

## 12. BYE-LAWS OF THE ESOS

*(Prepared for inclusion in the Prospectus)*

### 1. NAME OF SCHEME

This Scheme shall be called the "K-One Technology Berhad's Employees' Share Option Scheme".

### 2. OBJECTIVES OF SCHEME

The objectives of the Scheme are:-

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

### 3. DEFINITIONS AND INTERPRETATION

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

- |   |   |  |
|---|---|--|
| "Act"                                       | - | The Companies Act, 1965, as amended from time to time, and any re-enactment thereof  |
| "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 Bye-Law 4.2 and after deducting all Options which have been offered and accepted |
| "Board"                                     | - | The Board of Directors of the Company for the time being   |
| Bursa Securities or the Securities Exchange | - | Bursa Malaysia Securities Berhad (635998-W)  |
| "Bye-Laws"                                  | - | The rules, terms and conditions of the Scheme (as may be amended, varied or supplemented from time to time in accordance with Bye-Law 22)  |
| "CDS"                                       | - | Central Depository System  |
| "CDS Account"                               | - | An account established by Bursa Malaysia Depository Sdn Bhd for a depositor for the recording of deposits of securities and dealings in such securities by the depositor                                       |
| "Company" or "K-One Tech"                   | - | K-One Technology Berhad (539757-K)   |
| "Date of Expiry"                            | - | The last day of the duration of the Scheme as defined in Bye-Law 19.2  |
| "Date of Offer"                             | - | The date on which an Offer is made by the Option Committee to an Eligible Employee in the manner provided in Bye-Law 7   |

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

- “Directors” - The directors, both Executive Directors and Non-Executive Directors, of the Group
- “Effective Date” - The effective date for the implementation and launching of the Scheme which shall be subject to the compliance with the conditions set out in Bye-Law 19.1
- “Eligible Employee” - An Employee who is designated in writing by the Option Committee to be an Eligible Employee described in Bye-Law 5, and falling within any of the categories of Employees set out in Bye-Law 6
- “Employee” - A natural person who is employed by and on the payroll of any company in the Group. Employees include Executive Directors
- “Entitlement Date” - The date as at the close of business on which shareholders’ names must appear on K-One Tech’s Record of Depositors in order to participate in any dividends, rights, allotments or other distributions
- “Executive Director” - A natural person who holds a directorship in a full time executive capacity in the Company and is involved in the day to day management and on the payroll of K-One Tech.
- “Grantee” - An Eligible Employee who has accepted an Offer in the manner provided in Bye-Law 8
- “Group” - The Company and its subsidiaries as defined in Section 5 of the Act, which are not dormant. Subsidiaries include subsidiaries which are existing as at the Effective Date and subsidiaries which are incorporated or acquired at any time during the duration of the Scheme but exclude subsidiaries which have been divested in the manner provided in Bye-Law 17.2
- “Listing Requirements:” - The Listing Requirements of the 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 the Bursa Securities is open for the trading of securities
- “Maximum Entitlement” - The maximum number of Options that can be offered to an Eligible Employee as stipulated in Bye-Law 6.1
- “Non-Executive Director(s)” - A natural person who holds a directorship of any company in the Group who is not an Executive Director
- “Offer” - A written offer made by the Option Committee to an Eligible Employee in the manner provided in Bye-Law 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 Bye-Law 8 of an Offer made to such Grantee by the Option Committee pursuant to Bye-Law 7

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

- “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 Bye-Law 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
- “Person Connected” - Shall have the same meaning given in relation to a person connected with a director or major shareholder as defined in Paragraph 1.1 of the Listing Requirements
- “SC” - Securities Commission
- “Scheme” - The scheme for the granting of Options to Eligible Employees to subscribe for new Shares upon the terms as herein set out, such scheme to be known as the “K-One Technology Berhad’s Employees’ Share Option Scheme”
- “Shares” - Ordinary shares of RM0.10 each in the Company
- “Subscription Price” - The price at which a Grantee shall be entitled to subscribe for each Share as calculated in accordance with the provisions of Bye-Law 11

- 3.2 Headings are for ease of reference only and do not affect the meaning of a Bye-Law.
- 3.3 References to the provisions of statutes include such provisions as amended or re-enacted from time to time, and references to statutes include any consolidations, replacements or revisions of the same.
- 3.4 Words importing the masculine gender shall include the feminine and neuter genders.
- 3.5 Words importing the singular number shall include the plural number and vice versa.

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

- 4.1 Each Option shall be exercisable into one (1) new Share in accordance with the provisions of these Bye-Laws.
- 4.2 The aggregate number of Options exercised and Options offered and 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 Bye-Law 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

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- (b) Not more than ten per centum (10%) of the Shares available under the Scheme may be allocated to any individual Director or Eligible Employee who, either singly or collectively through any Person Connected with him holds twenty per centum (20%) or more of the issued and paid-up ordinary share capital of the Company.
- 4.3 Notwithstanding Bye-Law 4.2 above nor any other provision herein contained, in the event the maximum number of new Shares comprised in the Options granted under the Scheme exceeds the aggregate of 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 Bye-Laws. However, in such a situation, the Option Committee shall not make any further Offers until the total number of Shares to be issued under the Scheme falls below 10% of the issued and paid-up ordinary share capital of the Company.
- 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 Employees who fulfill the following conditions shall be eligible to participate in the Scheme:-
  - (a) An Employee must be at least eighteen (18) years of age on the Date of Offer;
  - (b) An Employee must fall under one of the categories of Employees listed in Bye-Law 6.1;
  - (c) An Employee must have been confirmed on the Date of Offer;
  - (d) If an Employee is employed by a subsidiary of the Company, the Employee's period of employment in the Group, for purposes of determining the minimum period of continuous service as stipulated in paragraph (c) above, shall be deemed to commence from the date on which the Employee commenced employment with the subsidiary, or the date on which such company became a subsidiary of the Company, whichever is later; and
  - (e) If an Employee is not a Malaysian citizen, he must, in addition to the conditions stipulated in paragraphs (a) to (d) above, the Employee's contribution must be deemed by the Option Committee to be vital to the Group and the Employee has served the Group on a full time basis for at least one (1) year as at the Date of Offer.

Provided always that the selection of any Employee 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 Employee 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 Bye-Laws 4.2 and 6.1, in the event that the Option Committee has determined that certain Eligible Employees 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.

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

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- 5.4 Executive 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 employees who are eligible to participate in the Scheme and their Maximum Entitlements will be decided by the Option Committee. The Option Committee will ensure that there is an equitable allocation to the various categories of Employees, such that not more than 50% of the shares available under the Scheme should be allocated, in aggregate, to Directors and senior management. In addition, not more than 25% of the shares available under the Scheme shall be allocated to any individual person. Not more than ten per centum (10%) of the Shares available under the Scheme may be allocated to any individual Director or Employee who, either singly or collectively through any Person Connected with him holds twenty per centum (20%) or more of the issued and paid-up ordinary share capital of the Company.

Category of employees	Maximum Entitlement (No. of Shares) ('000)
Executive Directors, General Managers and Senior Managers	1,500
Managers, Assistant Managers and Supervisors	1,500
Engineers, Executives and Officers	1,200

- 6.2 (a) In determining the number of Options to be offered to an Eligible Employee under the Scheme, the seniority of the Employee and his length of service in the Group as at the Date of Offer shall be taken into consideration, subject to a minimum of one hundred (100) Options.
- (b) In the event that an Eligible Employee is moved to a higher category, his Maximum Entitlement shall be increased in accordance with the scale provided in Bye-Law 6.1 upon his confirmation in the higher category.
- (c) In the event that an Eligible Employee 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 Bye-Law 6.1;
  - (ii) In the event that the total number of Shares in respect of Options which have been accepted by him up to the date he is moved to the lower category is greater than his Maximum Entitlement under such lower category, he shall be entitled to continue to hold and to exercise all unexercised Options held by him on such date but he shall not be entitled to be offered any further Options unless and until he is subsequently moved to a higher category so that his Maximum Entitlement is increased to an amount greater than the total number of Shares in respect of Options which have already been accepted by him; and

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- (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 Bye-Law 6.3, to be offered further Options up to his Maximum Entitlement under such lower category.
- 6.3 Notwithstanding Bye-Law 6.1, the number of Options to be offered to each Eligible Employee shall, subject to each Eligible Employee'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 Employee. The Option Committee shall not be obliged in any way to offer to an Eligible Employee all of the specified Maximum Entitlement. The decision of the Option Committee shall be final and binding.
- 6.4 The Option Committee may at its discretion introduce additional categories of Employees 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 applicable laws.
- 6.5 The Option Committee may make more than one (1) Offer to an Eligible Employee provided that the aggregate number of Options offered to an Eligible Employee throughout the entire duration of the Scheme does not exceed his Maximum Entitlement.

