

**14 PROFORMA CONSOLIDATED BALANCE SHEETS AND REPORTING ACCOUNTANTS' LETTER THEREON**



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13 October 2005

The Board of Directors  
Rexit Berhad  
42, Jalan BM 1/2  
Taman Bukit Mayang Emas  
47301 Petaling Jaya  
Selangor Darul Ehsan

**Attn: Mr. Chung Hon Cheong**

Dear Sirs,

**REXIT BERHAD ("REXIT")  
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2005**

We report on the proforma consolidated balance sheets set out in the accompanying statement (which we have stamped for the purpose of identification), which have been prepared for illustrative purposes only, to provide information on the proforma consolidated balance sheet of Rexit and its subsidiary companies, Rexit Solutions Sdn Bhd ("Rexit Solutions"), Rexit (M) Sdn Bhd ("Rexit(M)") and Rexit Software Sdn Bhd ("Rexit Software"), as at 30 June 2005 that have been presented which might have been affected by the following transactions had the transactions been completed on that date:

- Share split involves the subdivision of the par value of the existing ordinary shares of RM1.00 each in Rexit to RM0.10 each ("Share Split").

Based on the issued and paid-up share capital of RM2 comprising 2 ordinary shares of RM1.00, the issued and paid-up share capital of Rexit pursuant to the Share Split will be RM2 comprising 20 ordinary shares of RM0.10 each.

- Acquisition of 160,000 ordinary shares of RM1.00 each in Rexit Solutions, representing the entire issued and paid-up share capital of Rexit Solutions for a purchase consideration of RM12,307,998 to be satisfied entirely by the issuance of 123,079,980 new ordinary shares of RM0.10 each in Rexit ("Acquisition of Rexit Solutions").
- Upon completion of the Acquisition of Rexit Solutions, the corporate reorganisation of the Rexit Group of Companies entails the following acquisitions by Rexit from Rexit Solutions:
  - (a) The acquisition of 1,000 ordinary shares of RM1.00 each in Rexit(M), representing the entire issued and paid-up share capital of Rexit(M) for a cash consideration of RM1,000 ("Acquisition of Rexit(M)");
  - (b) The acquisition of 2 ordinary shares of RM1.00 each in Rexit Software, representing the entire issued and paid-up share capital of Rexit Software for a cash consideration of RM2 ("Acquisition of Rexit Software"); and
  - (c) The acquisition of 1,000,000 ordinary shares of RM1.00 each in Reward-Link.com Sdn Bhd ("Reward-Link.com"), representing 20% of the issued and paid-up share capital of Reward-Link.com for a cash consideration of RM1,500,000 ("Acquisition of Reward-Link.com").

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- Public issue of 18,920,000 new ordinary shares of RM0.10 each in Rexit ("Rexit Shares") at an issue price of RM0.32 per Rexit Share to individuals, companies, societies, co-operatives, institutions, employees and business associates ("Public Issue"). Upon completion of the Public Issue, the issued and paid-up share capital of Rexit will increase to RM14,200,000 comprising 142,000,000 shares credited as fully paid-up.
- Listing and quotation of Rexit's entire enlarged issued and paid-up share capital of RM14,200,000 comprising 142,000,000 of Rexit Shares on the MESDAQ Market ("Listing").

It is the responsibility solely of the directors of Rexit to prepare the proforma consolidated balance sheets in accordance with paragraphs 19 to 21, Chapter 13, of the Securities Commission Prospectus Guidelines (Revised 1 April 2003) in respect of Public Offerings ("the Guidelines").

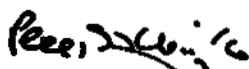
It is our responsibility to form an opinion, as required by paragraph 22, Chapter 13 of the Guidelines, and to report our opinion to you. Our work consisted primarily of comparing the unadjusted financial information presented with their original form, considering the adjustments and discussing the proforma consolidated balance sheets with the responsible officers of Rexit. Our work involved no independent examination of any of the underlying financial information.

In our opinion,

- (a) the proforma consolidated balance sheets have been properly compiled on the bases stated; and
- (b) within the context of the assumed date of the transactions:
  - (i) such bases are consistent with the accounting policies of Rexit Group; and
  - (ii) the adjustments set out are appropriate for the purposes of the proforma consolidated balance sheets pursuant to paragraphs 19 to 21, Chapter 13 of the Guidelines.

The accompanying proforma balance sheets and this letter have been prepared for the purposes stated above, in connection with the aforesaid transactions. This letter should not be reproduced, referred to in any other document, or used for any other purpose without our prior written consent.

Yours faithfully



**PETER I.M. CHIENG & CO.**  
AF 0311  
Chartered Accountants



**CHIENG ING HUI**  
CA(M), FCA, CPA  
711/06/06 (JPH)

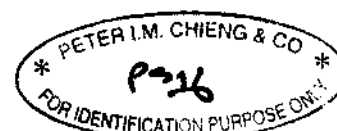
Petaling Jaya, Selangor Darul Ehsan.

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**PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2005**

	Audited as at 30 June 2005 RM	Proforma I RM	Proforma II RM	Proforma III RM
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	-	-	4,257,823	4,257,823
Investment in associated company	-	-	1,540,035	1,540,035
<b>CURRENT ASSETS</b>				
Trade receivables	-	-	1,720,612	1,720,612
Other receivables, deposits and prepayments	438,316	438,316	607,553	169,237
Tax recoverable	-	-	346,000	346,000
Fixed deposits with licensed banks	-	-	12,108,372	12,108,372
Cash and bank balances	2	2	378,862	5,271,578
	<u>438,318</u>	<u>438,318</u>	<u>15,161,399</u>	<u>19,615,799</u>
<b>CURRENT LIABILITIES</b>				
Trade payables	-	-	1,350,148	1,350,148
Other payables and accruals	444,106	444,106	519,220	519,220
Deferred revenue	-	-	2,133,629	2,133,629
Term loan - short term	-	-	79,676	79,676
Provision for taxation	-	-	10,000	10,000
	<u>444,106</u>	<u>444,106</u>	<u>4,092,673</u>	<u>4,092,673</u>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>	<u>(5,788)</u>	<u>(5,788)</u>	<u>11,068,726</u>	<u>15,523,126</u>
	<u>(5,788)</u>	<u>(5,788)</u>	<u>16,866,584</u>	<u>21,320,984</u>
<b>FINANCED BY:</b>				
Share capital	2	2	12,308,000	14,200,000
Share premium	-	-	-	2,562,400
Reserve on consolidation	-	-	3,013,925	3,013,925
Accumulated loss	(5,790)	(5,790)	(5,790)	(5,790)
Shareholders' (deficits)/funds	<u>(5,788)</u>	<u>(5,788)</u>	<u>15,316,135</u>	<u>19,770,535</u>
Term loan - long term	-	-	1,263,349	1,263,349
Deferred tax liabilities	-	-	287,100	287,100
	<u>(5,788)</u>	<u>(5,788)</u>	<u>16,866,584</u>	<u>21,320,984</u>
Number of shares in issue (unit)	<u>2</u>	<u>20</u>	<u>123,080,000</u>	<u>142,000,000</u>
Net tangible assets per share (RM)	<u>(2,894.00)</u>	<u>(289.40)</u>	<u>0.12</u>	<u>0.14</u>



