
15 BY-LAWS OF THE ESOS

**EXTOL MSC BERHAD
EMPLOYEES' SHARE OPTION SCHEME**

THE BY-LAWS OF THE SCHEME

1. DEFINITIONS

1.1 Except where the context otherwise requires, the following expressions in these By-laws have the following meanings:

“Auditor”	: External auditors of Extol MSC for the time being
“Bursa Securities”	: Bursa Malaysia Securities Berhad
“Board”	: The Board of Directors of Extol
“By-laws”	: The by-laws governing the Scheme
“CDS”	: Bursa Depository System
“Central Depositories Act”	: The <i>Malaysian Securities Industry (Central Depositories) Act 1991</i>
“Bursa Depository ”	: Bursa Malaysia Depository Sdn Bhd
“Deposited Security(ies)”	: A security standing to the credit of a Securities Account and includes a security in a Securities Account that is in suspense
“Depositor”	: A holder of a Securities Account
“Director”	: Either an Executive Director or Non-Executive Director in any Company within the Group
“Duration of the Scheme”	: The duration of the Scheme shall be five (5) years from the commencement of the Scheme as defined in By-Law 19 unless extended by the Option Committee in accordance with By-Law 19.2
“Eligible Employee”	: An employee (including a Director), of the Company who meets the criteria of eligibility for participation in the Scheme as set out in By-Law 4
“Entitlement Date”	: The date as at the close of business on which the shareholders' names must appear on Extol MSC's Record of Depositors in order to participate in any dividends, rights, allotments or other distributions
“ESOS”	: Employees' share option scheme
“Executive Director”	: A Director on the board of Extol and/or its subsidiaries who is on the payroll and who is involved in the day-to-day management of Extol and/or its subsidiaries and who satisfies the criteria set out in By-Law 4

15 BY-LAWS OF THE ESOS (Cont'd)

“Extol Group” or “Group”	:	Extol MSC Berhad and its subsidiary companies as defined in Section 5 of the <i>Companies Act</i> 1965, which are not dormant. Subsidiaries include subsidiaries which are existing as at the effective date of the Scheme (being the date of full compliance with all relevant requirements pursuant to the Listing Requirements) and subsidiaries which are incorporated or acquired at any time during the duration of the Scheme but excludes subsidiaries which have been divested
“Extol Share(s)” or “Share(s)”	:	Ordinary share(s) of RM0.10 each in the capital of the Company
“Extol” or “Company”	:	Extol MSC Berhad (Company No. 643683-U) Berhad
“Grantee”	:	An Eligible Employee who has accepted an Offer in the manner indicated in By-Law 8
“Listing Requirements”	:	The Listing Requirements of Bursa Securities for the MESDAQ Market
“Market Day”	:	Any day between Mondays and Fridays, both days inclusive, which is not a market holiday or public holiday
“Maximum Allowable Allotment”	:	The maximum number of new Extol Shares in respect of which Offers may be made to Eligible Employees, as provided in By-Law 6
“Maximum Entitlement”	:	The maximum number of Options as may be granted to an Eligible Employee under the specific Category of Employee as set out in By-Law 6.1
“Non Executive Director”	:	A Director other than an Executive Director
“Offer Date”	:	The date on which an Offer is made by the Option Committee to an Eligible Employee to participate in the Scheme
“Offer”	:	An offer made in writing by the Option Committee to an Eligible Employee in the manner indicated in By-Law 5
“Option Committee”	:	The committee to be appointed by the Board to implement and administer the Scheme
“Option Period”	:	A period commencing from the Offer Date and expiring on a date which the Option Committee may in its discretion decide. Provided Always that no Option Period shall extend beyond the Duration of the Scheme
“Option Price”	:	The price per share at which a Grantee shall be entitled to subscribe for new Extol Shares as set out in By-Law 7
“Option”	:	The rights of a Grantee to subscribe for new Extol Shares pursuant to the contract constituted by acceptance by an Eligible Employee, in the manner as set out in By-Law 8, of an Offer made to such Eligible Employee pursuant to By-Law 5

15 BY-LAWS OF THE ESOS (Cont'd)

“Person Connected”	<p>For the purpose of this Scheme person connected with an employee shall have the meaning given in relation to person connected with a Director or substantial shareholder; applicable to such person who falls under any one of the following categories: -</p> <ul style="list-style-type: none"> (a) a member of the Directors or shareholder’s family, which family shall have the meaning given in section 122A of the Companies Act 1965; (b) a trustee of a trust (other than a trustee for an employee share scheme or pension scheme) under which the Director, shareholder or a member of the Director’s or shareholder’s family is the sole beneficiary; (c) a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Employee; (d) a person in accordance with whose directions, instructions or wishes the Director or shareholder is accustomed or is under an obligation, whether formal or informal, to act; (e) a body corporate or its Directors which/who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or shareholder; (f) a body corporate or its Directors whose directions, instructions or wishes the Director or shareholder is accustomed or under an obligation, whether formal or informal, to act; (g) a body corporate in which the Director’s, shareholder’s family is entitled to exercise, or control the exercise of, not less than 15% of the votes attached to voting shares in the body corporate; or (h) a body corporate which is a related corporation.
“Record of Depositors”	: A record of Depositors established by Bursa Depository under the Rules of the Central Depository
“RM” and “Sen”	: Ringgit Malaysia and Sen, respectively
“ROC”	: Registrar of Companies, Malaysia
“SC”	: Securities Commission, Malaysia
“Scheme”	: The scheme for the grant of Option to Eligible Employees to subscribe for new Extol Shares on the terms as set out below
“Securities Account”	: An account established by Bursa Depository for a Depositor for the recording of Deposited Securities and for dealings in such securities by the Depositor

15 BY-LAWS OF THE ESOS (Cont'd)

1.2 In these By-laws:-

- 1.2.1 Any reference to a statutory provision shall include any subordinate legislation made from time to time under the provision and any listing requirements, policies and/or guidelines of Bursa Securities and/or the SC respectively (in each case, whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed to by Bursa Securities and/or the SC);
- 1.2.2 Any reference to a statutory provision shall include that provision as from time to time modified or re-enacted after the date of these By-laws so far as such modification or re-enactment applies or is capable of applying to any Options offered and accepted prior to the expiry of the Scheme;
- 1.2.3 Words denoting the singular shall include the plural and references to gender shall include both genders and the neuter;
- 1.2.4 Any liberty or power which may be exercised or any determination which may be made under by this Scheme by the Option Committee may be exercised at the Option Committee's discretion;
- 1.2.5 The heading in these By-laws are for convenience only and shall not be taken into account in the interpretation of these By-laws; and
- 1.2.6 If an event occurs on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day.

2. NAME AND OBJECTIVES OF SCHEME

This Scheme will be named the "Extol Employees' Share Option Scheme".

The objectives of the Scheme are: -

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

15 BY-LAWS OF THE ESOS (Cont'd)

3. MAXIMUM NUMBER OF SHARES AVAILABLE UNDER THE SCHEME

- 3.1 The maximum number of new Extol Shares which may be available under the Scheme shall not exceed in aggregate ten per cent (10%) of the total issued and paid-up share capital of the Company at any one time at the point of granting of the Options during the existence of the Scheme. For the avoidance of doubt, where the Company purchases its own shares or undertakes any other corporate proposal resulting in the total number of shares to be issued under the scheme exceeds aggregate ten per cent (10%) of its issued and paid up capital, no further Options shall be offered until the total number of new Extol Shares to be issued under the Scheme falls below ten (10%) of its issued and paid-capital capital.
- 3.2 The Company will during the Option Period keep available sufficient authorised and unissued shares to satisfy all Options, which may be exercised, in whole or in part during the Option Period.
- 3.3 Each Option shall be exercisable into one (1) new Share in accordance with the provisions of these By-Laws.

4. ELIGIBILITY

- 4.1 Subject to the discretion of the Option Committee, any employee and Director of the Extol Group (i.e. by the Company or its subsidiaries as defined under the *Companies Act 1965*, provided that they are not dormant) is eligible to participate in the Scheme, if, as at the Offer Date, such employee and Director:
- 4.1.1 has attained the age of eighteen (18) years;
- 4.1.2 either:
- (a) is classified as an "employee" based on the terms of employment letter issued by the Extol Group and is not a member of any trade union; or
- (b) in the case of Directors, the name appears in the register of directors on or before the Offer Date.
- 4.2 Eligibility, however, does not confer on an Eligible Employee a claim or right to participate in the Scheme unless an Offer in writing has been made by the Option Committee to the Eligible Employee and the Eligible Employee has accepted the Offer in accordance with the terms of the Offer and the Scheme.
- 4.3 Allocation for any Eligible Employee serving under an employment contract may be considered by the Option Committee if his contribution is deemed vital to the Group. An employee serving under employment contract must have been under employment of the Group for at least 2 years to be eligible for the Options.
- 4.4 No Eligible Employee shall participate in any time in more than one(1) employee share option scheme currently implemented within the Group.
- 4.5 Directors who represent the Government or Government institutions or agencies and Government employees who are serving in the public services scheme as defined under Article 132 of the Federal Constitution are not eligible to participate in the Scheme.