**7. OFFER**

- 7.1 During the duration of the Scheme, the Option Committee may at its discretion at any time and from time to time make an Offer in writing to an Eligible Employee, subject to the Eligible Employee's Maximum Entitlement under Bye-Law 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 Employee;
- (b) The number of Shares which the Eligible Employee shall be entitled to subscribe for upon the exercise of the Options being offered;
- (c) The Option Period;
- (d) The Subscription Price; and
- (e) The Offer Period as defined in Bye-Law 7.3.
- 7.3 An Offer shall be valid for a period of fourteen (14) days from the Date of Offer ("**Offer Period**").
- 7.4 No Offer shall be made to any Director of K-One Tech 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 Bye-Law 21, in the event of an error on the part of the Company in stating any of the particulars referred to in Bye-Law 7.2, the following provisions shall apply:-
- (a) Within one (1) month after discovery of the error, the Company shall issue a supplemental letter of Offer, stating the correct particulars referred to in Bye-Law 7.2;

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- (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 Bye-Law 15.1, upon the return by a Grantee of the original letter of Offer to the Company, that letter of Offer shall be amended or a new letter of Offer shall be issued within two (2) months from the date of return of the original letter, to reflect the adjustment made to the number of Options granted to the Grantee and/or to the Subscription Price.

**8. ACCEPTANCE**

- 8.1 An Offer shall be accepted by an Eligible Employee 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 Employee, and the Eligible Employee 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 Bye-Laws 14.2 and 14.3, is exercisable only by the Grantee personally during his lifetime whilst he is in the employment of any company in the Group or holds a directorship 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 Bye-Law 14.3. Any such transfer, assignment, disposal or encumbrance shall result in the automatic cancellation of the Option.

**10. EXERCISE OF OPTIONS**

- 10.1 Subject to Bye-Laws 14.2, 14.3, 16 and 17, a Grantee shall be allowed to exercise the Options granted to him on terms set out in the letter of Offer, within three (3) working days from the first (1<sup>st</sup>) day and the fifteenth (15<sup>th</sup>) day of the month or such other period that may be stipulated by the Option Committee, during his lifetime and whilst he is in the employment of the Group and within the Option Period.
- 10.2 Subject to the discretion of the Option Committee, where a Grantee is serving under an employment contract, he may exercise any remaining unexercised Options within sixty (60) days before the expiry of the employment contract if the remaining duration of the contract as at the date on which the Options are granted is less than the Option Period.

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

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- 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 Bye-Laws 10.1 and 10.2 are subject to the provisions of this Bye-Law 10.3.
- 10.4 A Grantee shall exercise his Options within three (3) working days from the first (1<sup>st</sup>) day and the fifteenth (15<sup>th</sup>) day of the 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.
- 10.6 Every notice to exercise Options shall be accompanied by a remittance in Ringgit Malaysia in the form of a banker's draft or cashier's order drawn and payable in Kuala Lumpur, for the full amount of the subscription money in relation to the number of Shares in respect of which the notice is given.
- 10.7 Within ten (10) Market Days of the receipt by the Company of such notice and payment, or such other period as may be prescribed by the Bursa Securities, and subject to the Articles of Association of the Company, the Company shall allot the relevant number of Shares to the Grantee. The said Shares will be credited directly into the CDS Account of the Grantee or his financier, as the case may be, and a notice of allotment stating the number of Shares so credited will be issued to the Grantee. No physical certificates will be issued. An application will be made for the quotation of such Shares.
- 10.8 The Company, the Board and the Option Committee shall not under any circumstances be held liable to any person for any costs, losses, expenses, damages or liabilities howsoever arising in the event of any delay on the part of the Company in allotting and issuing the Shares or in procuring the 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 Bye-Law 15 hereof, be 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%) or the par value of the Shares, whichever is the higher amount. For any Option granted as part the listing proposal of the Company, the subscription price must not be less than the initial public offer price.



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

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**12. RIGHTS ATTACHING TO SHARES**

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

**13. HOLDING OF SHARES**

The Company encourages Grantees to hold the Shares subscribed for by them for as long as possible although a Grantee or his financier, as the case may be, may subject to By-Laws 26 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;
- (c) Upon the happening of any other event which results in the Grantee being deprived of the beneficial ownership of the Option; or
- (d) If the Grantee is a Director, resignation or termination of the Grantee as a Director of the Group.

Upon the termination of Options pursuant to Bye Law 14.1(a), (b), (c) or (d) 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 Bye-Law 14.1 above, the Option Committee may at its discretion allow an Option to remain exercisable during the Option Period on such terms and conditions as it shall deem fit if the cessation of employment 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

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(f) Any other circumstance acceptable to the Option Committee.

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

The proportion exercisable is at the discretion of the Option Committee.

**15. ALTERATION OF CAPITAL**

15.1 Subject to Bye-Law 15.3 hereof, in the event of any alteration in the capital structure of the Company during the Option Period, whether by way of a rights issue, bonus issue or other capitalisation issue, consolidation or subdivision of Shares or reduction of capital or otherwise howsoever, the Company shall cause such adjustment to be made to:-

- (i) The number of Options granted to each Grantee; and/or
- (ii) The Subscription Price

as shall be necessary to give a Grantee the same proportion of the issued capital of the Company as that to which he/she was entitled prior to the event giving rise to such adjustment.

Subject to the Bye-Law and as herein provided, the Subscription Price and the par value of the Shares to which a Grantee is entitled to subscribe shall from time to time be adjusted in accordance with the following relevant provision

- (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 number of Option shall be adjusted and dividing the result by multiplying the existing number of Options held by the former par value and dividing the result by the revised par value. Each such adjustment will be effective from the close of business on the Market Day immediately next preceding the date on which the consolidation or subdivision or conversion become effective.
- (b) If and whenever the Company shall make any issue of new Shares to Shareholders credited as fully paid, by way of capitalisation of profits or reserves (including any share premium account and capital redemption reserve fund), the Subscription Price shall be adjusted by multiplying it by the following fraction:

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

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

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

where:

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

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B = the aggregate number of new Shares to be issued pursuant to any allotment to shareholders of the Company 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).

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the date on which Shareholders must be registered in the Record of Depositors for such issue ("**Record Date**")

- (c) If and whenever Company shall make:
- (i) a Capital Distribution (as defined below) to ordinary shareholders whether on a reduction of capital or otherwise (save and except any capital reduction involving the cancellation of capital which is lost or unrepresented by available assets); or
  - (ii) any offer or invitation to ordinary shareholders whereunder they may acquire or subscribe Shares by way of rights; or
  - (iii) 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 Subscription Price shall be adjusted by multiplying it by the following fraction:

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

and in respect of the case referred to in Bye-Law 15(c)(ii) hereof, the number of Options shall be adjusted by multiplying the existing number of Options held by the following fraction:-

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

where:

- C = the market price of each Share as shall be determined in accordance with any guideline or rule issued by the relevant authorities from time to time, if any, or if there is none, the current market price of each Share on the Market Day immediately preceding the date on which the Capital Distribution, or as the case may be, the offer or invitation is publicly announced 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 by way of rights or for securities convertible into Shares or securities under Bye-Law 15.1(c)(ii) and Bye-Law 15.1(c)(iii), the value of rights attributable to one (1) Share (as defined below); or
- (bb) in the case of any other transaction falling within this Bye-Law 15.1(c), the fair market value, as determined (with the concurrence of the external auditors of the Company), of that portion of the Capital Distribution attributable to one (1) Share.

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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 Bye-Law 15.1(c);

E = the subscription price of one (1) additional Share under the terms of such offer or invitation or subscription price of one (1) additional Shares upon conversion of the convertible securities or exercise of such rights to acquire or subscribe for one (1) shares under the offer or invitation;;

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 right to acquire or subscribe for one (1) additional Shares; and

D\* = the value of the rights attributable to one (1) Share (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 Bye-Law 15.1(c);

E\* = the subscription consideration for one (1) additional Share under the terms of such offer or invitation;

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; and

For the purpose of this Bye-Law 15.1(c), "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 Bye-Law 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 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.

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- (d) If and whenever the Company makes any allotment to its ordinary shareholders as provided in Bye-Law 15.1(b) above and also makes any offer or invitation to its ordinary shareholders as provided in Bye-Law 15.1(c)(ii) or Bye-Law 15.1(c)(iii) 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 Subscription Price shall be adjusted by multiplying it by the following fraction:

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

and in respect of each case referred to in Bye-Law 15.1(b) and 15.1(c)(ii), the number of Options held by each Grantee shall be adjusted by multiplying the existing number of Options held by the following fraction :

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

where:

- G = the aggregate number of issued and fully paid-up Shares on the entitlement date;
- C = C in Bye-Law 15.1(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 new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights;
- I = the subscription price of one 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 consideration of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares
- B = B in Bye-Law 15.1(b) above.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the Record Date for the above transactions..