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

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**NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2005**

1. The proforma consolidated balance sheets have been prepared for illustrative purposes only to show the effects on the financial position of Rexit of the transactions as stated in Notes 2, 3 and 4, had the transactions been implemented and completed on 30 June 2005, and by application of the accounting policies of the subsidiary companies of Rexit as disclosed in their audited financial statements for the financial year ended 30 June 2005.

2. Proforma I

Proforma I incorporates the effects of the Share Split which involves the subdivision of the par value of the existing ordinary shares of RM1.00 each in Rexit to RM0.10 each. Based on the issued and paid-up share capital of RM2 comprising 2 ordinary shares of RM1.00, the issued and paid-up share capital of Rexit pursuant to the Share Split will be RM2 comprising 20 ordinary shares of RM0.10 each.

3. Proforma II

Proforma II incorporates the effects of Proforma I and the acquisitions as follows:

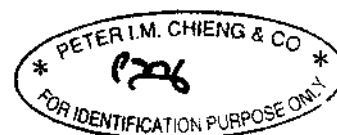
- Acquisition of 160,000 ordinary shares of RM1.00 each in Rexit Solutions, representing the entire issued and paid-up share capital of Rexit Solutions for a purchase consideration of RM12,307,998 to be satisfied entirely by the issuance of 123,079,980 new ordinary shares of RM0.10 each in Rexit.
- Upon completion of the Acquisition of Rexit Solutions, the corporate reorganisation of the Rexit Group of Companies entails the following acquisitions by Rexit from Rexit Solutions:
  - (a) The acquisition of 1,000 ordinary shares of RM1.00 each in Rexit(M), representing the entire issued and paid-up share capital of Rexit(M) for a cash consideration of RM1,000;
  - (b) The acquisition of 2 ordinary shares of RM1.00 each in Rexit Software, representing the entire issued and paid-up share capital of Rexit Software for a cash consideration of RM2; and
  - (c) The acquisition of 1,000,000 ordinary shares of RM1.00 each in Reward-Link.com, representing 20% of the issued and paid-up share capital of Reward-Link.com for a cash consideration of RM1,500,000.

Reserve on consolidation of RM3,013,925 which arise from the acquisitions is based on the difference between the purchase consideration and the fair value of the net tangible assets of the subsidiary companies as at 30 June 2005.

Investment in associated company comprise of the cost of acquisition of RM1,500,000 and the share of post acquisition reserve of RM40,035 in Reward-Link.com as of 30 June 2005.

4. Proforma III

Proforma III incorporates the effects of Proforma I and II and the effects of the Public Issue of 18,920,000 new ordinary shares of RM0.10 each in Rexit at an issue price of RM0.32 per Rexit Share. Upon completion of the Public Issue, the issued and paid-up share capital of Rexit will increase to RM14,200,000 comprising 142,000,000 shares credited as fully paid-up pursuant to the Public Issue on the MESDAQ Market.



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


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**NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2005 (Cont'd)**
**4. Proforma III (Cont'd)**

The estimated expenses in relation to the Listing is RM1,600,000 will be set off against the share premium account arising from the Public Issue. Proforma III also incorporates the estimated cash outflow for the remaining estimated listing expenses payable of RM1,161,684 (net of prepayments of RM438,316 made as of 30 June 2005) as shown below:

	RM
Estimated listing expenses	1,600,000
Less: Prepayments of listing expenses as at 30 June 2005	(438,316)
Payment of listing expenses	1,161,684

The gross proceeds arising from the Public Issue amounting to RM6,054,400 will be utilised as follows:

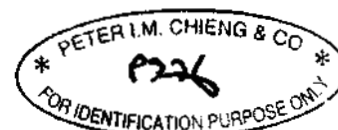
	RM
Research and development expenditure*	2,000,000
Working capital*	2,454,400
Estimated listing expenses^	1,600,000
	6,054,400

\* Included in cash and cash equivalents under current assets, pending utilisation.

^ The estimated listing expenses of RM1,600,000 have been set off against the share premium account.

**Note:**

	Amount RM	Number of ordinary shares Unit
<b>Proforma effects on share capital:</b>		
<i>Ordinary shares of RM1 each :</i>		
As at 30 June 2005	2	2
<i>Ordinary shares of RM0.10 each:</i>		
Effects arising from Proforma I:		
Share Split	2	20
Effects arising from Proforma II:		
Acquisition of Rexit Solutions	12,307,998	123,079,980
	12,308,000	123,080,000
Effects arising from Proforma III:		
Public Issue	1,892,000	18,920,000
	14,200,000	142,000,000
<b>RM</b>		
<b>Proforma effects on share premium:</b>		
As at 30 June 2005	-	
Effects arising from Proforma III:		
Public Issue	4,162,400	
Estimated listing expenses	(1,600,000)	
	2,562,400	



**15. BYLAWS OF THE ESOS**

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**REXIT BERHAD**

**EMPLOYEES' SHARE OPTION SCHEME**

**THE BYLAWS OF THE SCHEME**

**1. NAME OF SCHEME**

This Scheme shall be called the "Rexit Berhad Employee Share Option Scheme".

**2. OBJECTIVES OF SCHEME**

The objectives of the Scheme are:-

- (i) to recognise the contribution of Eligible Directors or Employees whose services are valued and considered vital to the operations and continued growth of the Company;
- (ii) to motivate Eligible Directors or Employees of the Company towards better performance through greater productivity and loyalty;
- (iii) to stimulate a greater sense of belonging and dedication since Eligible Directors or Employees are given the opportunity to participate directly in the equity of the Company;
- (iv) to encourage Eligible Directors or Employees to remain with the Company thus ensuring that loss of key personnel is kept to a minimum; and
- (v) to reward Eligible Directors or Employees by allowing them to participate in the Company's profitability and eventually realise capital gains arising from any appreciation in the value of the Company's shares.

