in any of the following events, whether in or outside Malaysia:-
 - (a) A petition under any bankruptcy or insolvency laws filed against such person or any partnership in which he was or is a partner or any corporation of which he was or is a director or key personnel;
 - (b) A conviction in a criminal proceeding or is a named subject of a pending criminal proceeding; or
 - (c) The subject of any order, judgment or ruling of any court, tribunal or governmental body of competent jurisdiction permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution or engaging in any type of business practice or activity.
4. Upon Listing, none of our Directors or key management and technical personnel has any existing or proposed service contracts with us or our Group, which is not terminable by notice without payments or compensation other than statutory compensation.
5. For the FYE 31 December 2004, a total sum of RM456,000 was paid to our Directors as remuneration for their services in all capacities to us and our subsidiary. For the forecast year ending 31 December 2005, a total sum approximately of RM588,000 is payable to our Directors.
6. Saved as disclosed in Section 11.1 of this Prospectus, none of our Directors or substantial shareholders or our subsidiary's Directors or substantial shareholders have any interest, direct or indirect, in any business carrying on a similar trade as us or our subsidiary.

16. OTHER GENERAL INFORMATION (CONT'D)

7. None of our Directors have any interest, direct or indirect, in the promotion of or in any assets which have, within the two (2) years preceding the date of this Prospectus, been acquired or proposed to be acquired or disposed of or proposed to be disposed of by or leased or proposed to be leased to us or our subsidiary or in any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to our business or our subsidiary's business taken as a whole, save as disclosed in Sections 11.2 and 16.6 of this Prospectus.
8. There are no contracts or arrangements subsisting at the date of this Prospectus in which any of our Director or substantial shareholder is interested and which is significant in relation to our business or our Group's business taken as a whole, save for that disclosed in Sections 11.2 and 16.6 of this Prospectus.

16.4 GENERAL

1. Neither we nor our subsidiary have acquired or proposed to acquire any property, and no preliminary expenses are to be repaid by us in contemplation of the Public Issue.
2. The nature of our business and the names of all corporations which are deemed to be related to us by virtue of Section 6 of the Act are disclosed in Section 6 of this Prospectus.
3. The time of the opening of the Application Lists is set out in the Section 17 of this Prospectus.
4. The amount payable in full on application is RM0.48 per Share.
5. Save as disclosed in this Prospectus, the financial performance, position and operations of our Group are not affected by any of the following: -
 - (a) Known trends, demands, commitments, events or uncertainties that have had, or that we reasonably expect to have, a material favourable or unfavourable impact on financial performance, position and operations of our Group;
 - (b) Material capital expenditure commitments;
 - (c) Unusual or infrequent events or transaction or any significant economic changes that have materially affect the financial performance, position and operations of our Group; and
 - (d) Known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future performance and position.
6. The name and address of the auditors are set out in the Section 1 of this Prospectus.
7. We have not established any place of business outside Malaysia.
8. The manner in which copies of this Prospectus together with the official Application Forms and envelopes may be obtained is set out in Section 17 of this Prospectus.
9. Save for Monaxis, Datuk Lee Fook Long and Lionel Koh Kok Peng who in aggregate, directly or indirectly, own 55.63% of our issued and enlarged paid-up share capital after the Public Issue, there are no persons who, directly or indirectly, jointly or severally, exercise control over us.

16. OTHER GENERAL INFORMATION (CONT'D)**16.5 EXPENSES AND COMMISSION**

1. Save as disclosed under Section 3.7 in this Prospectus, there have been no commissions, discounts, brokerages or other special terms granted or paid by our Group within the two (2) years preceding the date of this Prospectus in connection with the issue or sale of any Shares or debentures by us or our subsidiaries for subscribing or agreeing to subscribe or procuring or agreeing to procure subscription for any Shares or debentures of our Group and none of our Directors or proposed director or Promoters or expert is entitled to receive any such payment.
2. We will fully bear all expenses incidental to the listing of and quotation for our entire issued and paid-up share capital on MESDAQ Market amounting to approximately RM1,300,000 as set out under Section 3.9 of this Prospectus.
3. Save as disclosed under Section 9.4 in this Prospectus, no amount or benefit has been paid or given within the two (2) years preceding the date hereof, nor is it intended to be so paid or given, to any of our Promoters, Directors or substantial shareholders.

16.6 MATERIAL CONTRACTS

Save as disclosed in Sections 11.2 and 16.8 below, neither we nor our subsidiary have entered into any contracts which are or may be material (not being contracts entered into in the ordinary course of business) within the two (2) years preceding the date of this Prospectus:-

1. An Agreement dated 10 February 2004 entered between OSK and us for the appointment of OSK as Adviser for our Listing exercise.
2. A Sale and Purchase Agreement dated 10 June 2004 entered into between Lionel Koh Kok Peng, Lee Sze Inn, Chung Jaan Hao and Christopher Micheal Cheow and us whereby we acquired the entire equity interest in MNCC for a total consideration of RM2,240,541 satisfied via the issuance of 2,240,541 of our new ordinary shares of RM1.00 each. Upon completion of the acquisition, MNCC became our wholly-owned subsidiary company.
3. A Sponsorship Agreement dated 2 September 2005 between OSK and us whereby we appoint OSK as the sponsor for our Listing on the MESDAQ Market pursuant to the Bursa Securities LR.
4. An Underwriting Agreement dated 20 September 2005 between OSK and us, details of which are set out in Section 3.8 of this Prospectus.