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

- (e) If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Shares as provided in Bye-Law 15.1(c)(ii) 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 Bye-Law 15.1(c)(iii) 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 Options held by each Grantee shall be adjusted by multiplying the existing number of Options by the following fraction :-

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

where:

G = G as in Bye-Law 15.1(d) above;

C = C as in Bye-Law 15.1(c) above;

H = H as in Bye-Law 15.1(d) above;

H\* = H\* as in Bye-Law 15.1(d) above

I = I as in Bye-Law 15.1(d) above;

I\* = I\* as in Bye-Law 15.1(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; and

K = the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one additional Share.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the Record Date for the above transactions.

- (f) If and whenever the Company makes an allotment to its ordinary shareholders as provided in Bye-Law 15.1(b) above and also makes an offer or invitation to acquire or subscribe for Shares to its ordinary shareholders as provided in Bye-Law 15.1(c)(ii) above together with rights to acquire or subscribe for securities convertible into or with rights to acquire or subscribe for Shares as provided in Bye-Law 15.1(c)(iii) above and the Record Date for the purpose of the allotment is also the Record Date for the purpose of offer or invitation, the Subscription Price shall be adjusted by multiplying it by the following fraction:

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

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

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

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

where:

- G = G as in Bye-Law 15.1(d) above;  
 C = C as in Bye-Law 15.1(c) above;  
 H = H as in Bye-Law 15.1(d) above;  
 H\* = H\* as in Bye-Law 15.1(d) above;  
 I = I as in Bye-Law 15.1(d) above;  
 I\* = I\* as in Bye-Law 15.1(d) above;  
 J = J as in Bye-Law 15.1(d) above;  
 K = K as in Bye-Law 15.1(e) above;  
 B = B as in Bye-Law 15.1(b) above;

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the Record 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 Bye-Law 15.1(c)(2), 15.1(c)(3), 15.1(d), 15.1(e) or 15.1(f) above), the Company shall issue either any Shares or any securities convertible into Shares or any rights to acquire or subscribe for Shares, and in any such case the Total Effective Consideration per Share (as defined below) is less than ninety per cent (90%) of the average of the transaction prices(s) on the Market Days comprised in the period used (such period to be determined by the Company at the Company's absolute discretion) and a basis upon which the issue price of such Shares is determined ("Average Price"), or as the case may be the price at which the Shares will be issued upon conversion of such securities or exercise of such rights is determined, the Subscription Price shall be adjusted by multiplying it by the following fraction:

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

where:

- L = the number of Shares in issue at the close of business on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;  
 M = the number of Shares which the Total Effective Consideration (as defined below) would have purchased at the Average Price (exclusive of expenses); and

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

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 Bye-Law 15.1(g) the "Total Effective Consideration" shall be as determined by the Directors of the Company:

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

in each case without any deduction of any 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.

Each such adjustment will be effective (if appropriate retroactively) from the close of the Market Day next preceding the date on which the issue is announced or (failing any such announcement) immediately preceding the date on which the Company determined the offering price of such Shares, securities or rights.

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

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

15.3 Bye-Law 15.1 shall not be applicable where an alteration in the capital structure of the Company arises from any of the following:-

- (a) An issue of Shares pursuant to the exercise of Options under the Scheme; or
- (b) An issue of securities as consideration for an acquisition; or
- (c) An issue of securities as a private placement; or
- (d) An issue of securities as a special issue approved by the relevant governmental authorities; or
- (e) A restricted issue of securities; or



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

- (f) An issue of Shares arising from the exercise of any conversion rights in respect of securities convertible into new Shares including but not limited to warrants and convertible loan stocks; or
  - (g) An issue of further Options to Eligible Employees under these Bye-Laws; or
  - (h) A purchase by the Company of its own Shares pursuant to Section 67A of the Act. In this event, the following provisions shall apply:-
    - (i) If the number of Shares in respect of Options granted by the Company as at the date of designation of the Shares so purchased as treasury Shares or cancellation of such Shares is greater than 10% of the issued capital of the Company after such designation or cancellation, the Option Committee shall not make any further Offers; and
    - (ii) If the number of Shares in respect of Options granted by the Company as at the date of designation of the Shares so purchased as treasury Shares or cancellation of such Shares is less than 10% of the issued capital of the Company after such designation or cancellation, the Option Committee may make further Offers only until the total number of Options granted by the Company is equivalent to 10% of the issued capital of the Company after such designation or cancellation.
- 15.4 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Part VII of the Act, Bye-Law 15.1 shall be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which Bye-Law 15.1 is applicable, but Bye-Law 15.1 shall not be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which Bye-Law 15.1 is not applicable as described in Bye-Law 15.3.
- 15.5 An adjustment pursuant to Bye-Law 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 of allotment of new shares of the Company in respect of such consolidation, subdivision or reduction.

Upon any adjustment being made, the Option Committee shall give notice in writing within a period of two (2) months, to the Grantee, or his legal or personal representative where the Grantee is deceased, to inform him of the adjustment and the event giving rise thereto. Any adjustments other than on a capitalisation issue must be confirmed in writing by the Company's auditors to be in their opinion fair and reasonable. Nevertheless, for the avoidance of doubt, by virtue of Bye-Law 26, the decision of the Board shall be final and binding in all respects.

- 15.6 In the event of a dispute in respect of any adjustment, any Grantee may request the Company to seek the opinion of an approved company auditor, acting as an expert and not as an arbitrator, as to its fairness and that this be confirmed in writing. In addition, the Company shall in such situations, at the request of any Grantee, furnish such Grantee with a certificate from an approved company auditor stating the opinion of such auditor, acting as an expert and not as an arbitrator. For the purposes of this Bye-Law, an approved company auditor shall have the meaning given in Section 8 of the Act. Nevertheless, for the avoidance of doubt, by virtue of Bye-Law 26, the decision of the Board shall be final and binding in all respects.

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

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**16. TAKE-OVERS AND MERGERS**

- 16.1 In the event of an offer being made for Shares under the Securities Commission Act, 1993 and the Malaysian Code on Take-Overs and Mergers, 1998 and such offer being declared unconditional, the following provisions shall apply:-
- (a) A Grantee shall be entitled to exercise all or any of the Options held by him as at the date of such offer being declared unconditional, within a period of six (6) months after such date and in accordance with the provisions of Bye-Law 10.4. In the event that the Grantee elects not to so exercise some or all of the Options held by him, the unexercised Options shall be automatically terminated on the expiry of the said period of six (6) months; and
  - (b) If during the said period of six (6) months, the offeror becomes entitled or bound to exercise rights of compulsory acquisition in respect of the Shares under the provisions of the Securities Commission Act, 1993 and gives notice to the Grantee that he intends to exercise such rights on a specific date ("**Specified Date**"), the Grantee shall be entitled to exercise all or any of the Options held by him until the expiry of the said period of six (6) months or the Market Day immediately preceding the Specified Date, whichever is the earlier, and in accordance with the provisions of Bye-Law 10.4. In the event that the Grantee elects not to so exercise some or all of the Options held by him, the unexercised Options shall be automatically terminated on the expiry of the said period of six (6) months or on the Specified Date, whichever is the earlier.
- 16.2 In the event the court has sanctioned a compromise or arrangement between the Company and its members for the purpose of, or in connection with, a scheme for reconstruction of the Company or amalgamation with any other company or companies under the provisions of the Act, then the Grantee shall immediately become entitled in the period up to but excluding the date upon which such compromise or arrangement becomes effective, to exercise in whole or in part his Options. All unexercised Options held by a Grantee shall be automatically terminated on the date upon which such compromise or arrangement becomes effective.
- 16.3 For the avoidance of doubt, the limits on the exercise of Options stipulated in Bye-Law 10.1 shall not apply in respect of Bye-Laws 16.1(a), 16.1(b) and 16.2 above.

**17. DIVESTMENT FROM GROUP**

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

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

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**18. WINDING UP**

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

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

19.1 The effective date for the implementation and launching ("**Effective Date**") of the Scheme shall be the date of full compliance with all relevant requirements in Chapter 3 of the Listing Requirements by the Company including the following:

- a) Submission of final copy of the Bye-Laws pursuant to paragraph 3.14.6 of the Listing Requirements (together with a letter of compliance and checklist in compliance with Appendix 3D of the Listing Requirements);
- (b) Receipt of approval-in-principle for the listing of the Shares to be issued under the Scheme from Bursa Securities;
- (c) The approval from the Company's shareholders' for the Scheme in general meeting and the approvals of any other relevant authorities; and
- (d) The fulfilment of all conditions attached to the aforesaid approvals, if any.