15 BY-LAWS OF THE ESOS (Cont'd)

5. OFFER

- 5.1 The Option Committee may, within the Duration of the Scheme referred to in By-Law 19, make Offers to any Eligible Employee whom the Option Committee may in its discretion select to participate in the Scheme.
- 5.2 The Option Committee may in its discretion at any time and from time to time as it may deem fit make an Offer to any Eligible Employee whom the Option Committee may in its discretion select, to subscribe during the Option Period for new Extol Shares in accordance with the terms of the Scheme.
- 5.3 Nothing in this Scheme shall prevent the Option Committee from making more than one Offer to any Eligible Employee Provided That:
- 5.3.1 the new Extol Shares to be allotted shall always be in multiples of One Hundred (100) Extol Shares; and
- 5.3.2 the total aggregate number of new Extol Shares to be so allotted to any Eligible Employee shall not exceed the Maximum Allowable Allotment of each Eligible Employee as set out in By-Law 6.
- 5.4 The Option Committee shall state the following particulars in the letter of Offer:-
- 5.4.1 the number of Options that are being offered to the Eligible Employee;
- 5.4.2 the number of Shares which the Eligible Employee shall be entitled to subscribe for upon the exercise of the Option being offered;
- 5.4.3 the Option Period;
- 5.4.4 the Option Price; and
- 5.4.5 the closing date for acceptance of the Offer.
- 5.5 No Option shall be granted to any Director of the Company unless specific grant of Options to that Director shall have previously been approved by the shareholders of the Company in a general meeting.
- 5.6 In the event of an error on the part of the Option Committee in stating any of the particulars referred to in Sub-By-Law 5.4, the following provisions shall apply: -
- (a) within two (2) weeks after discovery of the error, the Company shall issue a supplemental letter of Offer, stating the correct particulars referred to in Sub-By-Law 5.4;
- (b) in the event that the error relates to particulars other than the Option Price, the Option Price applicable in the supplemental letter of Offer shall remain as the Option Price as per the original letter of Offer; and
- (c) in the event that the error relates to the Option Price, the Option Price applicable in the supplemental letter of Offer shall be the Option 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.

15 BY-LAWS OF THE ESOS (Cont'd)

- 5.7 With the exception to Sub-By-Law 10.2, the Offer shall automatically lapse and be null and void in the event of the Eligible Employee ceasing to be employed by Extol Group for any reason whatsoever prior to the exercise of the Offer by the Eligible Employee in the manner set out in By-Law 9.
- 5.8 Subject to Sub-By-Law 10.2.5, the Offer shall automatically lapse and be null and void in the event of death, bankruptcy or insanity of the Eligible Employee.

6. MAXIMUM ALLOWABLE ALLOTMENT AND THE BASIS OF ALLOTMENT

- 6.1 The categories of Employees who are eligible to participate in the Scheme and their Maximum Allowable Allotment are as follows: -

Category of Employee	Maximum Allowable Allotment
Executive Directors	500,000
Non-Executive Directors	100,000
Management / Professional	100,000
Technical / Supervision	70,000
Clerical	50,000
General workers	30,000

- 6.1.1 the number of new Extol Shares allocated, in aggregate, to the Directors and senior management of the Extol Group shall not exceed 50% of the new Extol Share available under the Scheme;
- 6.1.2 the number of new Extol Shares allocated, to any individual Director or Eligible Employee who, either singly or collectively through Persons Connected, holds 20% or more of the issued and paid up capital of Extol, must not exceed 10% of the total number of shares to be issued under the Scheme.

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

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 Sub-By-Law 6.1 upon his confirmation in the higher category.

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 Sub-By-Law 6.1 or as determined by the Option Committee;

15 BY-LAWS OF THE ESOS (Cont'd)

- (ii) In the event that the total number of Extol 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 Extol Shares in respect of Options which have already been accepted by him; and
 - (iii) In the event that the total number of Extol 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 Sub-By-Law 6.3, to be offered further Options up to his Maximum Entitlement under such lower category.
- 6.2 Subject to any adjustments which may be made under By-Law 14, the maximum number of new Extol Shares that may be offered and allotted to an Eligible Employee shall be determined at the discretion of the Option Committee taking into consideration the performance, seniority and years of service of the Eligible Employee subject always to By-Law 3 above. The decision of the Option Committee shall be final and binding.
- 6.3 Subject to By-Law 18, in the circumstances where the maximum allowable allotment as provided in the Listing Requirements is amended by Bursa Securities from time to time, the Option Committee shall have the absolute discretion to make the necessary adjustments so that the number of new Extol Shares that may be offered to any one of the Eligible Employees shall be in accordance with the provisions of the Listing Requirements prevailing during the Option Period.
- 6.4 An Eligible Employee who holds more than one (1) position within the Company, and by virtue of such position is an Eligible Employee in more than one (1) category, will be entitled to the Maximum Allowable Allotment of any one (1) category. The Option Committee shall be entitled at its discretion to determine the applicable category.
- 6.5 The Option Committee may, subject to the approval of the Board, introduce additional categories of Eligible Employees who are eligible to participate in the Scheme, which it deems necessary, during the duration of the Scheme.

7. OPTION PRICE

- 7.1 The Option Price shall be as follows:-
 - 7.1.1 in respect of any Offer which is made in conjunction with the listing of the Company on the MESDAQ Market, the initial public offer price; and

15 BY-LAWS OF THE ESOS (Cont'd)

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

7.2 The Option Price shall be stipulated on each Offer.

7.3 The Option Price shall be adjusted to any adjustments in accordance with By-Law 14.

8. ACCEPTANCE OF THE OFFER

8.1 The Offer to participate in the Scheme shall be valid for acceptance for a period of thirty (30) days from the Offer Date or such longer period as may be determined by the Option Committee on a case by case basis at its discretion. The acceptance of an Offer shall be made by way of a written notice from the Eligible Employee to the Option Committee in the form prescribed by the Option Committee from time to time. In the event that the Eligible Employee fails to accept the Offer within the prescribed period, the Offer shall automatically lapse PROVIDED THAT the Option Committee shall not be precluded from making a new Offer to the Eligible Employee subsequently.

8.2 Acceptance of the Offer by an Eligible Employee shall be accompanied by the payment of Ringgit Malaysia One (RM 1.00) as non-refundable consideration for the grant of the Option(s).

8.3 Within fourteen (14) days after the due acceptance of the Offer in accordance with the provisions of this By-Law, the Option Committee shall issue to the Grantee a certificate of Option in such form as may be determined by the Option Committee from time to time stating, inter alia, the number of Extol Shares granted, the Option Price and the Option Period.

8.4 An Option shall be personal to the Grantee and cannot be assigned, transferred or otherwise disposed of in any manner whatsoever.

8.5 The Option may be cancelled at the discretion of the Grantee by notice in writing to the Option Committee.

9. EXERCISE OF OPTIONS

9.1 Subject to Sub-By-Law 9.2 below, an Option may be exercised by the Grantee by notice in writing to the Company in the prescribed form from time to time during the Option Period in respect of all or any part of the new Extol Shares comprised in the Option, provided that where an Option is exercised in respect of a part of the new Extol Shares comprised therein, the number of new Extol Shares of which such Option may be exercised shall not be less than One Hundred (100) and shall be in multiples of One Hundred (100). Notwithstanding anything herein to the contrary in the event of any alteration in the share capital of the Company during the Option Period in accordance with By-Law 14 which results in the number of Extol Shares comprised in an Option not being in multiples of One Hundred (100), then the requirement that an Option shall be exercised in multiples of not less than One Hundred (100) new Extol Shares shall not be applicable for the Grantee's final exercise of the Option.

15 BY-LAWS OF THE ESOS (Cont'd)

- 9.2 Subject to By-Law 14 , the Option Committee may, at any time and from time to time, before or after an Option is granted, limit the exercise of the Option to a maximum number of new Extol Shares and/or such percentage of the total new Extol Shares comprised in the Option during such periods within the Option Period and impose any other terms and/or conditions deemed appropriate by the Option Committee in its discretion including amending/varying any terms and conditions imposed earlier.

The partial exercise of an Option shall not preclude the Grantee from exercising the Option for the remaining duration of the Option Period in respect of the balance of the new Extol Shares comprised in the Option.

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

- 9.3 Every such written notice referred to in Sub-By-Law 9.1 hereof must be in the form prescribed by the Option Committee from time to time and accompanied by a remittance (calculated in accordance with the provisions of By-Law 7 above) for the full amount of the subscription monies for the new Extol Shares in respect of which notice is given. Within ten (10) Market Days from the receipt by the Company of the aforesaid notice and remittance from the Grantee, the Company shall allot such new Extol Shares to the Grantee accordingly, subject to and in accordance with the provisions of the Articles of Association of the Company, the Central Depositories Act and the Rules of the Central Depository.

- 9.4 A Grantee who exercises his Option shall provide the Option Committee with the details of his Securities Account or the details of the Securities Account of his authorised nominee, as the case may be, in the notice referred to in Sub-By-Law 9.1. The new Extol Shares to be issued pursuant to the exercise of an Option will be credited into the Securities Account of the Grantee or his Authorised Nominee, as the case may be and a notice of allotment stating the number of shares credited into such Securities Account will be issued and despatched to the Grantee or the Grantee's Authorised Nominee with a copy to the Grantee, as the case may be, within ten (10) Market Days from the date of receipt by the Company of the written notice of the exercise of the Option together with the requisite remittance. No physical share certificate(s) will be issued.

