

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

azman, wong, salleh & co. (AF: 0012)

akauntan bertauliah
chartered accountants

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17th March 2006

The Board of Directors
Advance Information Marketing Berhad
52, 1st Floor
Jalan SS 21/58
Damansara Utama
47400 Petaling Jaya
Selangor

Dear Sirs/Madam,

ADVANCE INFORMATION MARKETING BERHAD
(Formerly known as Advance Information Marketing Sdn. Bhd.)

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30TH SEPTEMBER 2005

We report on the Proforma Consolidated Balance Sheets for inclusion in the Prospectus to be dated 28th March 2006 which have been prepared for illustrative purposes only, to provide the information on how the audited balance sheet of Advance Information Marketing Berhad (formerly known as Advance Information Marketing Sdn. Bhd.) (hereinafter referred to as "AIM") as at 30th September 2005 would be presented had the following schemes been completed on that date:

- (1) Conversion of 72,000,000 Redeemable Convertible Preference Shares of RM0.01 each into 1,007,478 ordinary shares of RM1.00 each in AIM;
- (2) Bonus issue of 6,131,899 new ordinary shares of RM1.00 each to the existing shareholders of AIM on the basis of approximately 1.05 new ordinary share of RM1.00 each for every 1 existing ordinary share of RM1.00 each held via the capitalisation of RM5,504,522 from AIM's share premium and RM627,377 from AIM's retained profits;
- (3) Subdivision of 12,000,000 ordinary shares of RM1.00 each into 120,000,000 ordinary shares of RM0.10 each; and
- (4) Proposed public issue of 35,000,000 new ordinary shares of RM0.10 each at an indicative issue price of RM0.42 per share.

The above shall collectively be referred to as '**the Schemes**'.

The Schemes have been undertaken pursuant to the proposed listing of and quotation for the entire enlarged issued and fully paid-up share capital of AIM comprising 155,000,000 ordinary shares of RM0.10 each on the MESDAQ Market of the Bursa Malaysia Securities Berhad.

14. PROFORMA CONSOLIDATED BALANCE SHEETS OF AIM AS AT 30 SEPTEMBER 2005, TOGETHER WITH THE BASES AND ASSUMPTIONS AND THE REPORTING ACCOUNTANTS' LETTER (Cont'd)

The Proforma Consolidated Balance Sheets are presented assuming that the options to be granted under the proposed Employee Share Option Scheme ("ESOS") shall be fully exercised into 7,750,000 new ordinary shares of RM0.10 each at an indicative exercise price of RM0.42 per share upon completion of **the Schemes** and the proposed listing of AIM on the MESDAQ Market.

The Directors of AIM are solely responsible for the preparation of the Proforma Consolidated Balance Sheets in accordance with the requirements of the Securities Commission Guidelines in respect of public offerings. It is our responsibility to form an opinion, as required by the SC Guidelines, and to report on our opinion. Our work consisted primarily of comparing the unadjusted financial information presented in their original form, considering the adjustments and discussing the Proforma Consolidated Balance Sheets with responsible officers of AIM. Our work involved no independent examination of any of the underlying financial information other than the audited financial statements of AIM Group for the financial period from 1st January 2005 to 30th September 2005 on which we had reported to the members of AIM on 18th January 2006.

In our opinion,

- (a) the Proforma Consolidated Balance Sheets have been properly compiled on the bases stated; and
- (b) such bases are consistent with the accounting policies adopted by AIM and the adjustments as set out in the Prospectus are appropriate for the purposes of the Proforma Consolidated Balance Sheets pursuant to the SC Guidelines within the context of the assumed date of **the Schemes** and the proposed ESOS.

This letter has been prepared solely for the purposes stated above in connection with **the Schemes** and the proposed ESOS. This letter is not to be reproduced, referred to in any other document, or used for any other purpose without our prior written consent.

Yours faithfully,



AZMAN, WONG, SALLEH & CO.
AF: 0012
Chartered Accountants



SIVADASAN A/L NARAYANAN NAIR
1420/12/07 (J)
Partner of the Firm

Kuala Lumpur,
Date: 17th March 2006

14. PROFORMA CONSOLIDATED BALANCE SHEETS OF AIM AS AT 30 SEPTEMBER 2005, TOGETHER WITH THE BASES AND ASSUMPTIONS AND THE REPORTING ACCOUNTANTS' LETTER (Cont'd)

Advance Information Marketing Berhad
(Formerly known as Advance Information Marketing Sdn. Bhd.)
(Company No. 644769-D)

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30TH SEPTEMBER 2005

The Proforma Consolidated Balance Sheets set out below are provided for illustrative purposes only, to show the effects on the audited consolidated balance sheet of Advance Information Marketing Berhad as at 30th September 2005 assuming that *the Schemes* had been completed and the options to be granted under *the Proposed ESOS* had been fully exercised on that date.