The adviser of the Company shall submit a confirmation letter to Bursa Securities of the full compliance pursuant to paragraph 3.14.7(a) of the Listing Requirements stating the effective date of implementation of the Scheme together with certified true copy of the relevant resolution passed by shareholders of the Company in general meeting. The confirmation letter shall be submitted to the Bursa Securities 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 years from the Effective Date. The date of expiry of the Scheme shall be at the end of the five years from the Effective Date or, if the Scheme shall be extended, shall be the date of expiry as so extended ("**Date of Expiry**").

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

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

19.4 The Scheme may be extended for further periods of up to five (5) years, subject to the condition that the total duration of the Scheme shall not exceed ten (10) 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 Bye-Laws, subject however to any revisions and/or changes to the relevant laws and/or regulations currently in force. Unless otherwise required by the relevant authorities, no further approvals shall be required for the extension of the Scheme.

19.6 The Scheme may be terminated by the Company prior to the expiry of its duration or tenure stated in this Bye-Law 19 PROVIDED ALWAYS that prior to the termination of the Scheme, the following conditions must have been satisfied by the Company:-

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

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

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- 19.7 The circular sent to the Company's shareholders to obtain the approval under Bye-Law 19.6(a) and the information to the Grantees to obtain the written consent from the Grantees under Bye-Law 19.6(b) must include the information set out in Appendix 7D of the Listing Requirements.

**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 Bye-Law 19.4 herein.

**21. ADMINISTRATION**

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

**22. AMENDMENT**

- 22.1 Subject to Bye-Law 22.2, the Option Committee may at any time and from time to time recommend to the Board any additions or amendments to or deletions of these Bye-Laws as it shall in its discretion think fit and the Board shall have the power by resolution to add to, amend or delete all or any of these Bye-Laws upon such recommendation PROVIDED THAT no additions or amendments to or deletions of these Bye-Laws shall be made which will:-
- (a) Prejudice any rights then accrued to any Grantee without the prior consent or sanction of that Grantee; or
  - (b) Alter to the advantage of any Eligible Employee 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; or
  - (c) Increase the number of Shares available under the Scheme beyond the maximum imposed by Bye-Law 4.2.

unless shareholders' approval is obtained at a general meeting.

- 22.2 For the purpose of complying with the provision of Appendix 3D of the Listing Requirements, the matters in relation to item (1) to (8) of Appendix 3D of the Listing Requirements shall not be amended or altered to the advantage of participants without the prior approval of shareholders in a general meeting.

**23. INSPECTION OF ACCOUNTS**

All Grantees are entitled to inspect the latest annual report of the Company at the registered office of the Company at Ground Floor, 8, Lorong Universiti B, Section 16 46350 Petaling Jaya, Selangor Darul Ehsan, during normal business hours.

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

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

This Scheme shall not confer or be construed to confer on an Eligible Employee any special rights or privileges over the Eligible Employee's terms and conditions of employment in the Group under which the Eligible Employee is employed nor any rights additional to any compensation or damages that the Eligible Employee 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 Employee.

**25. NO COMPENSATION FOR TERMINATION**

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

**26. RETENTION PERIOD AND COMPENSATION**

26.1 The Shares allotted to the Grantee pursuant to the exercise of an Option will not be subject to any retention period or restriction of transfer.

26.2 No Eligible Employee or Grantee shall bring any claim against the Company or the Option Committee or any other party for compensation or damages arising from this Option ceasing to be valid pursuant to the provisions of these Bye-Laws, as the same may be amended from time to time in accordance with Bye-Law 22.

**27. 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 Bye-Laws.

**28. 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.

**29. ARTICLES OF ASSOCIATION**

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

## 13. OTHER GENERAL INFORMATION

### 13.1 SHARE CAPITAL

- (i) No shares will be allocated or issued on the basis of this Prospectus later than twelve (12) months after the date of issue of this Prospectus.
- (ii) Save as disclosed in Sections 1.9, 2.1, 4.1.2, 4.1.3 and 4.3 of this Prospectus, no shares, debentures, warrants, options, convertible securities or uncalled capital of the Company and its subsidiaries have been issued or are proposed to be issued as fully or partly paid-up in cash or otherwise, within the two (2) years preceding from the date thereof.
- (iii) Save for the Public Issue Shares reserved for the eligible Directors, employees and business associates of the Group and up to 1,500,000 Shares pursuant to the ESOS option as disclosed in Section 2.5 and 4.1.3 of this Prospectus, no person or Director or employee of the Group has been or is entitled to be given an option to subscribe for any shares, stocks or debentures of the Company or its subsidiaries.
- (iv) Save for the Public Issue Shares reserved and ESOS for the eligible employees of the Group as disclosed in Section 2.5 and 4.1.3 of this Prospectus, there is currently no other scheme for or involving the Directors or employees of the Company or its subsidiaries.
- (v) As at 7 November 2005 (being the latest practicable date prior to the printing of this Prospectus), the Company does not have any outstanding convertible debt securities, options, warrants or uncalled capital.

### 13.2 ARTICLES OF ASSOCIATION

The following provisions are reproduced from the Company's Articles of Association:-

#### **TRANSFER OF SHARES**

##### Article 29

The transfer of any Listed Securities or class of Listed Securities of the Company shall be by way of book entry by the Bursa Depository in accordance with the Rules and, notwithstanding sections 103 and 104 of the Act, but subject to section 107C(2) of the Act and any exemption that may be made from compliance with section 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of such Listed Securities.

##### Article 30

Subject to the provisions of the Bursa Depositories, Act and the Rules, there shall be no restriction on the transfer of fully paid shares except where required by law.

##### Article 31

- (1) The Bursa Depository may, in its absolute discretion, refuse to effect any transfer of a share that is a deposited security which does not comply with the Bursa Depositories Act, the Listing Requirements and the Rules.

**13. OTHER GENERAL INFORMATION (Cont'd)**

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- (2) Shares may be registered in the name of an incorporated company or other corporate body but not in the name of a minor or a person unsound mind or who is insolvent or in the name of any firm or partnership.

Article 32

Subject to the provisions of the Act, the Bursa Depositories Act and the Rules, neither the Company nor its Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of shares registered by the Bursa Depository, 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 notwithstanding that the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee or the particulars of the shares transferred, or otherwise in defective manner.

Article 33

- (1) The registration of transfer may be suspended at such times and such period as the Director may from time to time determine not exceeding in the whole thirty (30) days in any year. The Company shall give the Bursa Securities prior written notice and publication in a daily newspaper circulating in Malaysia of the period of the intended suspension or closure and the purposes thereof, which notice shall be for such number of days as may be prescribed by the Bursa Securities. In relation to such closure the Company shall give notice, in accordance with the Rules, to the Bursa Depository to prepare the appropriate Record of Depositors.
- (2) The Record of Depositors requested by the Company as at any specified date and/or for any specified purpose when made available to the Company may be treated as the final Record of Depositors as at the specified date for the specified purpose. If there shall be more than one (1) Record of Depositors made available to the Company as at the specified date for the specified purpose then the later or last of the Record of Depositors prepared by Bursa Depository and confirmed by Bursa Depository as a correct Record of Depositors shall be the final Record of Depositors as at the specified date for the specified purpose. If such confirmation from Bursa Depository shall not be available, then the later or last of the Record of Depositors received by the Company shall be deemed to be the final Record of Depositors as at the specified date and for the specified purpose.

Article 34

Nothing in these Articles contained shall preclude the Board from recognising the renunciation of any share by the allottee thereof in favour of some other person.

Article 35

The Company is empowered to require any member or transferee prior to registration of transfer, to furnish the nature of his shareholding and may also require a trustee or nominee to provide such particulars to enable the Company to identify the beneficial owners and the nature of their interest.

**13. OTHER GENERAL INFORMATION (Cont'd)**

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**TRANSMISSION OF SHARES**Article 36

Subject to the provisions of the Act, the Bursa Depositories Act and the Rules, in the case of the death of a member, the legal personal representatives of the deceased shall be the only persons recognised by the Company as having any title to his interest in the shares.

Article 37

Any person becoming entitled to a share in consequence to the death or bankruptcy of any Member may, upon such evidence of his title being produced as may from time to time be required by the Board (but subject to the provisions hereinafter contained) elect either to be registered himself as a Member in respect of the share or to have some person nominated by him registered as transferee thereof 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 so becoming entitled.