- 9.5 An Eligible Employee serving under an employment contract may exercise any remaining unexercised Option within twenty five (25) days before the expiry of the employment contract if the remaining duration of the contract as at the date on which the Option is granted is less than the Option Period.

- 9.6 No Options shall be exercisable after the expiry of the Option Period.

- 9.7 In the event that a Grantee is subject to disciplinary proceedings (whether or not such disciplinary proceedings will give rise to a dismissal or termination of service) the Option Committee may, in its discretion, suspend and/or cancel the right of the Grantee to exercise his Option pending the outcome of such disciplinary proceedings. The Option Committee may impose such terms and conditions as the Option Committee shall deem appropriate having regard to the nature of the charges made or brought against the Grantee and the outcome of such disciplinary proceedings PROVIDED ALWAYS THAT in the event that such Grantee shall subsequently be found to be not guilty of the charges which gave rise to such disciplinary proceedings, the Option Committee shall reinstate the rights of such Grantee to exercise his Option PROVIDED THAT such reinstatement is within the Duration of the Scheme in accordance with By-Law 19.

15 BY-LAWS OF THE ESOS (Cont'd)

- 9.8 Notwithstanding the provisions of Sub-By-Law 9.3, the Board (including directors that had resigned but were on the Board during the Option Period), the Option Committee, the Company and/or any officer of the Company shall not under any circumstances be held liable for any cost, loss, expense and/or damages whatsoever or howsoever arising in any event relating to the delay on the part of the Company in allotting the new Extol Shares within the stipulated deadline or in procuring Bursa Securities to list the new Extol Shares subscribed for by a Grantee.
- 9.9 Subject to the discretion of the Option Committee, failure by the Grantee to comply with the procedure for an exercise of an Option as stipulated in Sub-By-Laws 9.1 to 9.5 will invalidate the purported exercise of such Option by an Eligible Employee.
- 9.10 Every Option shall be subject to the condition that no new Extol Shares shall be issued to a Grantee pursuant to the exercise of an Option if such issue would be contrary to any law, enactment, rules and/or regulations of any legislative or non-legislative body which may be in force during the Option Period or such period as may be extended.
- 9.11 The Company will undertake to keep available sufficient unissued Extol Shares to satisfy all outstanding Options.

10. TERMINATION OF THE OPTION

- 10.1 All remaining unexercised Options shall forthwith lapse and/or be deemed to be cancelled and cease to be exercisable in relation to any new Extol Shares in respect of which such Options have not been exercised upon the occurrence of one or more of the following events:-
- 10.1.1 the Grantee ceasing to be in employment with Extol Group; or
- 10.1.2 in the event of death, insanity or bankruptcy of the Grantee;
- 10.1.3 in the event of any misconduct on the part of the Grantee as determined by the Option Committee in its discretion;
- 10.1.4 in the event of any breach on the part of the Grantee of the By-laws or of any of the terms of the Option;
- 10.1.5 winding up or liquidation of the Company, in which event the Option shall be automatically terminated on the following date:-
- (a) in the case of a voluntary winding up:-
- (i) the date on which a provisional liquidator is appointed by the Company; or
- (ii) the date on which the shareholders of the Company passed a resolution to voluntarily wind up the Company; or
- (b) in the case of an involuntary winding up, the date on which a petition for winding up is served on the Company ; or
- 10.1.6 termination of the Scheme pursuant to By-Law 20.

15 BY-LAWS OF THE ESOS (Cont'd)

For the purpose of By-Law 10.1.1 above, the Grantee shall be deemed to have ceased to be so employed by the Group as of the date of the notice of termination tendered by or given by the Grantee to the Company, unless such notice shall be withdrawn prior to its effective date.

10.2 Where the Grantee ceases his/ her employment or appointment with the Company by reason of: -

10.2.1 retirement on attaining the retirement age under the Group's retirement policy;

10.2.2 retirement before attaining the normal retirement age but with the consent of the Board;

10.2.3 redundancy or any voluntary separation scheme;

10.2.4 ill-health, injury, physical or mental disability; or

10.2.5 any other circumstances which are acceptable to the Option Committee,

he/she may exercise his/ her unexercised Option or Options within the relevant Option Period.

11. TAKEOVER

Notwithstanding By-Law 9 above and subject to the provisions of any applicable statutes, rules, regulations and/or conditions issued by the relevant authorities, in the event of:

11.1 a takeover offer being made for the Company through a general offer to acquire the whole of the issued share capital of the Company (or such part thereof not at the time owned by the person making the general offer ("Offeror") or any persons acting in concert with the Offeror) a Grantee will be entitled, within three (3) months of such a general offer being made, to exercise all or any part of his Options and the Directors shall use their best endeavours to procure that such a general offer be extended to any new Extol Shares that may be issued pursuant to the exercise of Options under this By-Law; and

11.2 the Offeror becoming entitled or bound to exercise the right of compulsory acquisition of Extol Shares under the provisions of any applicable statutes, rules and/or regulations and gives notice to the Company that it intends to exercise such right on a specific date, a Grantee will be entitled to exercise all or any part of his Option from the date of service of the said notice to the Company until and inclusive of the date on which the right of compulsory acquisition is exercised;

PROVIDED ALWAYS THAT any Option to the extent unexercised after the expiry of the periods stipulated in the aforesaid circumstances shall remain in force and continue to be exercisable until the expiry of the Option Period applicable thereto.

15 BY-LAWS OF THE ESOS (Cont'd)

12. SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION

Notwithstanding By-Law 9 above and subject to the discretion of the Option Committee, in the event of the court sanctioning a compromise or arrangement between the Company and its members proposed for the purposes of, or in connection with, a scheme of arrangement and reconstruction of the Company under Section 176 of the *Companies Act 1965* or its amalgamation with any other company or companies under Section 176 of the *Companies Act 1965*, a Grantee may be entitled to exercise all or any part of his Option or Options at any time commencing from the date upon which the compromise or arrangement is sanctioned by the court and ending with the date upon which it becomes effective PROVIDED ALWAYS THAT any part of an Option which remains unexercised after the expiry of the period stipulated above shall remain in force and continue to be exercisable until the expiry of the Option Period applicable thereto.

13. RETENTION PERIOD

Other than a Non-Executive Director, a Grantee may deal with the new Extol Shares allotted and issued to him pursuant to his exercise of an Option in any way he pleases. In the event the Grantee is a Non-Executive Director, he must not sell, transfer or assign the new Extol Shares allotted and issued to him pursuant to his exercise of an Option within one (1) year from the relevant Offer Date.

14. ALTERATION OF SHARE CAPITAL DURING THE OPTION PERIOD

14.1 Subject to By-Law 14.6 hereof, in the event of any alteration in the capital structure of the Company during the Option Period, whether by way of capitalisation of profit or reserves, rights issue, bonus issue, reduction, subdivision or consolidation of capital or any other variation of capital, the Company shall cause such adjustments to be made to:-

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

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

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

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

14.3 In addition to By-Law 14.1 and not in derogation thereof, the Option Price and the number of new Extol Shares relating to the Option so far unexercised shall from time to time be adjusted in accordance with the following relevant provisions in consultation with the Auditor:-

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

15 BY-LAWS OF THE ESOS (Cont'd)

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

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

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

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

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

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

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

Where:

- A = the aggregate number of issued and fully paid-up Extol Shares immediately before such capitalisation issue; and
- B = the aggregate number of new Extol Shares to be issued pursuant to any allotment credited as fully paid by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account and capital redemption reserve fund); and
- T = T as in By-Law 14.3(a) above.

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

- (c) If and whenever Company shall make:
- (1) a Capital Distribution (as defined below) to ordinary shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets); or
 - (2) any offer or invitation to ordinary shareholders whereunder they may acquire or subscribe Extol Shares by way of rights; or

15 BY-LAWS OF THE ESOS (Cont'd)

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

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

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

and in respect of the case referred to in By-Law 14.3(c)(2) hereof, the number of additional new Extol Shares comprised in the Option to be issued shall be calculated as follows:-

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

Where:

- T = T as in By-Law 14.3(a) above;
- C = the Current Market Price (as defined in By-Law 14.3(h) below) of one (1) Extol 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 Extol Shares under By-Law 14.3(c)(2) above or for securities convertible into Extol Shares or securities with rights to acquire or subscribe for Extol Shares under By-Law 14.3(c)(3) above, the value of rights attributable to one (1) Extol Share (as defined below); or
- (bb) in the case of any other transaction falling within this By-Law 14.3(c), the fair market value, as determined (with the concurrence of the Auditors) by a licensed merchant bank or universal broker, of that portion of the Capital Distribution attributable to one (1) Extol Share.

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

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

Where:

- C = C in this By-Law 14.3(c);
- E = the subscription price of one (1) additional Extol Share under the terms of such offer or invitation or one (1) additional security convertible into Extol Shares or one (1) additional security with rights to acquire or subscribe for Extol Shares;

15 BY-LAWS OF THE ESOS (Cont'd)

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

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

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

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

Where:-

C = C in this By-Law 14.3(c);

E* = the subscription price for one (1) new Extol Share under the terms of such offer or invitation to acquire or subscribe for Extol Shares;

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

For the purpose of By-Law 14.3(c) hereof, ("**Capital Distribution**") shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of Extol Shares (other than an issue falling within By-Law 14.3(b)) credited as fully or partly paid up by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account or capital redemption reserve fund). Any dividend charged or provided for in the accounts of any period shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders as shown in the audited consolidated profit and loss accounts of the Company.