**3. DEFINITIONS AND INTERPRETATION**

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

- |                     |   |  |
|---------------------|---|--|
| "Act"               | - | The Companies Act, 1965, as amended from time to time, and any re-enactment thereof, including all regulations issued thereunder   |
| "Auditor"           | - | External auditors of Rexit for the time being  |
| "Available Balance" | - | The unissued share capital of the Company which is available for the offer of further Options subject to the limit set out in Bylaw 4.2 and after deducting all Options which have been offered and accepted |
| "Board"             | - | The Board of Directors of the Company  |
| "Bursa Securities"  | - | Bursa Malaysia Securities Berhad ( <i>formerly known as Malaysia Securities Exchange Berhad</i> )  |
| "Bylaws"            | - | The rules, terms and conditions of the Scheme (as may be amended, varied or supplemented from time to time in accordance with Bylaw 22)  |

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**15. BYLAWS OF THE ESOS (Cont'd)**

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“CDS”	-	Central Depository System
“CDS Account”	-	An account established by Bursa Malaysia Depository Sdn Bhd for a depositor for the recording of deposits of securities and dealings in such securities by the depositor
“Company” or “Rexit”	-	Rexit Berhad
“Date of Expiry”	-	The last day of the duration of the Scheme as defined in Bylaw 19.2
“Date of Offer”	-	The date on which an Offer is made by the Option Committee to an Eligible Director or Employee in the manner provided in Bylaw 7
“Director”	-	A natural person who holds a directorship in an executive or non-executive capacity in any company in the Group
“Effective Date”	-	<p>The date of full compliance with all relevant requirements pursuant to the Listing Requirements of Bursa Securities, including but not limited to the following:-</p> <ul style="list-style-type: none"> <li>(a) submission of the final copy of the Bylaws of the Scheme to Bursa Securities;</li> <li>(b) receipt of approval-in-principle for the listing of the shares to be issued under the Scheme to Bursa Securities;</li> <li>(c) procurement of shareholders’ approval for the Scheme</li> <li>(d) receipt of approval of any other relevant authorities, where applicable; and</li> <li>(e) fulfillment of all conditions attached to the above approvals, if any.</li> </ul>
“Eligible Person”	-	An Employee or a Director who is designated in writing by the Option Committee to be an Eligible Person described in Bylaw 5, and falling within any of the categories of Eligible Persons set out in Bylaw 6
“Employee”	-	A natural person who is employed on a full time basis by and on the payroll of any company in the Group. Employees include executive Directors
“Entitlement Date”	-	The date as at the close of business on which shareholders’ names must appear on Rexit’s Record of Depositors in order to participate in any dividends, rights, allotments or other distributions
“Foreign Director or Employee”	-	A Director or an Employee who is not a Malaysian citizen
“Grantee”	-	An Eligible Person who has accepted an Offer in the manner provided in Bylaw 8
“Group”	-	The Company and its subsidiaries as defined in Section 5 of

**15. BYLAWS OF THE ESOS (Cont'd)**

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- the Act, which are not dormant. Subsidiaries include subsidiaries which are existing as at the Effective Date and subsidiaries which are incorporated or acquired at any time during the duration of the Scheme but exclude subsidiaries which have been divested in the manner provided in Bylaw 17.2
- “Listing Requirements” - The Listing Requirements of Bursa Securities for the MESDAQ Market
- “Market Day” - Any day from Monday to Friday (inclusive of both days) which is not a public holiday and on which Bursa Securities is open for the trading of securities
- “Maximum Entitlement” - The maximum number of Options that can be offered to an Eligible Person as stipulated in Bylaw 6.1
- “Offer” - A written offer made by the Option Committee to an Eligible Person in the manner provided in Bylaw 7
- “Option” - The right of a Grantee to subscribe for one (1) new Share pursuant to the contract constituted by acceptance by the Grantee in the manner provided in Bylaw 8 of an Offer made to such Grantee by the Option Committee pursuant to Bylaw 7
- “Option Committee” - A committee comprising directors and/or senior management personnel appointed by the Board to administer the Scheme
- “Option Period” - The period commencing from the Date of Offer and expiring on the Date of Expiry of the Scheme as provided in Bylaw 19.2. In the event that the duration of the Scheme shall be extended, the Date of Expiry of the Scheme shall be the date of expiry as so extended.
- “Scheme” - The scheme for the granting of Options to Eligible Persons to subscribe for new Shares upon the terms as herein set out, such scheme to be known as the “Rexit Berhad Employee Share Option Scheme”
- “Share(s)” - Ordinary share(s) of RM0.10 each in the Company
- “Subscription Price” - The price at which a Grantee shall be entitled to subscribe for each Share as calculated in accordance with the provisions of Bylaw 11
- 3.2 Headings are for ease of reference only and do not affect the meaning of a Bylaw.
- 3.3 References to the provisions of statutes include such provisions as amended or re-enacted from time to time, and references to statutes include any consolidations, replacements or revisions of the same.
- 3.4 Words importing the masculine gender shall include the feminine and neuter genders.



## **15. BYLAWS OF THE ESOS (Cont'd)**

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

### **4. TOTAL NUMBER OF SHARES AVAILABLE UNDER THE SCHEME**

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

4.2 The aggregate number of Shares to be offered under the Scheme shall not exceed ten per centum (10%) of the issued and paid-up ordinary share capital of the Company at any one time during the duration of the Scheme as provided in Bylaw 19.2, and further, the following shall be complied with:-

- (a) Not more than fifty per centum (50%) of the Shares available under the Scheme shall be allocated, in aggregate, to directors and senior management; and
- (b) Not more than ten per centum (10%) of the Shares available under the Scheme shall be allocated to any individual Eligible Person who, either singly or collectively through persons connected with the Eligible Person, holds twenty per centum (20%) or more of the issued and paid-up share capital of the Company.

For this purpose, the phrase "persons connected with the Executive Director or Employee" shall have the same meaning as that assigned to "persons connected with a director" as set out under Section 122A of the Act.

4.3 Notwithstanding Bylaw 4.2 above nor any other provision herein contained, in the event the maximum number of new Shares comprised in the Options granted under the Scheme exceeds the aggregate of ten per centum (10%) of the issued and paid-up ordinary share capital of the Company as a result of the Company purchasing its own Shares pursuant to Section 67A of the Act and thereby diminishing the issued and paid-up capital of the Company, the Options granted shall remain valid and exercisable in accordance with these Bylaws. However, in such a situation, the Option Committee shall not make any further Offers.