Article 38

If a person so becoming entitled shall elect to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects, PROVIDED that where the share is a Deposited Security and the person becoming so entitled elects to have the share transferred to him, the aforesaid notice must be served by him on the Bursa Depository. If he shall elect to have another person registered he shall testify his election by executing to that person a transfer of the share or such other instrument as the Bursa Depository may require. All the limitations, restrictions and provisions of these Articles relating to the rights to transfer and the registration of transfers of shares, the Bursa Depositories Act and the Rules shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the Member had not occurred and the notice or transfer were a transfer signed by that Member.

**REMUNERATION OF DIRECTORS**Articles 90

The remuneration of the Directors shall be a fixed sum which shall from time to time be determined by the Company in General Meeting and such remuneration shall be divided amongst the Directors as they shall determine or failing agreement equally. The Directors shall also be paid such travelling, hotel or other expenses as may reasonably be incurred by them in the execution of their duties including such expenses incurred in connection with their attendance at meetings of Directors. If by arrangement with the other Directors any Director shall perform or render any duties or services outside his ordinary duties as a Director, the Directors may pay him special remuneration in a lump sum in addition to his ordinary remuneration. Fees payable to Directors shall not be increased except pursuant to a resolution passed at a General Meeting, where notice of the proposed increase has been given in the notice convening the meeting. The remuneration to executive Directors, may however, include such percentage of profits as the Directors may determine but shall not in any circumstances include a commission on or percentage of turnover. Non-executive Directors shall be paid by way of a fixed sum and shall not, in any event be remunerated by a commission on or percentage of profits or turnover.



**13. OTHER GENERAL INFORMATION (Cont'd)**

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**VOTING AND BORROWING POWERS OF DIRECTORS**

Article 99

The business of the Company shall be managed by the Directors who may pay all such expenses of and preliminary and incidental to the promotion, formation, establishment and registration of the Company as they think fit, and may exercise all such powers of the Company and do on behalf of the Company all such acts as may be exercised and done by the Company, and as are not by law or by these Articles required to be exercised or done by the Company in General Meeting, but the exercise of all such powers shall be subject to and in accordance with the provisions of any law in that behalf and of these Articles and shall also be subject to and in accordance with any regulations or provisions made by the Company in General Meeting. Provided that no regulation so passed shall invalidate any prior act of the Director which would have been valid if such regulation had not been made.

Article 101

The Directors shall not carry into effect any proposal or execute any transaction for:-

- (a) the acquisition of an undertaking or property of a substantial value; or
- (b) the disposal of a substantial portion of the Company's undertaking or property,

unless the proposal or transaction has been approved by the Company in General Meeting.

Article 111

The Directors may meet together for the dispatch of business, adjourn and otherwise regulate the meeting as they think fit and determine the quorum necessary for the transaction of business. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes, the Chairman of the General Meeting shall have a second or casting vote PROVIDED always that where two (2) directors form a quorum, the Chairman of a General Meeting at which only such a quorum is present, or at which only two (2) Directors are competent to vote on the question at issue shall not have a casting vote. Two (2) Directors acting jointly may and the Secretary on the requisition of a Director shall at any time summon a meeting of Directors. It shall not be necessary to give notice of a meeting of Directors to any Director for the time being absent from Malaysia and Singapore.

Article 120

The Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge the Company or its subsidiaries' undertaking, property and uncalled capital, or any part thereto, and to issue debentures, debenture stock and other securities whether outright or as security for any debt liability or obligation of the Company or of its related corporations only.

Article 121

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 security for any debt, liability or obligation of an unrelated third party.

**13. OTHER GENERAL INFORMATION (Cont'd)**

**MODIFICATIONS OF RIGHTS**

Article 50

- (1) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may whether or not the Company is being wound up, be varied or abrogated with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class. To every such separate General Meeting the provisions of these Articles relating to General Meetings shall mutatis mutandis apply, but so that the necessary quorum shall be two (2) persons at least holding or representing by proxy one-third (1/3) of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such Special Resolution the provisions of Section 152 of the Act shall with such adaptation as are necessary apply.
- (2) Provided always that the repayment of preference capital other than redeemable preference capital or any other alteration of preference shareholders' rights may only be made pursuant to a special resolution of the preference shareholders concerned PROVIDED ALWAYS that, where the necessary majority for such a Special Resolution is not obtained at the General 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 General Meeting, shall be as valid and effectual as a special Resolution carried at the General Meeting.

**13.3 DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

- (i) The names, addresses and occupations of the Directors of K-One Tech are set out in the Corporate Directory Section of this Prospectus.
- (ii) A Director is not required to hold any qualification share in the Company unless otherwise so fixed by the Company in general meeting.

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**13. OTHER GENERAL INFORMATION (Cont'd)**

(iii)

The substantial shareholders of K-One Tech and their respective direct interests based on the Register of Substantial Shareholders of K-One Tech as at 7 November 2005 (being the latest practicable date prior to the printing of this Prospectus) and their respective indirect interests before and after the Public Issue are as follows: -

Substantial shareholders	Before the Public Issue		After the Public Issue <sup>(1)</sup>		After Full exercise of ESOS <sup>(2)</sup>							
	Direct		Indirect		Direct		Indirect					
	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)				
Ir Lim Beng Fook, Edwin	6,425,950	22.7	* 2,298,631	8.1	6,525,950	17.3	* 2,298,631	6.1	6,825,950	16.4	* 2,298,631	5.5
Lim Soon Seng, Martin	6,426,000	22.7	-	-	6,506,000	17.2	-	-	6,806,000	16.4	-	-
Bjorn Braten	6,426,000	22.7	-	-	6,456,000	17.1	-	-	6,456,000	15.5	-	-
Goh Siew Kean	2,298,631	8.1	#6,425,950	22.7	2,298,631	6.1	# 6,525,950	17.3	2,298,631	5.5	# 6,825,950	16.4

\* Deemed interested through his spouse, Goh Siew Kean's direct interest in K-One Tech.

# Deemed interested through her spouse, Ir. Lim Beng Fook, Edwin's direct interest in K-One Tech.

Notes:

(1)

(2)

Including their respective entitlements under the pink form share allocation pursuant to the Public Issue. The ESOS will be implemented prior to the date of the Company's listing on the MESDAQ Market. The shareholdings shown here are based on the assumption that the number of Options to be granted under the ESOS is 10% of the Company's enlarged issued and paid-up capital on the date of listing. Under the terms of the Bye-Laws of the ESOS, the quantum of the ESOS is up to 10% of the Company's issued and paid-up capital at any time during the existence of the ESOS.

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**13. OTHER GENERAL INFORMATION (Cont'd)**

(iv)

The Directors of K-One Tech and their respective direct interests based on the Register of Directors' Shareholdings as at 7 November 2005 (being the latest practicable date prior to the printing of this Prospectus) and their respective indirect interests before and after the Public Issue are as follows: -

Directors	Before the Public Issue				After the Public Issue <sup>(1)</sup>				After Full exercise of ESOS <sup>(2)</sup>			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)	(1) No. of Shares	(%)	No. of Shares	(%)
Ir. Lim Beng Fook, Edwin	6,425,950	22.7	* 2,298,631	8.1	6,525,950	17.3	* 2,298,631	6.1	6,825,950	16.4	* 2,298,631	5.5
Lim Soon Seng, Martin	6,426,000	22.7	-	-	6,506,000	17.2	-	-	6,806,000	16.4	-	-
Bjorn Braten	6,426,000	22.7	-	-	6,456,000	17.1	-	-	6,456,000	15.5	-	-
Loi Kim Fah	-	-	-	-	30,000	0.1	-	-	30,000	0.1	-	-
Goh Chong Chuang	-	-	-	-	50,000	0.1	-	-	50,000	0.1	-	-

\* Deemed interested through his spouse, Goh Siew Kean's direct interest in K-One Tech.

# Deemed interested through her spouse, Ir. Lim Beng Fook, Edwin's direct interest in K-One Tech.

Notes: -

(1)

(2)

Including their respective entitlements under the pink form allocation pursuant to the Public Issue. The ESOS will be implemented prior to the date of the Company's listing on the MESDAQ Market. The shareholdings shown here are based on the assumption that the number of Options to be granted under the ESOS is 10% of the Company's enlarged issued and paid-up capital on the date of listing. Under the terms of the Bye-Laws of the ESOS, the quantum of the ESOS is up to 10% of the Company's issued and paid-up capital at any time during the existence of the ESOS.