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

- (d) If and whenever the Company makes any allotment to its ordinary shareholders as provided in By-Law 14.3(b) above and also makes any offer or invitation to its ordinary shareholders as provided in By-Law 14.3(c)(2) or By-Law 14.3(c)(3) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose for the offer or invitation, the Option Price shall be adjusted by multiplying it by the following fraction:

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

15 BY-LAWS OF THE ESOS (Cont'd)

and where the Company makes any allotment to its shareholders as provided in By-Law 14.3(b) above and also makes any offer or invitation to its shareholders as provided in By-Law 14.3(c)(2) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the number of additional new Extol Shares relating to the Option to be issued shall be calculated as follows:-

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

Where:

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

C = C in By-Law 14.3(c) above;

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

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

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

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

B = B in By-Law 14.3(b) above; and

T = T as in By-Law 14.3(a) above.

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

- (e) If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Extol Shares as provided in By-Law 14.3(c)(2) above together with an offer or invitation to acquire or subscribe securities convertible into Extol Shares or securities with rights to acquire or subscribe for Extol Shares as provided in By-Law 14.3(c)(3) above, the Option Price shall be adjusted by multiplying it by the following fraction:

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

15 BY-LAWS OF THE ESOS (Cont'd)

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

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

Where:

G = G as in By-Law 14.3(d) above;

C = C as in By-Law 14.3(c) above;

H = H as in By-Law 14.3(d) above;

H* = H* as in By-Law 14.3(d) above;

I = I as in By-Law 14.3(d) above;

I* = I* as in By-Law 14.3(d) above;

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

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

T = T as in By-Law 14.3(a) above.

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

- (f) If and whenever the Company makes an allotment to its ordinary shareholders as provided in By-Law 14.3(b) above and also makes an offer or invitation to acquire or subscribe for Extol Shares to its ordinary shareholders as provided in By-Law 14.3(c)(2) above together with rights to acquire or subscribe for securities convertible into or with rights to acquire or subscribe for Extol Shares as provided in By-Law 14.3(c)(3) above and the Entitlement Date for the purpose of the allotment is also the entitlement date for the purpose of offer or invitation, the Option Price shall be adjusted by multiplying it by the following fraction:

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

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

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

Where:

G = G as in By-Law 14.3(d) above;

15 BY-LAWS OF THE ESOS (Cont'd)

- C = C as in By-Law 14.3(c) above;
H = H as in By-Law 14.3(d) above;
H* = H* as in By-Law 14.3(d) above;
I = I as in By-Law 14.3(d) above;
I* = I* as in By-Law 14.3(d) above;
J = J as in By-Law 14.3(e) above;
K = K as in By-Law 14.3(e) above;
B = B as in By-Law 14.3(b) above; and
T = T as in By-Law 14.3(a) above.

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

- (g) If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders alike and requiring an adjustment under By-Law 14.3(c)(2), 14.3(c)(3), 14.3(d), 14.3(e) or 14.3(f) above), the Company shall issue either any Extol Shares or any securities convertible into Extol Shares or with rights to acquire or subscribe for Extol Shares, and in any such case the Total Effective Consideration per Extol Share (as defined below) is less than ninety per cent (90%) of the Average Price for one (1) Extol Share (as defined below) or, as the case may be, the price at which the Extol Shares will be issued upon conversion of such securities or exercise of such rights is determined, the Option Price shall be adjusted by multiplying it by the following fraction:

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

Where:

- L = the number of Extol 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 Extol Shares which the Total Effective Consideration (as defined below) would have purchased at the Average Price (exclusive of expenses); and
- N = the aggregate number of Extol Shares which so issued or in the case of securities convertible into Extol Shares or with rights to acquire or subscribe for Extol Shares, the maximum number (assuming no adjustment of such rights) of Extol Shares issuable upon full conversion of such securities or the exercise in full of such rights.

For the purposes of this By-Law 14.3(g), (“**Total Effective Consideration**”) shall be as determined by the directors of the Company with the concurrence of a licensed merchant banker or universal broker and shall be:

15 BY-LAWS OF THE ESOS (Cont'd)

- (a) in the case of the issue of Extol Shares, the aggregate consideration receivable by the Company on payment in full for such Extol Shares; or
- (b) in the case of the issue by the Company of securities wholly or partly convertible into Extol Shares, the aggregate consideration receivable by the Company on payment in full for such securities or such part of the securities as is convertible together with the total amount receivable by the Company upon full conversion of such securities (if any); or
- (c) in the case of the issue by the Company of securities with rights to acquire or subscribe for Extol 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 Extol Share" shall be the Total Effective Consideration divided by the number of Extol Shares or securities issued with rights to acquire or subscribed for new Extol Shares, issued as aforesaid or, in the case of securities convertible into Extol Shares by the maximum number of Extol Shares issuable on full conversion of such securities or on exercise in full of such rights.

For the purpose of this By-Law 14.3(g), ("**Average Price**") of a Extol Share shall be the average price of one (1) Extol Share as derived from the last dealt prices for one (1) or more board lots of the Extol Shares as quoted on Bursa Securities on the Market Days comprised in the period used as a basis upon which the issue price of such Extol Shares is determined.

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

- (h) For the purpose of By-Law 14.3(c),(d),(e) and (f), the "Current Market Price" in relation to one (1) Extol Share for any relevant day shall be the average of the last dealt prices for the five (5) consecutive Market Days before such date or during such other period as may be determined in accordance with any guidelines issued, from time to time, by the relevant authorities.

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

- (a) no adjustment to the Option Price shall be made which would result in the new Extol Shares to be issued on the exercise of the Option being issued at a discount to par value, and if such an adjustment would but for this provision have so resulted, the Option Price payable shall be the par value of the new Extol Shares;

15 BY-LAWS OF THE ESOS (Cont'd)

- (b) upon any adjustment being made pursuant to this By-Law, the Option Committee shall, within thirty (30) days of the effective date of the alteration in the capital structure of the Company, notify the Grantee (or his legal representatives where applicable) in writing informing him of the adjusted Option Price thereafter in effect and/or the revised number of new Extol Shares thereafter to be issued on the exercise of the Option; and
- (c) any adjustments made must be in compliance with the provisions for adjustment as provided in these By-Laws .

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

- 14.4 The adjustment pursuant to this By-Law shall be made on the day immediately following the books closure date for the event giving rise to the adjustment.
- 14.5 The Company's Auditors must confirm in writing that the adjustments (other than on a capitalisation issue) are in their opinion fair and reasonable.
- 14.6 The provisions of this By-Law shall not apply where the alteration in the capital structure of the Company arises from:
 - (a) an issue of new Extol Shares as consideration or part consideration for an acquisition or any other securities, assets or business;
 - (b) a special issue of new Extol Shares to Bumiputera parties nominated by the Ministry of International Trade and Industry, Malaysia and/or other government authorities to comply with the Government policy on Bumiputera capital participation;
 - (c) a private placement of new Extol Shares by the Company;
 - (d) an issue of new Extol Shares arising from the exercise of any conversion rights attached to securities convertible to Extol Shares or upon exercise of any other rights including warrants (if any) issued by the Company; and
 - (e) an issue of new Extol Shares upon the exercise of Options pursuant to the Scheme.
- 14.7 Should there be other circumstances which give rise to a consideration for adjustments to the Option Price or the number of new Extol Shares in favour of all the Grantees, but it is decided that no adjustments will be made, such decision must be made known to all the Grantees via a timely notice, subject to compliance with the Listing Requirements and/or relevant guidelines on employees' share option scheme as may be issued by the relevant governing authorities from time to time.
- 14.8 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Part VII of the Act, By-Law 14.1 shall be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which By-Law 14.1 is applicable, but By-Law 14.1 shall not be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which By-Law 14.1 is not applicable as described in By-Law 14.6.
- 14.9 An adjustment pursuant to By-Law 14.1 shall be made according to the following terms:-

15 BY-LAWS OF THE ESOS (Cont'd)

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

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

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

15. QUOTATION OF SHARES

The new Extol Shares referred to in By-Law 3 and the new Extol Shares (if any) to be allotted and issued to the Grantee will not be listed or quoted on Bursa Securities until the Option is exercised in accordance with By-Law 9 whereupon the Company shall make the necessary application to Bursa Securities for the listing of and quotation for such new Extol Shares and use its best endeavours to obtain permission for the dealing therein.

16. RANKING OF NEW EXTOL SHARES

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

17. ADMINISTRATION

The Scheme shall be administered by the Option Committee consisting of such persons appointed by the Board. The Option Committee shall administer the Scheme in such manner as it shall in its discretion deem fit. For the purpose of administering the Scheme, the Option Committee may do all such acts and things and enter into any transactions, agreements, deeds, documents or arrangements, and make rules, regulations or impose terms and conditions or delegate part of its power relating to the administration of the Scheme, as the Option Committee may in its discretion deem fit necessary and/ or expedient for the implementation of the Scheme. The Board shall have power from time to time to rescind the appointment of any person to the Option Committee as it deems fit.