16.7 MATERIAL LITIGATION

As at 28 August 2005, being the latest practicable date prior to the issuance of this Prospectus, neither us nor our subsidiary company is engaged in any material litigation or arbitration either as plaintiff or defendant that has a material effect on the financial position of our Group, and our Directors have no knowledge of any proceeding pending or threatened against the us and our subsidiary company or of any fact likely to give rise to any proceeding that may materially affect our position and business and/or our subsidiary company.

16.8 MATERIAL COMMITMENT

As at 28 August 2005, being the latest practicable date prior to the issuance of this Prospectus, our Group have not incurred or known to have incurred any material commitment for capital expenditure that may have a substantial impact on the financial position of our Group.

16.9 CONTINGENT LIABILITIES

As at 28 August 2005, being the latest practicable date prior to the issuance of this Prospectus, our Directors are not aware of any contingent liability, which upon becoming enforceable, may have a material impact on our Group.

16. OTHER GENERAL INFORMATION (CONT'D)**16.10 SALIENT TERMS OF MATERIAL AGREEMENTS**

Save as disclosed below, there are no other subsisting material agreements entered into by our Group, as at the date of this Prospectus:-

1. A Letter of Intent dated 8 September 2005 from Sina.com, whereby Sina.com has expressed their willingness to enter into a long-term partnership to market "Go!EPL", a game compatible for Internet use, to be developed by us and Sina.com will be given the exclusive marketing rights in the vicinity of PRC.
2. A License Agreement dated 26 August 2005 between MACP and us, whereby MACP agrees to grant to us a non-exclusive license to authorise and cause musical works in the MACP's repertoire to be communicated to the public for the purposes as mentioned in the Agreement.
3. A Ring Tone License agreement dated 22 August 2005 between Sony Music Publishing Sdn. Bhd. ("Sony") and us, whereby Sony had amongst others granted to us a non-exclusive right, privilege and license to create monophonic and polyphonic ring tone sound recordings of the music, but not any lyrics of the compositions, in MIDI, WAV or similar downloadable and transmittable digital data formats based on the terms stipulated in the Agreement.
4. A License Agreement dated 4 August 2005 between EMI Music Publishing Malaysia Sdn. Bhd. ("EMI Publishing") and us, whereby EMI Publishing has agreed to grant certain rights to us in respect of the use of certain musical components in its catalogue as ringing tones.
5. A Content Provider Agreement dated 2 June 2005 between Celcom and us, whereby we will utilise Celcom's platform in providing the contents to Celcom and/or the subscribers.
6. A Content Provider Agreement dated 5 April 2005 between Celcom and us, whereby we will provide a certain service and/or contents.
7. An Agreement for external content provider aggregator dated 23 March 2005 between Maxis and us, whereby Maxis will provide to us the Maxis's services to enable us to offer our services to the subscribers.
8. A Service Maintenance and Support Agreement dated 27 January 2005 between Bonuslink and MNCC, whereby Bonuslink has appointed MNCC to design, create and set-up and implement the SMS gateway for Bonuslink.
9. A Royalty Payment Agreement dated 17 December 2004 between Hush Entertainment ("Hush") and us, whereby Hush has granted us permission to exploit all songs and lyrics published by Hush for the validity period of the Agreement.
10. A Sponsorship Agreement dated 20 November 2004 between Galaxy Production Sdn. Bhd. ("Galaxy") and us, whereby both parties agreed to participate in 10 celebrities' albums promotional tours ("Events") to be organised by Galaxy within the period of 18 months commencing from the date of the first event.
11. A Content Provider Agreement dated 30 September 2004 between DiGi Telecommunications and us, whereby DiGi is providing the infrastructure as a conduit to us to offer our contents.
12. A proposal by MNCC accepted by Naga DDB on 11 August 2004 for the sale of two (2) units of Go!SMSTM Suite, a CRM platform ("Go!SMSTM Suite"), to Naga DDB and Rapp Collins (M) Sdn. Bhd., for a total consideration of RM1,095,750. Our Group will also:-
 - (i) provide maintenance and support services to both Naga DDB and Rapp Collins (M) Sdn. Bhd. at a total consideration of RM78,375 per annum for each platform;

16. OTHER GENERAL INFORMATION (CONT'D)

- (ii) charge Naga DDB and Rapp Collins (M) Sdn. Bhd. for any additional SMS usage above the 50,000 free SMS credits provided for each of the platforms at the following rates:-

Mobile Terminating Traffic / SMS	Rate (per SMS)
0 – 300,000	RM0.12
300,000 – 500,000	RM0.11
> 500,000	RM0.09

and;