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**13. OTHER GENERAL INFORMATION (Cont'd)**

- (v) Save as disclosed in Sections 2.8 and 2.9 of this Prospectus, no commission, discounts, brokerages or other special terms have been paid, granted or are payable by the Company or its subsidiaries within the two (2) years immediately preceding the date of this Prospectus for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or debentures of the Company or its subsidiaries or in connection with the issue or sale of any capital of the Company or any of its subsidiaries and no Directors, proposed Directors, Promoters or experts is or are entitled to receive any such payment.
- (vi) Other than salary and employment related benefits as disclosed in Section 5.3.3 of this Prospectus, no amount or benefit has been paid or given within the two (2) years immediately preceding the date hereof, nor is it intended to be so paid or given, to any Directors.
- (vii) Save and except for the dividends payable to the Promoters as shareholders of the Company and the remuneration payable to the Promoters or Directors of the Company and as detailed in Section 5.3.3 (all of which is disclosed in this Prospectus), no other amounts or benefits are paid or intended to be paid or given to any Promoter within two (2) years preceding the date of this Prospectus.
- (viii) Save as disclosed in Section 7.1 of this Prospectus, none of the other Directors and/or substantial shareholders of K-One Tech has interest in any subsisting contract or arrangement, which is significant to the business of the Company or the Group taken as a whole.
- (ix) Save as disclosed in Sections 13.3(iii) and 13.3(iv) of this Prospectus, the Directors and substantial shareholders are not aware of any persons who are able, directly or indirectly, jointly or severally, to exercise control over the Company and its subsidiaries.

**13.4 MATERIAL CONTRACTS**

Save as disclosed below, there are no other material contracts (including contracts not reduced into writing), not being contracts entered into in the ordinary course of business which have been entered into by K-One Tech and its subsidiary companies within two (2) years preceding the date of this Prospectus: -

- (a) Tenancy Agreement between Malaysian Industrial Estates Berhad ("MIEL") and K-One Ind dated 11 November 2005 wherein MIEL has agreed to rent to K-One Ind, Factory Lot No. 6, Persiaran Rishah 9, Kawasan MIEL Silibin Phase IV, Perak Darul Ridzuan for monthly rental of RM2,960.00 with a security deposit of RM8,880.00. The term of tenancy is for 3 years commencing on 15 July 2005 and with an option to renew for a further one (1) year subject to MIEL's agreement and at a revised rental to be mutually agreed by the parties. K-One Ind may terminate the agreement prior to expiration of the term by giving six (6) months' prior notice in writing or by paying a sum equivalent to six (6) months' rental.

Pursuant to this tenancy agreement, Ir. Lim Beng Fook, Edwin entered into a guarantee agreement dated 11 November 2005 to guarantee payment of all sums and expenses due to MIEL as a result of K-One Ind's breach of the tenancy agreement with MIEL.

**13. OTHER GENERAL INFORMATION (Cont'd)**

- (b) Tenancy Agreement between MIEL and K-One Ind dated 11 November 2005 wherein MIEL has agreed to rent to K-One Ind, Factory Lot No. 7, Persiaran Rishah 9, Kawasan MIEL Silbin Phase IV, Perak Darul Ridzuan for monthly rental of RM2,960.00 with a security deposit of RM8,880.00. The term of tenancy is for 3 years commencing on 15 July 2005 and with an option to renew for a further one (1) year subject to MIEL's agreement and at a revised rental to be mutually agreed by the parties. K-One Ind may terminate the agreement prior to expiration of the term by giving six (6) months' prior notice in writing or by paying a sum equivalent to six (6) months' rental.
- Pursuant to this tenancy agreement, Ir. Lim Beng Fook, Edwin entered into a guarantee agreement dated 11 November 2005 to guarantee payment of all sums and expenses due to MIEL as a result of K-One Ind's breach of the tenancy agreement with MIEL.
- (c) Tenancy agreement between Cyberview Lodge Sdn Bhd and K-One Tech dated 11 October 2005 wherein Cyberview Lodge Sdn Bhd has agreed to rent to K-One Tech, premises known as Merak, 1<sup>st</sup> Floor, Suite F, Cyberview Garden Villa & Office Complex, Persiaran Multimedia, Cyberjaya for the period from 15 September 2005 to 14 September 2006 at a monthly rental of RM1,600.00 (inclusive of monthly service charge) with an option to renew for a further one (1) year at a revised monthly rental based on the prevailing market rate.
- (d) Share Sale Agreement between Bjorn Braten, Ir. Lim Beng Fook and Lim Soon Seng ("Vendors") and EMB Tech ("Purchaser") dated 1 December 2003 wherein the Vendors have agreed to sell and the Purchaser has agreed to acquire 500,000 ordinary shares of RM1.00 each in K-One Ind representing the entire issued and paid-up share capital of K-One Ind for a purchase consideration of RM500,000. The shares were transferred to the Purchaser on 28 March 2005.
- (e) Subscription Agreement between Chan Bee Kean and Chong Fei Seong ("Shareholders"), EMB Tech and K-One Tech ("Subscriber") dated 1 December 2003 wherein the Subscriber has agreed to subscribe for 499,998 ordinary shares of RM1.00 each in EMB Tech for a consideration of RM499,998. The shares were issued and allotted to the Subscriber on 27 May 2005.
- (f) Share Sale Agreement between Chan Bee Kean and Chong Fei Seong ("Vendors") and K-One Tech ("Purchaser") dated 1 December 2003 wherein the Vendors have agreed to sell and the Purchaser has agreed to acquire the remaining 2 ordinary shares of RM1.00 each in EMB Tech for a purchase consideration of RM2.00. The shares were transferred to the Purchaser on 27 May 2005.
- (g) Hire Purchase Agreement between Public Bank Berhad and K-One Ind dated 27 November 2004 for an amount owing to Public Bank Berhad of RM252,625.00 in relation to the purchase of Mercedes Benz Model No. E270CDI Registration No. AEA9993. The loan is to be repaid over 60 months, commencing on 27 November 2004 with first payment to be made on 27 December 2004. Lim Soon Seng, Martin has executed a guarantee dated 27 November 2004 in favour of Public Bank Berhad to guarantee all payments by K-One Ind pursuant to the hire purchase agreement.

**13. OTHER GENERAL INFORMATION (Cont'd)**

- (h) Underwriting Agreement dated 26 October 2005 between K-One Tech and AmMerchant Bank Berhad as the Managing Underwriter and AmSecurities Bank Berhad as the Underwriter for the underwriting of 3,250,000 Public Issue Shares comprising for an underwriting commission of 2% of the Public Issue price of RM0.75 per Share.
- (i) Tenancy Agreement between MST Industrial System Sdn Bhd and K-One Tech dated 8 April 2005 wherein MST Industrial System Sdn Bhd has agreed to rent Suite B-13-D1 measuring approximately 2,258 square feet in area situated at Level 13 of Block B of the building known as Plaza Mont' Kiara, No. 2 Jalan Kiara, Mont' Kiara, 50480 Kuala Lumpur. The monthly rental is RM7,225.00, excluding rental and utilities of which deposits amounting to RM14,450.00 and RM3,613.00 respectively have been made. The tenancy commences on 1 May 2005 and expires on 30 April 2007.
- (j) Tenancy Agreement between Tat Electrical Co Sdn Bhd ("TE") and K-One Ind dated 1 September 2005 for rental of a double storey factory known as No. 68, Lengkok Rishah 2, Kawasan Perindustrian Silibin, 30100 Ipoh Perak by TE to K-One Ind for a period of two (2) years commencing on 1 September 2005 at a monthly rental of RM5,000.00. The tenancy is terminable by K-One Ind upon the giving of one (1) month's prior notice and is renewable at the Tenant's option for a maximum of one (1) year following the expiry of the initial two (2) year period but subject to revision in the rental sum and any conditions as TE may stipulate.

**13.5 MATERIAL AGREEMENTS**

Save as disclosed below, there are no other material agreements or contracts (including informal arrangements or understandings), as at 7 November 2005 (being the latest practicable date to the printing of the Prospectus), which have been entered into by K-One Tech and its subsidiary that are in subsistence: -

- (a) General Contract Manufacturing Agreement ("GCMA") between C Tech, a Swedish limited liability company and K-One Tech dated 16 July 2001 wherein the parties have agreed that the GCMA and the terms and conditions contained therein shall serve as the framework under which K-One Tech shall develop, industrialise, manufacture and volume produce electronic products for C Tech. The specific terms of manufacture including the price and nature of the electronic products to be manufactured shall be set out in separate agreements known as specific manufacturing agreements ("SMA") to be executed by C Tech and K-One Tech on an on-going basis as and when required. The GCMA does not have an expiry date and may be terminated by either party giving one year's prior written notice.
- (b) General Purchase Agreement ("GPA") between Sony Ericsson, a Swedish limited liability company and K-One Tech dated 9 November 2001 wherein the parties have agreed that the GPA and the terms and conditions contained therein, shall govern the purchase by Sony Ericsson of any components, equipment, parts or other merchandise from K-One Tech. The specific terms of manufacture including the price and nature of the electronic products to be manufactured shall be set out in separate agreements known as specific purchase agreements ("SPA") to be executed by Sony Ericsson and K-One Tech on an on-going basis as and when required. The GPA does not have an expiry date and may be terminated by either party giving one year's prior written notice.