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

15 BY-LAWS OF THE ESOS (Cont'd)

18. AMENDMENT AND/OR MODIFICATION TO THE SCHEME

18.1 Subject to Sub-By-Law 18.2, the Option Committee may at any time and from time to time recommend to the Board any additions or amendments to or deletions of these By-laws as it shall in its discretion think fit and the Board shall have the power by resolution to add to, amend or delete all or any of these By-laws upon such recommendation Provided That no additions or amendments to or deletions of these By-laws to the following provisions of the Scheme shall be made which will alter to the advantage of any Eligible Employee to whom the Option Committee has made an Offer without the prior approval of the Company's shareholders in general meeting:-

- (a) the Eligible Employee to the Scheme and the basis of eligibility;
- (b) the maximum number of Options to be offered under the Scheme;
- (c) the Maximum Allowable Allotment for each category of Eligible Employees as defined in By-Law 6.1;
- (d) the non-refundable consideration payable on acceptance of the Options and the basis for determining the Option Price;
- (e) the time limit of the Scheme;
- (f) the rights attaching to the new Extol Shares to be allotted upon the exercise of any Options;
- (g) the formulas for adjustments to the Option Price / number of Options as set out in By-law 14; and
- (h) The holding period set out in By-law 13.

18.2 The Company is to submit to Bursa Securities, each time a modification/change is made, a confirmation letter that the modification/change does not contravene any provisions of the guidelines on an employee share option scheme as stipulated under the Listing Requirements.

19. DURATION OF THE SCHEME

19.1 The Scheme shall be in force for a period of five (5) years commencing from the date the adviser for the Scheme confirms in writing to Bursa Securities that the relevant requirements under Chapter 3 of the Listing Requirements, including the following have been complied with:

- (i) submission of the final Scheme By-laws to Bursa Securities ;
- (ii) receipt by the Company of the approval-in-principle from Bursa Securities for the listing of and quotation for the Extol Shares to be issued pursuant under the Scheme;
- (iii) the approval of the shareholders of the Company in general meeting in relation to the Scheme;
- (iv) any other relevant regulatory authorities, where applicable; and
- (v) fulfilment of all conditions attached to the above approvals, if any.

15 BY-LAWS OF THE ESOS (Cont'd)

19.2 Upon the expiry of the Scheme, the Option Committee shall have the discretion to extend the Duration of the Scheme PROVIDED THAT:-

- (i) any extension of the Scheme shall not result in the total duration of the Scheme exceeding ten (10) years;
- (ii) the approval of the shareholders of the Company in a general meeting have been obtained, where required; and
- (iii) all necessary approvals, where required, have been obtained from Bursa Securities and any other relevant authorities.

20. MID-STREAM TERMINATION OF THE SCHEME

Notwithstanding the provisions of By-Law 19, the Company has the right to terminate the Scheme at any time during the Duration of the Scheme provided the following approval(s)/ consent(s) are obtained:-

- 20.1 the approval of Bursa Securities for the termination of the Scheme;
- 20.2 the consent of Extol's shareholders at a general meeting wherein at least a majority of the shareholders present voted in favour of the termination; and
- 20.3 the written consent of all Grantees who have yet to exercise their Options, either in part or in whole.

21. SUBSEQUENT EMPLOYEES' SHARE OPTION SCHEME

The Company may establish a new employees' share option scheme after the expiry of the Scheme or upon termination of the Scheme subject to the approval of Bursa Securities.

22. DISPUTES

In the event of any dispute between the Option Committee and an Eligible Employee or Grantee, as to any matter or thing of any nature arising hereunder, the Option Committee shall determine such dispute or difference by a written decision given to the Eligible Employee or Grantee, as the case may be. The said decision shall be final and binding on the parties unless the Eligible Employee or Grantee, as the case may be, shall dispute the same by written notice to the Option Committee within fourteen (14) days of the receipt of the written decision, in which case such dispute shall be referred to the decision of the Auditor, acting as experts and not as arbitrators, whose decision shall be final and binding in all respects. In the event that the Auditor is unable to reach a decision in respect of the dispute, such dispute shall be referred to a court of law of competent jurisdiction in Malaysia, whose decision shall be final and binding in all respects.

23. COMPENSATION

- 23.1 An Eligible Employee or Grantee who ceases to hold office or employment shall not be entitled to any compensation for the loss of any right or benefit or prospective right or benefit under the Scheme which he might otherwise have enjoyed whether such compensation is claimed by way of damages for wrongful dismissal or other breach of contract or by way of compensation for loss of office.

15 BY-LAWS OF THE ESOS (Cont'd)

- 23.2 No Eligible Employee or Grantee or legal or personal representatives shall bring any claim, action or proceeding against the Company or the Option Committee or any other party for compensation, loss or damages whatsoever and howsoever arising from the suspension of his rights to exercise his Option or his Option ceasing to be valid pursuant to the provisions of these By-laws, or as the same may be amended from time to time in accordance with By-Law 18 hereof.

24. TRANSFERS FROM/ TO OTHER COMPANIES RELATED TO THE GROUP

24.1 In the event that: -

- 24.1.1 an employee or Director who was employed in a company which is not within the Extol Group and is subsequently transferred from such company within the Extol Group;
- 24.1.2 an employee or Director who was in the employment of a company which subsequently becomes a member of the Extol Group as a result of a restructuring exercise or otherwise involving Extol and/or any company within the Extol Group with any of the first mentioned company in (i) below,

(the first mentioned company in By-Law 24.1.1 and By-Law 24.1.2 above are referred to as the "Previous Company"), such an employee of the Previous Company (the "Affected Employee"), will, if the Affected Employee satisfies all conditions under By-Law 4 :-

- (i) be entitled to continue to exercise all such unexercised Option(s) which were granted to him under the Previous Company's ESOS in accordance with the by-laws of such Previous Company's ESOS but he shall not, upon such transfer or restructuring or divestment as the case may be, be eligible to participate for further options of such Previous Company's ESOS;
- (ii) be eligible to participate in the Scheme only for the remaining duration of the Scheme, subject to the Option Committee's approval;
- (iii) if the Affected Employee had participated in the Previous Company's ESOS, the number of new Extol Shares to be offered to such Affected Employee under the Scheme shall be subject to the discretion of the Option Committee after taking into consideration, among others, the number of shares comprised in the option that were offered or exercised under the Previous Company's ESOS, and the Maximum Allowable Allotment under the Scheme.

25. COSTS AND EXPENSES

All costs and expenses incurred in relation to the Scheme including but not limited to the costs and expenses relating to the issue and allotment of the new Extol Shares upon the exercise of any Option shall be borne by the Company.

26. NOT A TERM OF EMPLOYMENT

This Scheme does not form part nor shall it in any way be construed as part of the terms and conditions of employment of any employee.

15 BY-LAWS OF THE ESOS (Cont'd)

27. ARTICLES OF ASSOCIATION

Notwithstanding the terms and conditions contained in this Scheme, if a situation of conflict should arise between this Scheme and the Articles of Association of the Company, the provisions of the Articles of Association of the Company shall at all times prevail.

28. TAXES

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

29. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained, the Option Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event including but not limited to the Company's delay in issuing and allotting the Extol Shares.

30. GOVERNING LAW

This Scheme shall be governed by and construed in accordance with the laws of Malaysia. The Grantees, by accepting the Options in accordance with this Scheme and the Company submit to the non-exclusive jurisdiction of the courts of Malaysia.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK

16 GENERAL INFORMATION

16.1 SHARE CAPITAL

- (i) Save as disclosed in Section 4.1.2 (vi) of this Prospectus, no securities will be allotted or issued on the basis of this Prospectus later than twelve (12) months after the date of the issue of this Prospectus.
- (ii) There are no founder, management or deferred shares. There is only one (1) class of shares in the Company, namely ordinary shares of RM0.10 each, all of which rank pari passu with one another.
- (iii) Save as disclosed in Section 4.1.2 (vi) of this Prospectus, no person has been or is entitled to be given an option to purchase or subscribe for any shares, stocks or debentures of the Company.
- (iv) Save as disclosed in Section 2.3 and Section 4.2 of this Prospectus, no shares or debentures of the Company have been or proposed to be issued partly or fully paid-up in cash or otherwise than in cash within the two (2) years preceding the date of this Prospectus.
- (v) The Company has no outstanding convertible debt securities.

16.2 ARTICLES OF ASSOCIATION

The following provisions are reproduced from the Company's Articles of Association, which have been approved by Bursa Securities.

Terms defined in the Company's Articles of Association shall have the same meanings when used here unless they are otherwise defined here or the context otherwise requires.

Transfer of securities

The provisions in the Company's Articles of Association in respect of transfer of shares in the Company are as follows:

Article 28

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

Article 29

Subject to these Articles, the Act, the Central Depositories Act and the Rules (with respect to transfer of deposited security), the instrument of transfer shall be executed by or on behalf of the transferor and the transferee and the transferor shall be deemed to remain the holder of the share until the transferee's name is entered in the Register as the holder of that share and/or the Record of Depositors as the case may be, in respect thereof. All transfer of deposited securities shall be effected in accordance with the Act, the Central Depositories Act and the Rules.

16 GENERAL INFORMATION (Cont'd)

Article 30

The Central Depository may refuse to register any transfer of deposited security that does not comply with the Central Depositories Act and the Rules. Subject to the provisions of the Act, the Central Depositories Act and the Rules, no listed securities shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind or any partnership or unincorporated association or body.