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

### **5. ELIGIBILITY**

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

- (a) An Eligible Person must be at least eighteen (18) years of age on the Date of Offer;
- (b) An Eligible Person must fall under one of the categories of the Eligible Persons listed in Bylaw 6.1 or such additional categories as may be introduced by the Option Committee;
- (c) An Eligible Person, in the case of an Employee, must have been confirmed on the Date of Offer;
- (d) If an Eligible Person is not a Malaysian citizen, he must, in addition to the conditions stipulated in paragraphs (a) to (c) above, also fulfil the following conditions:-
  - (i) The Eligible Person's contribution must be deemed by the Option Committee to be vital to the Group;

## 15. BYLAWS OF THE ESOS (Cont'd)

- (ii) Where the Eligible Person is of executive status, the Eligible Person has served the Group on a full time basis for at least one (1) year as at the Date of Offer; and
- (iii) Where the Eligible Person is of non-executive status, the Eligible Person has served the Group on a full time basis for more than three (3) years as at the Date of Offer.

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

- 5.2 No Eligible Person shall participate at any time in more than one (1) employee share option scheme currently implemented by any company within the Group.
- 5.3 Subject to Bylaws 4.2 and 6.1, in the event that the Option Committee has determined that certain Eligible Person are entitled to be offered additional Options and the Available Balance is insufficient to grant their full additional entitlements, the Available Balance may be distributed on such basis as the Option Committee may determine.
- 5.4 The Option Committee has the discretion not to make further additional Offers regardless of the amount of the Available Balance.
- 5.5 Directors who represent the Government or Government institutions or agencies and Government employees who are serving in the public service scheme as defined under Article 132 of the Federal Constitution are not eligible for the Scheme.

## 6. MAXIMUM ENTITLEMENT AND BASIS OF ALLOTMENT

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

Category	Maximum Entitlement (No. of Options)
Chief Executive Officer / Chief Operating Officer / Executive Director	1,420,000
Chief Technology Officer / Chief Financial Officer / Non-Executive Director / Senior Manager / Manager	1,000,000
Assistant Manager / Senior Executive - Administrative & Technical	500,000
Executive - Administrative & Technical	200,000
Non-executive / Clerk	50,000

- (a) Any Employee who holds more than one (1) position within the Group (including an Executive Director who sits on the board(s) of directors of any one or more corporations within the Group, and is therefore an Eligible Person in more than one category or capacity, shall be entitled to the Maximum Entitlement of only one (1) category. The Option Committee shall be entitled at its sole and absolute discretion to determine the applicable category.
- (b) In determining the number of Options to be offered to an Eligible Person under the Scheme, the seniority of the Eligible Person and his length of service and contribution in the Group as at the Date of Offer shall be taken into consideration, subject to a minimum of one hundred (100) Options and in multiples of one hundred (100) Options.

## 15. BYLAWS OF THE ESOS (Cont'd)

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- (c) In the event that an Eligible Person is moved to a lower category, the following provisions shall apply:-
- (i) His Maximum Entitlement shall be reduced in accordance with the scale provided in Bylaw 6.1;
  - (ii) In the event that the total number of Shares in respect of Options which have been accepted by him up to the date he is moved to the lower category is greater than his Maximum Entitlement under such lower category, he shall be entitled to continue to hold and to exercise all unexercised Options held by him on such date but he shall not be entitled to be offered any further Options unless and until he is subsequently moved to a higher category so that his Maximum Entitlement is increased to an amount greater than the total number of Shares in respect of Options which have already been accepted by him; and
  - (iii) In the event that the total number of Shares in respect of Options which have been accepted by him up to the date he is moved to the lower category is less than his Maximum Entitlement under such lower category, he shall be entitled to continue to hold and to exercise all unexercised Options held by him on such date and, subject to Bylaw 6.3, to be offered further Options up to his Maximum Entitlement under such lower category.
- (d) In the event that an Eligible Person is moved to a higher category, his Maximum Entitlement shall be increased in accordance with the scale provided in Bylaw 6.1 upon his confirmation in the higher category.
- 6.2 Notwithstanding Bylaw 6.1, the number of Options to be offered to each Eligible Person shall, subject to each Eligible Person's Maximum Entitlement, be at the discretion of the Option Committee. In exercising its discretion, the Option Committee shall take into consideration the seniority, performance and length of service of each Eligible Person. The Option Committee shall not be obliged in any way to offer to an Eligible Person all of the specified Maximum Entitlement. The decision of the Option Committee shall be final and binding.
- 6.3 The Option Committee may at its discretion introduce additional categories of Eligible Persons which it shall deem necessary during the duration of the Scheme provided always that the Maximum Entitlements in respect of these additional categories are in compliance with the relevant Listing Requirements and applicable laws.
- 6.4 The Option Committee may make more than one (1) Offer to an Eligible Person provided that the aggregate number of Options offered to an Eligible Person throughout the entire duration of the Scheme does not exceed his Maximum Entitlement.

## 7. OFFER

- 7.1 During the duration of the Scheme, the Option Committee may at its sole and absolute discretion at any time and from time to time make an Offer in writing to an Eligible Person, subject to the Eligible Person's Maximum Entitlement under Bylaw 6.1 hereof.
- 7.2 The Option Committee shall state the following particulars in the letter of Offer:-
- (a) The number of Options that are being offered to the Eligible Person;
  - (b) The number of Shares which the Eligible Person shall be entitled to subscribe for upon the exercise of the Options being offered;

## **15. BYLAWS OF THE ESOS (Cont'd)**

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- (c) The Option Period;
  - (d) The Subscription Price; and
  - (e) The Offer Period as defined in Bylaw 7.3.
- 7.3 An Offer shall be valid for a period of thirty (30) days from the Date of Offer (“Offer Period”).
- 7.4 No Offer shall be made to any Director of Rexit unless such Offer and the related allotment of Shares have previously been approved by the shareholders of the Company in general meeting.
- 7.5 Without prejudice to Bylaw 21, in the event of an error on the part of the Company in stating any of the particulars referred to in Bylaw 7.2, the following provisions shall apply:-
- (a) Within one (1) month after discovery of the error, the Company shall issue a supplemental letter of Offer, stating the correct particulars referred to in Bylaw 7.2;
  - (b) In the event that the error relates to particulars other than the Subscription Price, the Subscription Price applicable in the supplemental letter of Offer shall remain as the Subscription Price as per the original letter of Offer; and
  - (c) In the event that the error relates to the Subscription Price, the Subscription Price applicable in the supplemental letter of Offer shall be the Subscription Price applicable as at the date of the original letter of Offer, save and except with respect to any Options which have already been exercised as at the date of issue of the supplemental letter of Offer.
- 7.6 After each adjustment following an alteration of the share capital of the Company as stipulated in Bylaw 15.1, upon the return by a Grantee of the original letter of Offer to the Company, that letter of Offer shall be amended or a new letter of Offer shall be issued within two (2) months from the date of return of the original letter, to reflect the adjustment made to the number of Options granted to the Grantee and/or to the Subscription Price.