**13. OTHER GENERAL INFORMATION (Cont'd)**

- (c) General Assignment Agreement ("GAA") between Sony Ericsson, a Swedish limited liability company and K-One Tech dated 8 May 2002, wherein the parties have agreed that the GAA will set out the general terms and conditions under which K-One Tech and/or any subsidiary company of K-One Tech is to supply development work and/or any other forms of assignment as may be requested by Sony Ericsson for the duration of the GAA.

Such development work and/or other forms of assignment that may be requested by Sony Ericsson must be pursuant to an order that is made in writing. These orders must set out the prices to be paid for such development work and/or other forms of assignment. The GAA shall remain in force for 1 year following written notice of termination by either party.

- (d) Specific Contract Manufacturing Agreement ("SCMA") between K-One Tech and SMT Technologies Sdn Bhd ("SMTT") dated 5 March 2002, wherein SMTT has agreed to assemble, test and pack PCB assemblies for certain scanner pens known by the brand "C Pen 10" and "MyPen" for K-One Tech subject to the general terms and conditions contained in the SCMA. The components required to manufacture these products will be from suppliers approved by K-One Tech.

When K-One Tech requires SMTT to assemble, test and pack PCB assemblies, K-One Tech will issue a purchase order to SMTT setting out the quantities required by K-One Tech.

Following the expiry of 1 year from the date of the SCMA, the SCMA will continue for one year thereafter unless 1 month's notice of termination has been given prior the expiry of the 1<sup>st</sup> year. By way of a letter of renewal dated 2 March 2005 between K-One Tech and SMTT, SCMA has been renewed for an additional year expiring on 5 March 2006 and will continue for one year thereafter unless 1 months' notice of termination has been given prior to 5 March 2006.

- (e) Strategic Alliance Agreement ("SAA") dated 12 April 2002 between K-One Tech and HIL Industries Bhd ("HIL") wherein the parties have agreed to the following:-

- HIL will be the preferred supplier of tooling and precision plastic parts;
- in instances where K-One Tech is requested to manufacture precision plastic parts only, K-One Tech will outsource such activities to HIL;
- in instances where K-One Tech's customers decide to deal directly with HIL for the manufacture of precision plastic parts, HIL is to pay K-One Tech a commission equivalent to 5% of the sales revenue of that particular project for a period of 3 years of for the life of the project; or such rate as may be mutually agreed upon by the parties; and
- ultimately explore the possibility to form a joint-venture contract manufacturing services company providing design, development, prototyping, testing, industrialisation and manufacturing of sub systems, systems and final products for customers of various industries.

The SAA is valid for a period of 2 years, commencing from the date of the SAA and automatically renewable for a further 2 years unless termination notice has been given 1 month prior the expiry of the first 2 years.



**13. OTHER GENERAL INFORMATION (Cont'd)**

- (f) Letter of Agreement ("Agreement") between K-One Tech and Priority Plus Sdn Bhd ("PP") and Lee Eng Sia ("LES") dated 29 April 2002 wherein K-One Tech has agreed that it shall channel, cause and procure its other related companies to channel the business of surface mount technology or other forms of sub-assembly business directly or indirectly to PP. Related companies referred to in this Agreement include K-One Holding Sdn Bhd, K-One Ind, K-One Wawasan Manufacturing Sdn Bhd and K-One Resources Sdn Bhd. As consideration, PP has agreed to pay K-One Tech a commission of 5% on all turnover or sales procured in this manner.

Further to the above, should PP (or its holding company or vehicle, as the case may be) decide to seek a listing on any recognised stock exchange after the date of this Agreement, LES will ensure that K-One Tech is offer to participate in its listing exercise in the capacity of a shareholder. LES will sell, transfer and/or cause and procure the other shareholders of PP to sell, transfer and/or transfer such numbers of shares in PP to K-One Tech in proportion to their respective shareholdings in PP in terms of percentage. The price to be paid by K-One Tech for each share acquired in PP shall be based on a discount to the offer price of each PP pursuant to its listing exercise. In any event, K-One Tech's entitlement to the shares in PP shall not exceed RM8,000,000 in value.

PP has also agreed that for a period of 7.5 years from the date of this Agreement, it shall not directly pitch or sign-up any of K-One Tech's customers.

- (g) Co-operation Agreement between K-One Tech, K-One Ind and Zource dated 12 September 2003 wherein K-One Tech and K-One Ind have appointed Zource as its non-exclusive marketing representative of K-One Tech and K-One Ind in Scandinavia which includes Sweden, Norway, Denmark and Finland and in other parts of Europe to identify, secure and provide after sales service/support to customers who would utilize the design, development and/or manufacturing capabilities of K-One Tech and K-One Ind. As consideration for the provision of such services, Zource is to be paid a commission of 30% of the value of each contract that Zource procures for and on the behalf of K-One Tech or K-One Ind.

This co-operation agreement remains in effect until year 2008. Thereafter, the co-operation agreement shall, unless terminated by either party in writing not less than 6 month before the stipulated term period, be automatically extended indefinitely and shall remain in force until terminated by either party in writing with a 6 month termination period.

- (h) Letter of Appointment as Representative or Consultant (Marketing) between K-One Tech and MPR dated 15 March 2002 wherein K-One Tech has appointed MPR as its' non exclusive representative or marketing consultant on a non exclusive basis to market the design, development and manufacturing capabilities of K-One Tech in Europe.

The appointment was for a period of one year, commencing from the date of this letter and can be terminated by giving written notice of one month. This appointment has now expired but has been renewed by way of a renewal letter dated 12 March 2003 for 3 years from 15 March 2003 to 15 March 2006.

- (i) Contract for Labour Supply between V.L. Mogan Labour Supply, IP ("Mogan") and K-One Ind dated 1 September 2005 and valid for a period of two (2) years wherein Mogan has been appointed as one of K-One Ind's labour supply contractors. In its supply of labour to K-One Ind, Mogan has, inter alia, undertaken the following:-

**13. OTHER GENERAL INFORMATION (Cont'd)**

- all labour supplied shall comply with the rules and regulations of the Labour Department of Malaysia;
- it shall be responsible for the labourer's salary payments, accommodation, transportation, accommodation, medical care, insurance and allowances;
- it shall only supply labour of Malaysian nationality aged between 16 to 35 years old; and
- it shall be responsible for discipline, punctuality and absenteeism.

As consideration for the supply of labour, the basic hourly labour rate is RM4.17 per hour per person ("basic hourly rate"). For work carried out on days other than Sundays and Public Holidays after the stipulated shift times as stated in the contract, the overtime hourly rate shall be at 1.5 times the basic hourly rate. For work conducted on Sundays and Public Holidays the overtime hourly rate shall be at 2 times the basic hourly rate.

- (j) General Supply Agreement with Camfil AB dated 14 October 2004 whereby K-One Ind is to supply components, equipment parts and other merchandise as specified in the agreement pursuant to purchase orders placed by Camfil AB's related entities for a period of 36 months from the execution of the agreement.
- (k) General Development and Manufacturing agreement dated 23 July 2004 ("GDMA") between Anoto AB and K-One Tech for the purposes of regulating the general terms and conditions of the cooperation between the parties in respect of the development, industrialization and volume production of certain products as specified in separate specific development and manufacturing agreements ("SMA") to be entered into between the parties on an on-going basis pursuant to the GDMA and sale of these products by K-One Tech to Anoto AB, its group of companies and designated customers. Anoto AB may co-operate with other suppliers to produce, test and deliver products which are identical or similar as those which are the subject of any SMA issued pursuant to the GDMA. The GDMA and any SMA entered into pursuant to it, remain in effect until terminated by either party with one (1) year's prior written notice or unless otherwise terminated pursuant to the agreement.