Article 31

The Register may be closed at such time and for such period as the Directors may from time to time determine PROVIDED ALWAYS that they shall not be closed for more than thirty (30) days in any year. Any notice of intention to fix a books closing date and the reason therefor shall be published in a daily newspaper circulating in Malaysia and shall also be given to the Exchange, such notice shall state the books closing date, which shall be at least twelve (12) clear market days after the date of notification to the Exchange, and the address of the share registry at which documents will be accepted for registration. In relation to such closure, the Company shall give written notice, in accordance with the Rules to issue the appropriate Record of Depositors.

Article 32

Subject to the provisions of these Articles the Directors may recognise a renunciation of any share by the allottee thereof in favour of some other person.

Remuneration of Directors

Article 94

The Directors shall be paid by way of remuneration for their services such fixed sum (if any) as shall from time to time be determined by the Company in general meeting, and such remuneration shall be divided among the Directors in such proportions and manner as the Directors may determine, PROVIDED ALWAYS that:-

- (a) fees payable to the Directors shall from time to time be determined by a resolution of the Company in general meeting, PROVIDED ALWAYS that such fees 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;
- (b) save as provided in Article 94(a) hereof, an executive Director shall, subject to the terms of any agreement (if any) entered into in any particular case, receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the Directors may determine and need not be determined by the Company in general meeting.
- (c) fees payable to non-executive Directors shall be a fixed sum, and not by a commission on or percentage of profits or turnover;
- (d) salaries payable to executive Directors may not include a commission on or percentage of turnover; and
- (e) any fee paid to an Alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

16 GENERAL INFORMATION (Cont'd)

Article 95

- (a) The Directors shall be paid their entire travelling, hotel and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending meetings of the Directors or any committee of the Directors of the Company or general meetings of the Company.
- (b) If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determined by the Board provided that in the case of non-executive Directors of the Company, the said remuneration shall not include a commission on or percentage of profits or turnover. In the case of an Executive Director, such remuneration may be either in addition to or in substitution for his share in the remuneration from time to time provided for the Directors.

Voting and borrowing powers of directors

Article 99

- (a) Subject to the provisions in the Act and the Listing Requirements, the Directors may exercise all the powers of the Company to borrow and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company, or its subsidiaries or of its related companies.
- (b) The Directors shall not borrow any money or mortgage or charge any of the Company's or its 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.

Changes in capital and variation of class rights

Article 4

Without prejudice to any special rights previously conferred on the holders of any existing shares but subject to the Act and to these Articles, shares in the Company may be issued by the Directors and any such shares may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital, or otherwise as the Directors, subject to any ordinary resolution of the Company, may determine.

Article 5

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, and subject to the provisions of these Articles and the Act and to the provisions of any resolution of the Company, shares in the Company may be issued by the Directors who may allot, or otherwise dispose of such shares to such persons, on such terms and conditions, with such preferred, deferred or other special rights, and subject to such restrictions, whether in regard to dividend, voting, return of capital or otherwise, and at such times as the Directors may determine but the Directors in making any issue of shares shall comply with the following conditions:-

16 GENERAL INFORMATION (Cont'd)

- (a) no shares shall be issued at a discount except in compliance with the provisions of Section 59 of the Act;
- (b) in the case of shares of a class, other than ordinary shares, no special rights shall be attached until the same have been expressed in these Articles and in the resolution creating the same; and
- (c) every issue of shares or options to employees and/or Directors of the Company shall be approved by the members in general meeting and such approval shall specifically detail the amount of shares or options to be issued to such director.

Article 6

The Company may, subject to and in accordance with the provisions of the Act, the rules, regulations and orders made pursuant to the Act, the conditions, restrictions and limitations expressed in these Articles and the Listing Requirements and any other relevant authority, purchase its own shares and make payments in respect of the purchase of its own shares. Shares in the Company so purchased by the Company shall be dealt with as provided by the Act and the Listing Requirements and/or other relevant authority.

Article 7

Subject to the Act, any preference share may with the sanction of an Ordinary Resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed but the total nominal value of the issued preference shares shall not exceed the total nominal value of the ordinary shares at any time and the Company shall not issue preference shares ranking priority above preference shares already issued, but may issue preference shares ranking equally therewith. Preference shareholders must be entitled to a return of capital in preference to holders of ordinary shares when the Company is wound up and shall have the same rights as ordinary shareholders as regards receiving notices, reports and audited accounts and attending general meetings of the Company PROVIDED always that preference shareholders shall not have the right to vote at any general meeting of the Company except on each of the following circumstances:-

- (a) when the dividend or part of the dividend on the share is in arrears for more than six (6) months;
- (b) on a proposal to reduce the Company's share capital;
- (c) on a proposal for the disposal of the whole of the Company's property, business and undertaking;
- (d) on a proposal that affects rights attached to the share;
- (e) on a proposal to wind up the Company; and
- (f) during the winding up of the Company.

Article 8

The repayment of preference share capital other than redeemable preference shares, or any alteration of preference shareholders rights, shall 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 meeting, consent in writing, if obtained from the holders of three-fourth (3/4) of the preference shares concerned within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.

16 GENERAL INFORMATION (Cont'd)

Article 9

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 with the consent in writing of the holders of three-fourths (3/4) of the issued shares of that 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 other 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 adaptations as are necessary apply.

Article 10

The rights conferred upon holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects *pari passu* therewith.

Article 11

The Company may exercise the powers of paying commissions conferred by the Act, provided that the rate per cent of the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act and the commission shall not exceed the rate of ten per cent (10%) of the price at which the shares in respect whereof the same is paid are issued or an amount equal to ten per cent (10%) of that price (as the case may be). Such commission may be satisfied by the payment of cash or the allotment of fully paid shares or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.

Article 12

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

Article 13

Except as required by law and as provided under the Rules, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or unit of share or (except only as by these Articles, the Rules or by law otherwise provided) any other rights in respect of any share except in an absolute right to the entirety thereof in the registered holder.

16 GENERAL INFORMATION (Cont'd)**16.3 DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

- (i) The names, addresses and occupations of the Directors are set out in the Corporate Directory section at the front of this Prospectus.
- (ii) A Director is not required to hold any qualification shares in the Company.
- (iii) The remuneration paid to the Directors of the Company for services rendered in all capacities to the Company for the FYE 31 December 2005 amounted to RM330,000. For the FYE 31 December 2006, the remuneration payable to the Directors is estimated at RM430,000.

The number of Directors in the various remuneration bands are set out below:-

	← Aggregate Remuneration →					
	FYE ← 31 December 2005 →			FYE ← 31 December 2006 →		
	Executive Director	Non- Executive Director	Total	Executive Director	Non- Executive Director	Total
Up to RM100,000	2	-	2	1	3	4
Between 100,001 and RM200,000	1	-	1	2	-	2

- (iv) Save as disclosed in Section 10 of this Prospectus, none of the Directors and/or substantial shareholders of the Company and/or person(s) connected with any of them has any interest, direct or indirect, in the promotion of or in any material assets which have, within the two (2) years preceding the date of this Prospectus, been acquired or disposed of by or leased to the Company, or are proposed to be acquired, or disposed of by or leased to the Company.
- (v) None of the Directors and/or substantial shareholders of the Company has any interest, direct or indirect, in any businesses and corporations carrying on a similar trade as the Company.
- (vi) Save as disclosed in Sections 8.2.3 (iv) and 16.3(iii) this Prospectus, none of the Promoters have received any amounts or benefits paid or given by the Company within the two (2) years preceding the date of the Prospectus, or intended to be so paid or given.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK

16 GENERAL INFORMATION (Cont'd)

(vii) According to the Register of Directors' shareholdings of Extol MSC (applicable for before the Public Issue only), the direct and indirect interests of the Directors before and after the Public Issue are/will be as follows:-

Name	Nationality	Before the Public Issue				After the Public Issue ^{*4}			
		No. of Extol MSC Shares held		No. of Extol MSC Shares held		No. of Extol MSC Shares held		No. of Extol MSC Shares held	
		Direct	%	Indirect	%	Direct	%	Indirect	%
Justin Tan Seng Kooi	Malaysian	30,530,000	39.0	^{*1} 32,850,000	41.9	30,530,000	29.2	^{*1} 32,850,000	31.5
Lee Choon Kee	Malaysian	12,940,000	16.5	^{*2} 50,440,000	64.4	12,940,000	12.4	^{*2} 50,440,000	48.3
Alex Tan Seng Keng	Malaysian	19,910,000	25.4	^{*3} 43,470,000	55.5	19,910,000	19.1	^{*3} 43,470,000	41.6
Lee Boon Kok	Malaysian	-	-	-	-	10,000	^{*6}	-	-
Kok We Tian @ Kok Wee Tian	Malaysian	4,500,000	5.7	-	-	4,500,000	4.3	-	-
Clairmont Kok Hsiao Kate (Alternate Director to Kok We Tian @ Kok Wee Tian)	Malaysian	-	-	^{*5} 4,500,000	5.7	-	-	^{*5} 4,500,000	4.3
Mohd Fadzli bin Ibrahim	Malaysian	-	-	-	-	-	-	-	-

Notes:

- *1 Deemed interested via his mother, Lee Choon Kee's and his brother, Alex Tan Seng Keng's shareholdings.
- *2 Deemed interested via her sons, Justin Tan Seng Kooi's and Alex Tan Seng Keng's shareholdings.
- *3 Deemed interested via his mother, Lee Choon Kee's and his brother, Justin Tan Seng Kooi's shareholdings.
- *4 After pink form allocations but prior to exercise of ESOS options.
- *5 Deemed interested via her father, Kok We Tian @ Kok Wee Tian's shareholding.
- *6 Negligible shareholdings.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK

16 GENERAL INFORMATION (Cont'd)

- (viii) The existing substantial shareholders and their respective direct and indirect interests in the Extol MSC Shares before and after the Public Issue are/will be as follows:-

Name	Nationality	Before the Public Issue				After the Public Issue ^{*4}			
		No. of Extol MSC Shares held		No. of Extol MSC Shares held		No. of Extol MSC Shares held		No. of Extol MSC Shares held	
		Direct	%	Indirect	%	Direct	%	Indirect	%
Justin Tan Seng Kooi	Malaysian	30,530,000	39.0	^{*1} 32,850,000	41.9	30,530,000	29.2	^{*1} 32,850,000	31.5
Lee Choon Kee	Malaysian	12,940,000	16.5	^{*2} 50,440,000	64.4	12,940,000	12.4	^{*2} 50,440,000	48.3
Alex Tan Seng Keng	Malaysian	19,910,000	25.4	^{*3} 43,470,000	55.5	19,910,000	19.1	^{*3} 43,470,000	41.6
Kok We Tian @ Kok Wee Tian	Malaysian	4,500,000	5.7	-	-	4,500,000	4.3	-	-
Hiah Swee Hiang	Malaysian	4,800,000	6.1	-	-	4,800,000	4.6	-	-
Clairmont Kok Hsiao Kate	Malaysian	-	-	^{*5} 4,500,000	5.7	-	-	^{*5} 4,500,000	4.3

Notes:

- ^{*1} Deemed interested via his mother, Lee Choon Kee's and his brother, Alex Tan Seng Keng's shareholdings.
- ^{*2} Deemed interested via her sons, Justin Tan Seng Kooi's and Alex Tan Seng Keng's shareholdings.
- ^{*3} Deemed interested via his mother, Lee Choon Kee's and his brother, Justin Tan Seng Kooi's shareholdings.
- ^{*4} After pink form allocations but prior to exercise of ESOS options.
- ^{*5} Deemed interested via her father, Kok We Tian @ Kok Wee Tian's shareholding.

- (ix) Save for the risk factors which are described in Section 3 of this Prospectus, the Board is not aware of any material information including trading factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of the Company.
- (x) Save as disclosed in Section 10 of this Prospectus none of the Directors and/or substantial shareholders of the Company and/or person(s) connected with them are interested in any contract or arrangement subsisting at the Latest Practicable Date, which is significant in relation to the business of the Company taken as a whole.

16.4 GENERAL

- (i) The nature of the Company's business and the names of all corporations, which are deemed to be related to the Company by virtue of Section 6 of the Act are set out in Section 4 of this Prospectus.
- (ii) The manner in which copies of this Prospectus together with the Application Form may be obtained is set out in Section 17 of this Prospectus.
- (iii) The time of the opening of the Application of the Public Issue is set out in Section 17.1 of this Prospectus.
- (iv) The amount payable in full on application is RM0.30 per Issue Share.

16 **GENERAL INFORMATION (Cont'd)**

- (v) The financial conditions and operations of the Company are not affected by any of the following:-
 - (a) known trends, demands, commitments, events or uncertainties that have had or that the Group reasonably expects to have a material favourable or unfavourable impact on the financial performance, position and operations of the Group;
 - (b) unusual, infrequent events or transactions or any significant economic changes that materially affected the financial performance, position and operations of the Group;
 - (c) known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position; and
 - (d) pending and threatened litigation and arbitration proceedings having an impact on the financial position of the Group.
- (vi) As at the Latest Practicable Date, the Company does not have any outstanding convertible debt securities.
- (vii) The Promoters will collectively exercise control over the Company and will hold 60.7% of the enlarged issued and paid-up share capital of Extol MSC upon listing on the MESDAQ Market of Bursa Securities.
- (viii) Save for the Public Issue and ESOS, there is currently no scheme involving the staff in the capital of the Company.
- (ix) Save as disclosed in Sections 1.11 and 6.4 of this Prospectus, the Company has no outstanding borrowings and contingent liabilities.
- (x) The name and address of the Auditors and Reporting Accountants of the Group are set out under the "Corporate Directory" of this Prospectus.

16.5 EXPENSES AND COMMISSIONS

(i) Brokerage Fee

Brokerage fee relating to the Issue Shares will be paid by the Company at the rate of one percent (1.0%) of the Issue Price in respect of successful applications, which bear the stamps of Kenanga, or the Issuing House, a participating organisation of Bursa Securities, members of the Malaysian Investment Banking Association or MIH.

(ii) Placement Commission and Placement Management Fee

Kenanga has arranged for the placement of the Issue Shares at a rate of one point five percent (1.5%) of the value of Extol MSC Shares that have been successfully placed by Kenanga based on the Issue Price. A management fee is payable by the Company to Kenanga, at a rate of zero point five percent (0.5%) of the aggregate value of Extol MSC Shares under the private placement based on the Issue Price.

16 GENERAL INFORMATION (Cont'd)

(iii) Underwriting Commission

The Underwriter has agreed to underwrite 8,100,000 of the Issue Shares, which will be made available for subscription by the eligible directors, employees and business associates and for application under the public offer. Underwriting commission is payable by the Company at the rate of two percent (2%) of the Issue Price.

- (iv)** No commissions, discounts, brokerage or other special terms have, within the two (2) preceding years prior to the date of this Prospectus, been paid or granted or is payable to any Director, Promoter or expert or proposed Director for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions for any shares in or debentures of the Company in connection with the issue or sale of any capital of the Company.

16.6 PUBLIC TAKE-OVERS

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

- (i) public take-over issues by third parties in respect of the Company's securities; or
- (ii) public take-over offers by the Company in respect of other corporations' securities.

16.7 MATERIAL LITIGATIONS

As at the Latest Practicable Date, the Group is not engaged in any material litigations or arbitration proceedings either as plaintiff or defendant and the Board has no knowledge of any proceedings pending or threatened against the Group or any fact likely to give rise to any proceedings which might materially affect the position and business of the Group.

16.8 MATERIAL CONTRACTS

Save as disclosed below, there are no contracts, which are or may be material (not being contracts entered into in the ordinary course of business), which have been entered into by the Group within the two (2) years preceding the date of this Prospectus:

- (i) Underwriting Agreement dated 6 February 2006, entered into between Extol MSC of the one part and the Underwriter, i.e. Kenanga of the other part for the underwriting of 8,100,000 Extol MSC Shares made available for application by public offer pursuant to the Public Issue for an underwriting commission of two percent (2%) of the Issue Price.
- (ii) Placement Agreement dated 22 December 2005 and a letter dated 6 February 2006 between Extol MSC of the one part and Kenanga of the other part for the placement of the Issue Shares for a placement fee of one point five percent (1.5%) of the Issue Price.
- (iii) Placement Management Agreement dated 22 December 2005 and a letter dated 6 February 2006 between Extol MSC of the one part and Kenanga of the other part for the management of the private placement exercise in respect of the Issue Shares, for a placement management fee of zero point five percent (0.5%) of the Issue Price for the portion of Issue Shares under the private placement.

16 GENERAL INFORMATION (Cont'd)

- (iv) Conditional Shares Sale Agreement dated 17 September 2004 and the supplemental agreement dated 18 October 2005 between Extol MSC of the one part and Justin Tan Seng Kooi, Lee Choon Kee and Alex Tan Seng Keng of the other part for the acquisition of the entire equity interest in Extol Corporation comprising 2,500,000 ordinary shares of RM1.00 each to be satisfied entirely by the issuance of 6,470,000 new ordinary shares of RM1.00 each in Extol MSC.
- (v) Sale and Purchase Agreement dated 5 May 2005 between X-ECT Corporation (M) Sdn Bhd and Extol Corporation wherein Extol Corporation agreed to purchase a shop office distinguished and identified as S6-5, within Level No. 5 of Building No. S6, Subang Business Centre and having a correspondence address at 11-5, Jalan USJ 9/5Q, Subang Business Centre, 47620 UEP Subang Jaya with an area of approximately 160.33 square metres for a purchase consideration of RM330,000.
- (vi) Sale and Purchase Agreement dated 23 November 2005 between RE Solutions (M) Sdn Bhd and Extol Corporation wherein Extol Corporation agreed to purchase a shop office distinguished and identified as S5-5, within Level No. 5 of Building No. S5, Subang Business Centre and having a correspondence address at 9-5, Jalan USJ9/5Q, Subang Business Centre, 47620 UEP Subang Jaya with an area of approximately 160.33 square metres for a purchase consideration of RM338,000.