## **8. ACCEPTANCE**

- 8.1 An Offer shall be accepted by an Eligible Person within the Offer Period by written notice to the Company accompanied by a payment to the Company of a nominal non-refundable consideration of Ringgit Malaysia One (RM1.00) only for the grant of the Options.
- 8.2 If an Offer is not accepted in the manner aforesaid, the Offer shall automatically lapse upon the expiry of the Offer Period. The number of Options offered in the lapsed Offer shall be deducted from the Maximum Entitlement or the balance of the Maximum Entitlement of the Eligible Person, and the Eligible Person shall not be entitled to be offered the number of Options offered in the lapsed Offer, in any Offers made in the future.

## **9. NON-TRANSFERABILITY**

- 9.1 An Option is personal to the Grantee and subject to the provisions of Bylaws 14.2 and 14.3, it is exercisable only by the Grantee personally during his lifetime whilst he is in the employment of any company in the Group.
- 9.2 An Option shall not be transferred, assigned, disposed of or subject to any encumbrances by the Grantee save and except in the event of the death of the Grantee as provided under Bylaw

**15. BYLAWS OF THE ESOS (Cont'd)**

- 9.3 Any such transfer, assignment, disposal or encumbrance shall result in the automatic cancellation of the Option.

**10. EXERCISE OF OPTIONS**

- 10.1 Subject to Bylaws 14.2, 14.3, 16 and 17, and provided that no Option shall be exercisable by any Eligible Person within one (1) year from the date the Shares are first quoted on Bursa Securities, a Grantee shall be allowed to exercise the Options granted to him on terms set out in the letter of Offer, **on the last working day of each calendar month** or such other period that may be stipulated by the Option Committee, during his lifetime whilst he is in the employment or appointment of the Group, and within the Option Period subject to the following limits:-

<b>Maximum Percentage of Options Exercisable in Each Year Commencing From Date of Offer (On a Per Offer Basis)</b>			
<b>Number of Options Accepted Per Offer</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Entire Options Accepted	30%	30%	40%

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

- 10.2 Subject to the discretion of the Option Committee, where a Grantee is serving under an employment contract and the remaining duration of the contract is less than three (3) years from the Date of Offer, he may exercise any remaining unexercised Options upon the expiry of the contract but before the Date of Expiry of the Scheme.
- 10.3 Options which are exercisable in a particular year but are not exercised may be carried forward to subsequent years subject to the Option Period. Any balance of Options not exercised within six (6) months preceding the Date of Expiry shall be capable of being exercised in full subject to the approval of the Option Committee. Any Options which remain unexercised at the expiry of the Option Period shall be automatically terminated without any claim against the Company. For the avoidance of doubt, it is hereby stated that the provisions of Bylaws 10.1 and 10.2 are subject to the provisions of this Bylaw 10.3.
- 10.4 A Grantee shall exercise his Options on the last working day of each calendar month or such other period that may be stipulated by the Option Committee, by notice in writing to the Company stating the number of Options exercised. The procedure for the exercise of Options to be complied with by a Grantee shall be determined by the Option Committee from time to time.
- 10.5 A Grantee shall exercise his Options by notice in writing to the Company in the prescribed form stating the number of Options exercised, the number of Shares relating thereto and the Grantee's individual/nominee CDS Account number. The Options shall be exercised in multiples of and not less than one hundred (100) Options. 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.

Any failure to comply with the foregoing provisions or to state the CDS Account number (or other relevant account number in the case of foreign Grantees) or to provide all information as required in the notice to exercise or inaccuracy in the CDS Account number (or other relevant account number in the case of foreign Grantees) or information provided shall result in the notice to exercise being rejected at the discretion of the Option Committee. The Option Committee shall inform the Grantee of the rejection of the notice to exercise within ten (10) Market Days from the date of rejection thereof and the Grantee shall then be deemed not to have exercised his Option.

## **15. BYLAWS OF THE ESOS (Cont'd)**

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- 10.6 Every notice to exercise Options shall be accompanied by a remittance in Ringgit Malaysia in the form of a banker's draft or cashier's order drawn and payable in Kuala Lumpur, for the full amount of the subscription money in relation to the number of Shares in respect of which the notice is given.
- 10.7 Within ten (10) Market Days (or such other period as may be prescribed by Bursa Securities) of receipt by the Company of such notice of exercise and full payment by the Grantee, the Company shall subject to the Articles of Association of the Company and the Listing Requirements allot the relevant number of Shares to the Grantee. The said Shares will be credited directly into the CDS Account of the Grantee or his financier, as the case may be, and a notice of allotment stating the number of Shares so credited will be issued to the Grantee. No physical certificates will be issued.
- 10.8 The Company, the Board and the Option Committee shall not under any circumstances be held liable to any person for any costs, losses, expenses, damages or liabilities howsoever arising in the event of any delay on the part of the Company in allotting and issuing the Shares or in procuring Bursa Securities to list and quote the Shares subscribed for by a Grantee or any delay in receipt or non-receipt by the Company of the notice to exercise the Options or for any errors in any Offers.

## **11. SUBSCRIPTION PRICE**

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

- (a) In respect of any Offer which is made in conjunction with the Company's listing on the MESDAQ Market of Bursa Securities, the initial public offer price; and
- (b) In respect of any Offer which is made subsequent to the Company's listing on the MESDAQ Market of Bursa Securities:-
- (i) the weighted average market price of the Shares for the five (5) Market Days immediately preceding the Date of Offer with a discount of not more than ten per centum (10%); and
  - (ii) the price so determined shall not be less than the par value of the Shares;

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

## **12. RIGHTS ATTACHING TO SHARES**

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

**15. BYLAWS OF THE ESOS (Cont'd)**

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**13. HOLDING OF SHARES**

The Company encourages Grantees to hold the Shares subscribed for by them for as long as possible although a Grantee or his financier, as the case may be, may sell the Shares subscribed for by the Grantee at any time after such Shares have been credited to the Grantee's or his financier's CDS Account. A Grantee should note that the Shares are intended for him to hold as an investment rather than for realisation to yield a quick profit.