Pursuant to the above GDMA, K-One Tech has entered into the following SMA with Anoto AB:

Date of SMA	Subject matter of SMA	Consideration sum of SMA
12.11.2004	Optical Module (Version 3) PBOM-581023	USD 105,200.00 for development work only

Prior to the execution of the above GDMA, Anoto AB and K-One Tech also entered into a Specific Manufacturing Agreement ("SMA") dated 5 September 2003 in relation to the manufacturing and supply of optical module for incorporation into digital pens for various major multimedia OEMs. This SMA was intended to be governed by the GDMA once finalised and was novated by K-One Tech to K-One Ind by way of an Amendment Agreement dated 26 September 2003 which also revised the terms of the SMA. The terms of the SMA after revision are as follows:

Date of SMA	Subject matter of SMA	Consideration sum of SMA
5.9.2003 (revised on 26.9.2003)	Optical Module (Version 2) PBOM-581022	USD 152,000.00 for development work only

**13. OTHER GENERAL INFORMATION (Cont'd)**

Pursuant to Clause 6.8.2 of the GDMA, in the event of delay of delivery of products pursuant to the GDMA or any order issued pursuant to the GDMA, which is not attributable to Anoto AB, an Anoto AB Partner or to force majeure, K-One Tech shall be liable to pay liquidated damages to any party who issues an order to it pursuant to the GDMA of one (1) % of the price of the delayed products for each commenced week of delay, up to a maximum aggregate of ten (10)% of such price. K-One Tech's liability for liquidated damages shall be without prejudice to Anoto AB and Anoto AB Partners' other rights under the GDMA or in law.

- (l) Marketing Representative Agreement between ObX Data AB ("**ObX**") and K-One Tech dated 30 June 2004 pursuant to which K-One Tech appointed ObX as its non-exclusive marketing representative in Sweden, Norway, Denmark and Finland to identify, secure and provide after-sales service and support to customers who would utilise K-One Tech's design, development and manufacturing capabilities. The parties shall be independent contractors and ObX shall not have the authority to execute any purchase agreements on behalf of K-One Tech or to receive monies on behalf of K-One Tech unless otherwise agreed. In consideration of its services under the agreement, ObX shall be entitled to a commission of 10% of the invoice value for design / development works and 3% of the invoice value for manufacturing works. For other services, ObX shall be entitled to charge on an hourly basis for its services at a rate of USD40 per hour per person and also for expenses incurred. This agreement shall be for an initial term until 30 May 2006, after which it shall be extended indefinitely and shall remain in force until terminated by either party by way of 6 months notice in writing to the other party.
- (m) Letter of renewal offer dated 22 November 2004 in relation to the letter of offer dated 23 January 2003 issued by Bumiputra-Commerce Bank Berhad to K-One Ind whereby K-One Ind's existing banking facilities of up to a combined limit of RM 2,000,000 was renewed, and additional facilities for the financing raw material imports were added comprising of a letter of credit/trust receipt/bankers acceptance and foreign currency trade loan.
- (n) Green Partner Environmental Quality Approval Agreement between Sony Corporation of Japan and K-One Ind dated 10 October 2005 by which K-One Ind was granted the status of "Green Partner" by Sony pursuant to Sony's Green Partner Environmental Quality Approval Program. The program is part of Sony's environmental activities to enhance and maintain environmental safety and quality of all components and materials used in Sony products sold or distributed worldwide.

Pursuant to this Agreement, in relation to K-One Ind's supply of all products, components, accessories, raw materials or any other goods (collectively, the "**Parts**") to Sony, or to any other third party for use in Parts eventually supplied to Sony by such third party, K-One Ind shall ensure that all designated materials used by it, or which are being used in Parts purchased by it from, or manufactured for it by, other third parties, have been obtained from other Sony Green Partners and that such Parts comply with all applicable environmental laws and Sony's standards relating to use of environmentally hazardous substances. The designated materials required to be purchased from other Sony Green Partners are: resin, paint/ pigments, ink and wire.

## 13. OTHER GENERAL INFORMATION (Cont'd)

(o) Details of Insurance policies undertaken by the K-One Group are set out below:-

No.	Company	Insurance Company	Policy number	Policy Type/Period of Insurance	Insured Amount (RM)	Nature of Assets Insured
1.	K-One Tech	Royal & Sun Alliance Insurance (M) Berhad ("RSIB")	02DAGG0018970503	Equipment all risks/ 22 April 2005 – 21 April 2006	40,273.00	Computer Notebooks, Digital Camera.
2.	K-One Tech	RSIB	02DAGG0018980503	Equipment all risks/ 22 April 2005 – 21 April 2006	123,988.00	Office equipment such as printers, faxes, phones, and photocopier
3.	K-One Tech	RSIB	02DFCF0023690503	Fire/ 22 April 2005 – 21 April 2006	83,656.20	Office equipment as per list lodged with the insurers
4.	K-One Ind	RSIB	02DFCE0024100503	Fire/ 13 September 2005 – 12 September 2006	3,303,000.00	Machinery, stocks/inventory and office equipment
5.	K-One Ind	RSIB	02DACB0019460503	Theft/ 13 September 2005 – 12 September 2006	160,000.00	Machinery, stocks/inventory and office equipment
6.	K-One Ind	AXA Affin Assurance Berhad	01542024	Car/ 4 November 2005 – 3 November 2006	200,000.00	Mercedes Benz E270 Registration No. AEA99993
7.	K-One Tech	Malaysian Assurance Alliance Berhad ("MAA")	GTL 000045/2001	Group Term Life and Personal Accident / 24 July 2005 – 23 July 2006	24 times of monthly basic salary of each employee (Term Life)  36 times of monthly basic salary of each employee (PA)	Death and Total Permanent Disability due to all causes for all regular, full-time and active employees

Company No: 539757-K

13. OTHER GENERAL INFORMATION (Cont'd)

No.	Company	Insurance Company	Policy number	Policy Type/Period of Insurance	Insured Amount (RM)	Nature of Assets Insured
8.	K-One Ind	MAA	GTL 000018/2003	Group Term Life and Personal Accident / 24 July 2005 - 23 July 2006	24 times of monthly basic salary of each employee (Term Life)  36 times of monthly basic salary of each employees (PA)	Death and Total Permanent Disability due to all causes for all regular, full-time and active employees

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**13. OTHER GENERAL INFORMATION (Cont'd)**

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**13.6 GENERAL INFORMATION**

During the last financial year and the current financial year to date, there were no: -

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

**13.7 CONSENTS**

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

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

**13.8 DOCUMENTS FOR INSPECTION**

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

- (a) The Memorandum and Articles of Association of the Company;
- (b) The material contracts and material agreements referred to in Sections 13.4 and 13.5 of this Prospectus respectively;
- (c) The Directors' Report and Accountants' Report as included herein;
- (d) The Reporting Accountants' letters relating to the Proforma Consolidated Balance Sheets as at 30 June 2005 as included herein;
- (e) The audited financial statements of K-One Tech and its subsidiaries for the past four (4) financial years ended 31 December 2004 and six (6) months period ended 30 June 2005;
- (g) The letters of consent referred to in Section 13.7 of this Prospectus; and
- (h) The bye-laws of ESOS referred to in Section 12 of this Prospectus.

**13. OTHER GENERAL INFORMATION (Cont'd)**

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**13.9 RESPONSIBILITY STATEMENTS**

- (a) This Prospectus has been seen and approved by the Directors and Promoters of K-One Tech and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statements herein false or misleading.
  
- (b) AmMerchant Bank 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 concerning the Public Issue.

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## 14. PROCEDURES FOR APPLICATION AND ACCEPTANCE

### 14.1 OPENING AND CLOSING OF APPLICATION

The Application will be open from **10:00 a.m., 1 December 2005** to **5:00 p.m. on 22 December 2005** or for such further period or periods as the Directors and/or Promoters of K-One Tech together with the Managing Underwriter in their absolute discretion may decide and announce through press notices. Late applications will not be accepted.

### 14.2 METHODS OF APPLICATION

Applications for the Public Issue Shares may be made using either of the following ways:

- (i) Application Forms; or
- (ii) Electronic Share Application.

### 14.3 PROCEDURES FOR APPLICATIONS

The Applications shall be made in relation with and subject to the terms of this Prospectus and the Memorandum and Articles of Association of K-One Tech.

#### (i) Application by the Malaysian Public via balloting

Applications for 2,500,000 Public Issue Shares made available for application by the Malaysian Public for allocation via balloting must be made on the **White** Application Forms and White official "A" and "B" envelopes **or by way of Electronic Share Application.**

However, a corporation or institution cannot apply for the Public Issue Shares by way of Electronic Share Application.

#### (ii) Application by the Eligible Directors, employees and business associates of the Group

Applications for the 750,000 Public Issue Shares reserved for eligible Directors, employees and business associates of the K-One Group must be made on the special **Pink** Application Forms provided and **NOT** on any other Application Form or not by way of Electronic Share Application.

#### (iii) Application by Private Placement

Applications for the 6,200,000 Public Issue Shares to be placed to selected investors must be made on **Yellow** Application Forms provided and **NOT** on any other Application Forms or by way of Electronic Share Application. The completed Application Forms are to be delivered to the Placement Agent and **NOT** to any other party.

**White** Application Forms together with copies of this Prospectus may be obtained, subject to availability from AmMerchant Bank, member companies of Bursa Securities, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia and MIH.

A corporation or institution cannot apply for the Shares by way of Electronic Share Application.