16.9 MATERIAL AGREEMENTS

Save as disclosed below, as at the Latest Practicable Date, there are no subsisting material agreements which are or may be material which have been entered into by the Group:-

- (i) Purchase order dated 5 May 2004 from Electronics Data Systems IT Services (Malaysia) Sdn Bhd ("EDS") for the purchase of Extol Corporation's products.
- (ii) Distributor Agreement dated 27 June 2004 between VirusBuster Ltd and Extol Corporation for the resale of the products from VirusBuster Ltd by Extol Corporation to end-users through retailers.
- (iii) Purchase order dated 28 June 2004 from EDS for the purchase of Extol Corporation's products.
- (iv) Purchase order dated 27 August 2004 from EDS for the purchase of Extol Corporation's products.
- (v) Purchase order dated 23 September 2004 from Whitex Garments Sdn Bhd for the purchase of EC*TAG version 1.5 Data Collection and Tracking System.
- (vi) Agreement dated 12 November 2004 between Digi Telecommunication Sdn Bhd and Extol Corporation for the full turnkey for the supply, delivery, installation, customisation, integration, testing, commissioning and post implementation support of enterprise and internet service firewalls upgrade.
- (vii) Purchase order dated 19 January 2005 from Digi Telecommunication Sdn Bhd for the supply, delivery, installation, testing, commissioning and post implementation maintenance support of Firewall Gateway – Nokia IP710, for video streaming network enhancement project.
- (viii) Purchase order dated 18 April 2005 from Computer System Advisers (M) Sdn Bhd for the purchase of Extol Corporation's products.

16 GENERAL INFORMATION (Cont'd)**16.10 INSURANCE COVERAGE**

The Group has purchased the following insurance policies:-

(i)	Description of policy Type of cover	:	Fire Material Damage Insurance Policy Building, including plant and machinery of every description, renovation works, paraphernalia business furniture and fixtures, guardhouse, walls, gates, fences, electrical installation, all improvements of all structural nature, underground tanks, service and connections pertaining to the insured buildings including main supply mains, meters, plate glass and all other contents therein												
	The insurer	:	Hong Leong Assurance Berhad												
	The insured	:	Extol Corporations (M) Sdn Bhd												
	Term of Policy	:	1.2.2006 to 30.01.2007												
	Total Sum insured	:	RM42,885,960												
(ii)	Description of policy Type of cover	:	Fire Insurance Policy Stock in trade												
	The insurer	:	Lonpac Insurance Bhd												
	The insured	:	Extol Corporations (M) Sdn Bhd												
	Term of Policy	:	25.03.2005 to 24.03.2006												
	Total Sum insured	:	RM150,000												
(iii)	Description of policy Type of cover	:	Employees Benefit Insurance Policy <table border="0" style="margin-left: 20px;"> <thead> <tr> <th></th> <th style="text-align: center;">Plan 4 (Management)</th> <th style="text-align: center;">Plan 5 (Others)</th> </tr> </thead> <tbody> <tr> <td>Death</td> <td style="text-align: center;">RM40,000</td> <td style="text-align: center;">RM20,000</td> </tr> <tr> <td>Permanent Total Disability</td> <td style="text-align: center;">RM40,000</td> <td style="text-align: center;">RM20,000</td> </tr> <tr> <td>Permanent Partial Disability</td> <td style="text-align: center;">RM40,000</td> <td style="text-align: center;">RM20,000</td> </tr> </tbody> </table>		Plan 4 (Management)	Plan 5 (Others)	Death	RM40,000	RM20,000	Permanent Total Disability	RM40,000	RM20,000	Permanent Partial Disability	RM40,000	RM20,000
	Plan 4 (Management)	Plan 5 (Others)													
Death	RM40,000	RM20,000													
Permanent Total Disability	RM40,000	RM20,000													
Permanent Partial Disability	RM40,000	RM20,000													
	The insurer	:	ING Insurance Berhad												
	The insured	:	Employees of Extol Corporation (M) Sdn Bhd												
	Term of Policy	:	12.12.2005 to 11.12.2006												
	Total Sum insured	:	Overall limit per annum of RM20,000 for Plan 5 and RM40,000 for Plan 4												
(iv)	Description of policy Type of cover	:	Employees Benefit Insurance Policy The followings: (a) In-Hospital Care (b) In Ambulatory Care (c) Extended Benefits												
	The insurer	:	ING Insurance Berhad												
	The insured	:	Employees of Extol Corporation (M) Sdn Bhd												
	Term of Policy	:	12.12.2005 to 11.12.2006												
	Total Sum insured	:	Overall limit per annum of RM10,000 for Plan 80 (other staff) and RM30,000 for Plan 150 (management staff)												

16 GENERAL INFORMATION (Cont'd)

(v)	Description of policy	:	All Risks Policy
	Type of cover	:	The followings:
			(a) on computer hardware & software;
			(b) on furniture & fittings;
			(c) on office equipment;
			(d) on R&D equipment and development tools
	The insurer	:	Lonpac Insurance Bhd
	The insured	:	Extol MSC Berhad
	Term of Policy	:	25.03.2005 to 24.03.2006
	Total Sum insured	:	RM150,000.
(vi)	Description of policy	:	All Risks Policy
	Type of cover	:	The followings:
			(a) on one (1) unit of notebook
			(b) on computer hardware & software
			(c) on furniture & fittings
			(d) on office equipment
	The insurer	:	Lonpac Insurance Bhd
	The insured	:	Extol Corporation (M) Sdn Bhd
	Term of Policy	:	25.03.2005 to 24.03.2006
	Total Sum insured	:	RM260,000.
(vii)	Description of policy	:	Burglary Policy
	Type of cover	:	On stock in trade belonging to the insured consisting of IT items, computers, parts, accessories and the like, the property of the insured or held by them in trust or on commission for which they are responsible.
	The insurer	:	Lonpac Insurance Bhd
	The insured	:	Extol Corporation (M) Sdn Bhd
	Term of Policy	:	25.03.2005 to 24.03.2006
	Total Sum insured	:	RM150,000.

16.11 LETTERS OF CONSENT

- (i) The written consents of the Corporate and Due Diligence Solicitor, Registrar, Adviser, Underwriter and Placement Agent, Principal Bankers, Issuing House, Auditor, Company Secretaries, PIKOM and the Industry Expert to the inclusion in this Prospectus of their names in the manner and form in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (ii) The written consent of the Reporting Accountants to the inclusion of their name, Accountants' Report and their letters relating to the Proforma Consolidated Balance Sheets as at 31 August 2005 in the manner and form in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn.

16 GENERAL INFORMATION (Cont'd)

16.12 RESPONSIBILITY STATEMENTS

- (i) This Prospectus has been seen and approved by the Directors and Promoters of Extol MSC 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 other false or misleading statement or other facts the omission of which would make any statement herein false and misleading.
- (ii) Kenanga, being the Adviser, Underwriter and Placement Agent acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the Public Issue.

16.13 DOCUMENTS AVAILABLE FOR INSPECTION

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

- (i) Memorandum and Articles of Association of Extol MSC;
- (ii) The Directors' Report and Accountants' Report referred to in Sections 12 and 13 respectively of this Prospectus;
- (iii) The material contracts, material agreements and insurance policies referred to in Sections 16.8, 16.9 and 16.10 respectively of this Prospectus;
- (iv) The Reporting Accountants' Letter relating to the Proforma Consolidated Balance Sheets as at 31 August 2005 included in Section 14 of this Prospectus;
- (v) The letters of consent referred to in Section 16.11 of this Prospectus;
- (vi) The audited financial statements of Extol MSC from date of incorporation, 27 February 2004 to 31 December 2004 and the eight (8) months period ended 31 August 2005 and its subsidiary companies, namely Extol Corporation for the five (5) financial years ended 31 December 2004 and eight (8) months period ended 31 August 2005 and Extol Marketing from the date of incorporation, 31 March 2004 to 31 December 2004 and eight (8) months financial period ended 31 August 2005; and
- (vii) The By-laws as referred to in Section 15 of this Prospectus.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE

17.1 OPENING AND CLOSING OF APPLICATIONS

Applications for the Issue Shares will open from 10.00 a.m. on 27 February 2006 and will remain open until 5.00 p.m. on 7 March 2006 or at such later date or dates as the Board and Kenanga at their absolute discretion may jointly decide. Late applications will not be accepted.

In the event the date of the closing of application for the Issue Shares is extended, the public will be notified of such extension by way of advertisements placed in widely circulated English and Bahasa Malaysia newspapers.

17.2 METHODS OF APPLICATION

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

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

17.3 PRIVATE PLACEMENT AND PUBLIC OFFER PROCEDURES

The Public Issue will be made by way of private placement and public offer as shown below:-

	No of Issue Shares
(i) Eligible directors, employees, and business associates of the Group	7,100,000
(ii) General public:	
(a) by way of private placement	18,000,000
(b) by way of public offer	1,000,000
Total	<u>26,100,000</u>

(A) *Eligible Directors, employees and business associates*

Applications for the 7,100,000 Issue Shares made available for application by the eligible Directors, employees and business associates of the Extol MSC Group must be made on the **Pink** Application Forms provided only and NOT by way of other Application Forms or by way of Electronic Share Application.

Upon the closing of the application for the Issue Shares, in the event that any of the 7,100,000 Issue Shares are not taken up by the eligible directors, employees and business associates of Extol MSC Group, such unsubscribed Issue Shares will be made available for application by general public under Section 17.3 (ii) (b) above or be allocated by way of private placement under Section 17.3(ii)(a) above.