**14. TERMINATION OF EMPLOYMENT**

14.1 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) Bankruptcy of the Grantee, in which event the Option shall be automatically terminated on the date a receiving order is made against the Grantee by a court of competent jurisdiction; or
- (c) Upon the happening of any other event which results in the Grantee being deprived of the beneficial ownership of the Option.

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

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

- (a) Retirement on attaining the normal retirement age of fifty-five (55) years; or
- (b) Retirement before attaining the normal retirement age and with the consent of the employer company within the Group; or
- (c) Ill-health, injury, physical or mental disability; or
- (d) Redundancy; or
- (e) Transfer to any company outside the Group at the direction of the Company; or
- (f) Any other circumstance acceptable to the Option Committee, subject to the approval and/or ratification by the Board.

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

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**15. BYLAWS OF THE ESOS (Cont'd)**

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

**15. ALTERATION OF CAPITAL**

15.1 Subject to Bylaw 15.6 hereof, 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 issue, bonus issue, reduction, subdivision or consolidation of capital or any other variation of capital, the Company shall cause such adjustments to be made to:-

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

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

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

- (a) Any adjustment to the Subscription Price shall be rounded up to the nearest one (1) sen and in no event shall the Subscription Price be reduced to an amount which is below the par value of the Shares; and
- (b) In determining a Grantee's entitlement to subscribe for new Shares, any fractional entitlements will be disregarded.

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

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

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

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

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

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



**15. BYLAWS OF THE ESOS (Cont'd)**

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

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

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

Where:

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

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

T = T as in Bylaw 15.3(a) above.

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

(c) If and whenever Company shall make:

- (1) a Capital Distribution (as defined below) to ordinary shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets); or
- (2) any offer or invitation to ordinary shareholders whereunder they may acquire or subscribe Shares by way of rights; or
- (3) any offer or invitation to ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into Shares or securities with rights to acquire or subscribe for Shares,

then and in any such case, the Option Price shall be adjusted by multiplying it by the following fraction:

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

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

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

Where:

T = T as in Bylaw 15.3(a) above;

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**15. BYLAWS OF THE ESOS (Cont'd)**

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- C = the Current Market Price (as defined in Bylaw 15.3(h) below) of one (1) Share on the Market Day immediately preceding the date on which the Capital Distribution, or as the case may be, the offer or invitation is publicly announced or (failing any such announcement), immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation; and
- D = (aa) in the case of an offer or invitation to acquire or subscribe for Shares under Bylaw 15.3(c)(2) above or for securities convertible into Shares or securities with rights to acquire or subscribe for Shares under Bylaw 15.3(c)(3) above, the value of rights attributable to one (1) Share (as defined below); or
- (bb) in the case of any other transaction falling within this Bylaw 15.3(c), the fair market value, as determined (with the concurrence of the external auditors of the Company) by a licensed merchant bank or universal broker, of that portion of the Capital Distribution attributable to one (1) Share.

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

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

Where:

- C = C in this Bylaw 15.3(c);
- E = the subscription price of one (1) additional Share under the terms of such offer or invitation or one (1) additional security convertible into Shares or one (1) additional security with rights to acquire or subscribe for Shares;
- F = the number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share or security convertible into Shares or right to acquire or subscribe for Shares; and
- D\* = The value of the rights attributable to one (1) Shares (as defined below).

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

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

Where:-

- C = C in this Bylaw 15.3(c);
- E\* = the subscription price for one (1) new Share under the terms of such offer or invitation to acquire or subscribe for Shares;

**15. BYLAWS OF THE ESOS (Cont'd)**

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

For the purpose of Bylaw 15.3(c) hereof, (“**Capital Distribution**”) shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of Shares (other than an issue falling within Bylaw 15.1(b)) credited as fully or partly paid up by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account or capital redemption reserve fund). Any dividend charged or provided for in the accounts of any period shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders as shown in the audited consolidated profit and loss accounts of the Company.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the entitlement date for the above transaction.

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

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

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

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

Where:

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

C = C in Bylaw 15.3(c) above;

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

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

**15. BYLAWS OF THE ESOS (Cont'd)**

- I = the subscription price of one (1) additional Share under an offer or invitation to acquire or subscribe for Shares or the exercise price on conversion of securities or exercise of such rights to acquire or subscribe for one additional Share as the case may be;
- I\* = the subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares;
- B = B in Bylaw 15.3(b) above; and
- T = T as in Bylaw 15.3(a) above.

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

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

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

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

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

Where:

- G = G as in Bylaw 15.3(d) above;
- C = C as in Bylaw 15.3(c) above;
- H = H as in Bylaw 15.3(d) above;
- H\* = H\* as in Bylaw 15.3(d) above;
- I = I as in Bylaw 15.1(d) above;
- I\* = I\* as in Bylaw 15.3(d) above;
- J = the aggregate number of Shares to be issued to its ordinary shareholders upon conversion of such securities or exercise of such rights to subscribe for Shares by the ordinary shareholders;
- K = the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one additional Share; and
- T = T as in Bylaw 15.3(a) above.

**15. BYLAWS OF THE ESOS (Cont'd)**

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

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

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

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

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

Where:

G = G as in Bylaw 15.3(d) above;

C = C as in Bylaw 15.3(c) above;

H = H as in Bylaw 15.3(d) above;

H\* = H\* as in Bylaw 15.3(d) above;

I = I as in Bylaw 15.3(d) above;

I\* = I\* as in Bylaw 15.3(d) above;

J = J as in Bylaw 15.3(d) above;

K = K as in Bylaw 15.1(e) above;

B = B as in Bylaw 15.1(b) above; and

T = T as in Bylaw 15.3(a) above.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the entitlement date for the above transaction.