- (iii) engage in revenue-sharing with both Naga DDB and Rapp Collins (M) Sdn. Bhd. for our SMS premium charging at the following rates:-

	% of net revenue (after deducting the respective mobile network provider's revenue share)
Naga DDB / Rapp Collins (M) Sdn. Bhd.	70
MNCC	30

13. A Memorandum of Understanding dated 28 April 2004 between Naga DDB and MNCC in relation to a strategic partnership on the operational arrangements on the deployment and implementation of the mobile enterprise services provided by MNCC.
14. An Application Gateway Agreement dated 8 March 2004 between Amerge Sdn. Bhd. ("Amerge") and us in relation to the connection of Amerge to our technical platform, and to provide its mobile application platform to provide selected mobile applications for access by end-users in Malaysia via our technical connection platform.

16.11 PUBLIC TAKE-OVERS

During the last financial year and the current financial year, there have been:-

- (a) No public take-over offers by third parties in respect of our shares and/or our subsidiary's shares; and
- (b) No public take-over offers by our Group in respect of other companies' shares.

16.12 CONSENTS

1. We have received the written consents of the Adviser, Sponsor, Underwriter and Placement Agent, Auditors and Reporting Accountants, Solicitors, Principal Banker, Registrar, Company Secretary and Issuing House to the inclusion in this Prospectus of their names in the form and context in which their names appear before the issue of this Prospectus and these have not subsequently been withdrawn.
2. We have received the written consent of the Auditors and Reporting Accountants to the inclusion in this Prospectus of their name, the Accountants' Report, and letter relating to the Proforma Consolidated Balance Sheets in the form and context in which they are contained in this Prospectus before the issue of this Prospectus and this has not subsequently been withdrawn.

16. OTHER GENERAL INFORMATION (CONT'D)**16.13 INSURANCE POLICIES**

Our Group has purchased the following types of insurance policies:-

1. **Group Term Life with Total and Permanent Disability Insurance Policy**
 Insurer : American International Assurance Company, Limited
 Beneficiary : MNCC & MNCW
 Period covered : 1 May 2005 – 30 April 2006
 Details : Covers all regular full time employees over 16 and under 60 years of age employed by the policy holder

2. **All Risks Insurance Policy**
 Insurer : The Pacific Insurance Berhad
 Beneficiary : MNCC
 Period covered : 24 April 2005 – 23 April 2006
 Details : Sum insured for RM27,000 on six (6) units of computer laptops and accessories

3. **All Risks Insurance Policy**
 Insurer : The Pacific Insurance Berhad
 Beneficiary : MNCC & MNCW
 Period covered : 19 August 2005 – 18 August 2006
 Details : On fixtures, fittings, office equipment, air conditions, computers and related equipments and the like for the sum of RM1,600,000

4. **Group Personal Accident Insurance Policy**
 Insurer : The Pacific Insurance Berhad
 Beneficiary : MNCC
 Period covered : 20 August 2005 – 19 August 2006
 Details : Coverage on the lives of MNCC's employees as stated in the schedule

5. **Group Personal Accident Insurance Policy**
 Insurer : The Pacific Insurance Berhad
 Beneficiary : MNCW
 Period covered : 20 August 2005 – 19 August 2006
 Details : Coverage on the lives of MNCW's employees as stated in the schedule

6. **Group Hospital & Surgical Insurance**
 Insurer : The Pacific Insurance Berhad
 Beneficiary : MNCC
 Period covered : 20 August 2005 – 19 August 2006
 Details : Annual overall limit of RM20,000 to RM60,000 depending on employees' category

7. **Group Hospital & Surgical Insurance**
 Insurer : The Pacific Insurance Berhad
 Beneficiary : MNCW
 Period covered : 20 August 2005 – 19 August 2006
 Details : Annual overall limit of RM20,000 to RM60,000 depending on employees' category

16. OTHER GENERAL INFORMATION (CONT'D)

16.14 DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at our head office during office hours for a period of twelve (12) months from the date of this Prospectus:-

- (a) Our Memorandum and Articles of Association;
- (b) Material contracts and material agreements referred to in Sections 16.6 and 16.10 of this Prospectus;
- (c) Directors' Report and Accountants' Report as included in Sections 12 and 13 of this Prospectus, respectively;
- (d) Reporting Accountants' letter relating to the proforma consolidated balance sheets as at 30 June 2005 as included in Section 14 of this Prospectus;
- (e) Audited financial statements of MNCC for the six (6)-month ended 31 December 2002, FYE 31 December 2003, 31 December 2004 and the six (6)-month financial period ended 30 June 2005;
- (f) Audited financial statements of MNCW for the FYE 31 December 2004 and the six (6)-month financial period ended 30 June 2005;
- (g) Our ESOS By-laws referred to in Section 15 of this Prospectus; and
- (h) Consent letters referred to in Section 16.12 of this Prospectus.

16.15 RESPONSIBILITY

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

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