- (g) If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders alike and requiring an adjustment under Bylaw 15.3(c)(2), 15.3(c)(3), 15.3(d), 15.3(e) or 15.3(f) above), the Company shall issue either any Shares or any securities convertible into Shares or with rights to acquire or subscribe for Shares, and in any such case the Total Effective Consideration per Share (as defined below) is less than ninety per cent (90%) of the Average Price for one (1) Share (as defined below) or, as the case may be, the price at which the Shares will be issued upon

**15. BYLAWS OF THE ESOS (Cont'd)**

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conversion of such securities or exercise of such rights is determined, the Option Price shall be adjusted by multiplying it by the following fraction:

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

Where:

- L = the number of Shares in issue at the close of business on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;
- M = the number of Shares which the Total Effective Consideration (as defined below) would have purchased at the Average Price (exclusive of expenses); and
- N = the aggregate number of Shares which so issued or in the case of securities convertible into Shares or with rights to acquire or subscribe for Shares, the maximum number (assuming no adjustment of such rights) of Shares issuable upon full conversion of such securities or the exercise in full of such rights.

For the purposes of this Bylaw 15.3(g), (“**Total Effective Consideration**”) shall be as determined by the directors of the Company with the concurrence of a licensed merchant banker or universal broker and shall be:

- (a) in the case of the issue of Shares, the aggregate consideration receivable by the Company on payment in full for such Shares; or
- (b) in the case of the issue by the Company of securities wholly or partly convertible into Shares, the aggregate consideration receivable by the Company on payment in full for such securities or such part of the securities as is convertible together with the total amount receivable by the Company upon full conversion of such securities (if any); or
- (c) in the case of the issue by the Company of securities with rights to acquire or subscribe for Shares, the aggregate consideration attributable to the issue of such rights together with the total amount receivable by the Company upon full exercise of such rights;

in each case without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and the “**Total Effective Consideration per Share**” shall be the Total Effective Consideration divided by the number of Shares issued as aforesaid or, in the case of securities convertible into Shares by the maximum number of Shares issuable on full conversion of such securities or on exercise in full of such rights.

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

Each such adjustment will be calculated (if appropriate, retroactively) from the close of business on the Bursa Securities on the Market Day next following the date on which the issue is announced, or (failing any such announcement) on the Market Day next following the date on which the Company determines the offering price of such

**15. BYLAWS OF THE ESOS (Cont'd)**

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Shares. Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day next following the completion of the above transaction.

- (h) For the purpose of Bylaw 15.3(c),(d),(e) and (f), the "Current Market Price" in relation to one (1) Share for any relevant day shall be the average of the last dealt prices for the five (5) consecutive Market Days before such date or during such other period as may be determined in accordance with any guidelines issued, from time to time, by the Securities Commission.

Such adjustments must be confirmed in writing by the external auditors of the Company for the time being (acting as experts and not as arbitrators), upon reference to them by the ESOS Committee, 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 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 Option Price payable shall be the par value of the new Shares;
- (b) upon any adjustment being made pursuant to this Bylaw, the ESOS Committee shall, within thirty (30) days of the effective date of the alteration in the capital structure of the Company, notify the Grantee (or his legal representatives where applicable) in writing informing him of the adjusted Option Price thereafter in effect and/or the revised number of new Shares thereafter to be issued on the exercise of the Option; and
- (c) any adjustments made must be in compliance with the provisions for adjustment as provided in these Bylaws .

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

- 15.4 The adjustment pursuant to this Bylaw shall be made on the day immediately following the books closure date for the event giving rise to the adjustment.
- 15.5 The Company's Auditors must confirm in writing that the adjustments (other than on a capitalisation issue) are in their opinion fair and reasonable.
- 15.6 The provisions of this Bylaw shall not apply where the alteration in the capital structure of the Company arises from:
- (a) an issue of new Shares as consideration or part consideration for an acquisition or any other securities, assets or business;
- (b) a special issue of new Shares to Bumiputera parties nominated by the Ministry of International Trade and Industry, Malaysia and/or other government authorities to comply with the Government policy on Bumiputera capital participation;
- (c) a private placement of new Shares by the Company;

**15. BYLAWS OF THE ESOS (Cont'd)**

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- (d) an issue of new Shares arising from the exercise of any conversion rights attached to securities convertible to Shares or upon exercise of any other rights including warrants (if any) issued by the Company; and
  - (e) an issue of new Shares upon the exercise of Options pursuant to the Scheme.
- 15.7 Should there be other circumstances which give rise to a consideration for adjustments to the Option Price or the number of new Shares in favour of all the Grantees, but it is decided that no adjustments will be made, such decision must be made known to all the Grantees via a timely notice, subject to compliance with the Listing Requirements and/or relevant ESOS Guidelines.
- 15.8 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Part VII of the Act, Bylaw 15.1 shall be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which Bylaw 15.1 is applicable, but Bylaw 15.1 shall not be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which Bylaw 15.1 is not applicable as described in Bylaw 15.6.
- 15.9 An adjustment pursuant to Bylaw 15.1 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 on which the consolidation or subdivision or capital reduction becomes effective (being the date when the Shares are traded on Bursa Securities at the new par value), or such other period as may be prescribed by Bursa Securities.
- Upon any adjustment being made, the ESOS Committee shall give notice in writing within thirty (30) days from the date of adjustment to the Grantee, or his representative where the Grantee is deceased, to inform him of the adjustment and the event giving rise thereto.
- 15.10 All adjustments (other than on a bonus issue) must be confirmed in writing by an Auditor of the Company, acting as an expert and not as an arbitrator to be in his opinion fair and reasonable. In addition, the Company shall, at the request of any Grantee, furnish such Grantee with a certificate from an Auditor confirming the adjustments (other than on a bonus issue) to be made either generally or as regards to such Grantee, such certification shall be final and binding on all parties.

**16. TAKE-OVERS AND MERGERS, SCHEMES ARRANGEMENT, AMALGAMATIONS, RECONSTRUCTONS, ETC**

- 16.1 In the event of an offer being made for Shares under the Securities Commission Act, 1993 and the Malaysian Code on Take-Overs and Mergers, 1998 and such offer being declared unconditional, the following provisions shall apply:-
- (a) A Grantee shall be entitled to exercise all or any of the Options held by him as at the date of such offer being declared unconditional, within a period of six (6) months after such date and in accordance with the provisions of Bylaw 10.4. In the event that the Grantee elects not to so exercise some or all of the Options held by him, the



## 15. BYLAWS OF THE ESOS (Cont'd)

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unexercised Options shall be automatically terminated on the expiry of the said period of six (6) months; and

- (b) If during the said period of six (6) months, the offeror becomes entitled or bound to exercise rights of compulsory acquisition in respect of the Shares under the provisions of the Securities Commission Act, 1993 and gives notice to the Grantee that he intends to exercise such rights on a specific date (“Specified Date”), the Grantee shall be entitled to exercise all or any of the Options held by him until the expiry of the said period of six (6) months or the Market Day immediately preceding the Specified Date, whichever is the earlier, and in accordance with the provisions of Bylaw 10.4. In the event that the Grantee elects not to so exercise some or all of the Options held by him, the unexercised Options shall be automatically terminated on the expiry of the said period of six (6) months or on the Specified Date, whichever is the earlier.
- 16.2 In the event the court has sanctioned a compromise or arrangement between the Company and its members for the purpose of, or in connection with, a scheme for reconstruction of the Company or amalgamation with any other company or companies under the provisions of the Act, then the Grantee shall immediately become entitled in the period up to but excluding the date upon which such compromise or arrangement becomes effective, to exercise in whole or in part his Options. All unexercised Options held by a Grantee shall be automatically terminated on the date upon which such compromise or arrangement becomes effective.
- 16.3 For the avoidance of doubt, the limits on the exercise of Options stipulated in Bylaw 10.1 shall not apply in respect of Bylaws 16.1(a), 16.1(b) and 16.2 above.

## 17. DIVESTMENT FROM GROUP

- 17.1 In the event that a company within the Group shall be divested from the Group, a Grantee who is employed by such company:-
- (a) Shall be entitled to continue to hold and to exercise all the Options held by him on the date of completion of such divestment within a period of one (1) year from the date of completion of such divestment or the Option Period, whichever expires first, and in accordance with the provisions of Bylaw 10.4. In this instance, the limits on the exercise of Options stipulated in Bylaw 10.1 shall not apply. In the event that the Grantee does not so exercise some or all of such Options, the unexercised Options shall be automatically terminated upon the expiry of the relevant period; and
  - (b) Shall no longer be eligible to participate for further Options under the Scheme as from the date of completion of such divestment.
- 17.2 For the purposes of Bylaw 17.1, a company shall be deemed to be divested from the Group in the event that such company would no longer be a subsidiary of the Company pursuant to Section 5 of the Act.

## 18. WINDING UP

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

**15. BYLAWS OF THE ESOS (Cont'd)**

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**19. DURATION, TERMINATION AND EXTENSION OF SCHEME**

19.1 The effective date for the implementation of the Scheme shall be the date of full compliance with all relevant requirements of the Listing Requirements of Bursa Securities, including but not limited to the following:-

- (a) submission of the final copy of the Bylaws of the Scheme to Bursa Securities;
- (b) receipt of approval-in-principle for the listing of the shares to be issued under the Scheme from Bursa Securities;
- (c) procurement of shareholders' approval for the Scheme;
- (d) receipt of approval of any other relevant authorities, where applicable; and
- (e) fulfillment of all conditions attached to the above approvals, if any.

The Company's Adviser must submit a confirmation to Bursa Securities of full compliance pursuant to Bylaw 19.1 above stating the Effective Date of implementation together with a certified true copy of the relevant resolution passed by shareholders in a general meeting. The submission of the confirmation must be made no later than five (5) market days after the Effective Date of implementation.

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

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

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

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

19.6 Notwithstanding the provision of Bylaw 19.1 above, the Scheme may be terminated by the Company prior to the expiry of its duration PROVIDED always THAT prior to the termination of the Scheme, the following conditions must have been satisfied by the Company:-

- (a) that the approval from the Company's shareholders at a general meeting had been obtained; and
- (b) that the written consent 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:-

**15. BYLAWS OF THE ESOS (Cont'd)**

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- (a) No further Offers shall be made by the Option Committee from the date of such resolution;
- (b) All Offers which have yet to be accepted by Eligible Persons shall automatically lapse on the date of such resolution; and
- (c) All outstanding Options which have yet to be exercised by Grantees shall be automatically terminated on the date of such resolution.

**20. SUBSEQUENT EMPLOYEE SHARE OPTION SCHEME**

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

**21. ADMINISTRATION**

- 21.1 The Scheme shall be administered by the Option Committee. The Option Committee shall, subject to these Bylaws, administer the Scheme in such manner as it shall think fit.
- 21.2 Without limiting the generality of Bylaw 21.1, the Option Committee may, for the purpose of administering the Scheme, do all acts and things, rectify any errors in Offers, execute all documents and delegate any of its powers and duties relating to the Scheme as it may in its discretion consider to be necessary or desirable for giving effect to the Scheme.
- 21.3 The Board shall have power at any time and from time to time to rescind the appointment of any person appointed to the Option Committee as it shall deem fit.

**22. AMENDMENT**

- 22.1 Subject to Bylaw 22.2, the Option Committee may at any time and from time to time recommend to the Board any additions or amendments to or deletions of these Bylaws 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 Bylaws upon such recommendation PROVIDED THAT no additions or amendments to or deletions of these Bylaws to the following shall be made which will alter to the advantage of any Eligible Person to whom the Option Committee has made an Offer, any provisions of the Scheme without the prior approval of the Company's shareholders in general meeting:-
  - (a) the Eligible Person to the Scheme and the basis of eligibility;
  - (b) the maximum number of Options to be offered under the Scheme;
  - (c) the Maximum Entitlement for each category of Eligible Persons as defined in Bylaw 6.1;
  - (d) the non-refundable consideration payable on acceptance of the Options and the basis for determining the Subscription Price;
  - (e) the time limit of the Scheme;
  - (f) the rights attaching to the new Shares to be allocated upon the exercise of any Options;

**15. BYLAWS OF THE ESOS (Cont'd)**

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- (g) the time period to which any Eligible Person is debarred, pursuant to the provisions of the Scheme, from disposing any Shares allotted pursuant to the exercise of Options; and
- (h) the formulas for adjustments to the Subscription price or number of shares comprised in the options (so far as unexercised) as set out in Bylaw 15 hereto.

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

**23. INSPECTION OF ACCOUNTS**

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

**24. SCHEME NOT A TERM OF EMPLOYMENT**

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

**25. NO COMPENSATION FOR TERMINATION**

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

**26. DISPUTES**

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

**27. COSTS AND EXPENSES**

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

**28. ARTICLES OF ASSOCIATION**

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

**15. BYLAWS OF THE ESOS (Cont'd)**

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**29. LISTING REQUIREMENTS**

In the event any of the provisions of these Bylaws are not in compliance with the Listing Requirements, such provisions of these Bylaws which are non-compliant shall be deemed severed from these Bylaws and have no effect, and the relevant provisions of the Listing Requirements shall apply instead.

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