	<i>Audited</i>	<i>Proforma I</i>	<i>Proforma II</i>
	<i>As at</i>	<i>After the</i>	<i>After</i>
	<i>30.9.2005</i>	<i>Conversion</i>	<i>Proforma I</i>
	<i>RM</i>	<i>of RCPS</i>	<i>and the</i>
		<i>RM</i>	<i>Bonus Issue</i>
			<i>RM</i>
PROPERTY, PLANT AND EQUIPMENT	5,310,606	5,310,606	5,310,606
RESEARCH AND DEVELOPMENT EXPENDITURE	1,164,805	1,164,805	1,164,805
CURRENT ASSETS			
Inventories	1,742,794	1,742,794	1,742,794
Trade receivables	6,211,845	6,211,845	6,211,845
Other receivables, deposits and prepayments	1,126,846	1,126,846	1,126,846
Amount due from related parties	3,326,837	3,326,837	3,326,837
Short term deposits	8,523,250	8,523,250	8,523,250
Cash and bank balances	3,181,550	2,493,550	2,493,550
	24,113,122	23,425,122	23,425,122
LESS: CURRENT LIABILITIES			
Trade payables	5,819,714	5,819,714	5,819,714
Other payables and accruals	567,515	567,515	567,515
Hire purchase payable	28,839	28,839	28,839
Term loan	67,773	67,773	67,773
Amount due to related parties	1,820,163	1,820,163	1,820,163
Tax payable	311,527	311,527	311,527
	8,615,531	8,615,531	8,615,531
NET CURRENT ASSETS	15,497,591	14,809,591	14,809,591
	21,973,002	21,285,002	21,285,002
FINANCED BY:			
SHARE CAPITAL	5,580,623	5,868,101	12,000,000
SHARE PREMIUM	6,480,000	5,504,522	-
RESERVES	7,203,452	7,203,452	6,576,075
SHAREHOLDERS' EQUITY	19,264,075	18,576,075	18,576,075
MINORITY INTEREST	16,006	16,006	16,006
NON-CURRENT LIABILITIES			
Hire purchase payable	67,173	67,173	67,173
Term loan	1,295,984	1,295,984	1,295,984
Amount due to a related party	1,250,003	1,250,003	1,250,003
Deferred tax	79,761	79,761	79,761
	21,973,002	21,285,002	21,285,002
No. of ordinary shares of RM1.00 each	4,860,623	5,868,101	12,000,000
Net Tangible Assets ("NTA") per ordinary share (RM)	3.724	2.967	1.451

14. PROFORMA CONSOLIDATED BALANCE SHEETS OF AIM AS AT 30 SEPTEMBER 2005, TOGETHER WITH THE BASES AND ASSUMPTIONS AND THE REPORTING ACCOUNTANTS' LETTER (Cont'd)

Advance Information Marketing Berhad
(Formerly known as Advance Information Marketing Sdn. Bhd.)
(Company No. 644769-D)

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30TH SEPTEMBER 2005

The Proforma Consolidated Balance Sheets set out below are provided for illustrative purposes only, to show the effects on the audited consolidated balance sheet of Advance Information Marketing Berhad as at 30th September 2005 assuming that *the Schemes* had been completed and the options to be granted under *the Proposed ESOS* had been fully exercised on that date.

	<i>Proforma III</i>	<i>Proforma IV</i>	<i>Proforma V</i>
	<i>After Proforma II and the Subdivision of Shares</i>	<i>After Proforma III, the Proposed Public Issue and Utilisation of Proceeds</i>	<i>After Proforma IV and the Assumed Full Exercise of the ESOS Options</i>
	RM	RM	RM
PROPERTY, PLANT AND EQUIPMENT	5,310,606	8,310,606	8,310,606
RESEARCH AND DEVELOPMENT EXPENDITURE	1,164,805	5,964,805	5,964,805
CURRENT ASSETS			
Inventories	1,742,794	1,742,794	1,742,794
Trade receivables	6,211,845	6,211,845	6,211,845
Other receivables, deposits and prepayments	1,126,846	609,674	609,674
Amount due from related parties	3,326,837	3,326,837	3,326,837
Short term deposits	8,523,250	8,523,250	8,523,250
Cash and bank balances	2,493,550	8,210,722	11,465,722
	23,425,122	28,625,122	31,880,122
LESS: CURRENT LIABILITIES			
Trade payables	5,819,714	5,819,714	5,819,714
Other payables and accruals	567,515	567,515	567,515
Hire purchase payable	28,839	28,839	28,839
Term loan	67,773	67,773	67,773
Amount due to related parties	1,820,163	1,820,163	1,820,163
Tax payable	311,527	311,527	311,527
	8,615,531	8,615,531	8,615,531
NET CURRENT ASSETS	14,809,591	20,009,591	23,264,591
	21,285,002	34,285,002	37,540,002
FINANCED BY:			
SHARE CAPITAL	12,000,000	15,500,000	16,275,000
SHARE PREMIUM	-	9,500,000	11,980,000
RESERVES	6,576,075	6,576,075	6,576,075
SHAREHOLDERS' EQUITY	18,576,075	31,576,075	34,831,075
MINORITY INTEREST	16,006	16,006	16,006
NON-CURRENT LIABILITIES			
Hire purchase payable	67,173	67,173	67,173
Term loan	1,295,984	1,295,984	1,295,984
Amount due to a related party	1,250,003	1,250,003	1,250,003
Deferred tax	79,761	79,761	79,761
	21,285,002	34,285,002	37,540,002
No. of ordinary shares of RM0.10 each	120,000,000	155,000,000	162,750,000
Net Tangible Assets ("NTA") per ordinary share (RM)	0.145	0.165	0.177

14. PROFORMA CONSOLIDATED BALANCE SHEETS OF AIM AS AT 30 SEPTEMBER 2005, TOGETHER WITH THE BASES AND ASSUMPTIONS AND THE REPORTING ACCOUNTANTS' LETTER (Cont'd)

Advance Information Marketing Berhad
(Formerly known as Advance Information Marketing Sdn. Bhd.)
(Company No. 644769-D)

NOTES TO PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30TH SEPTEMBER 2005

1. BASIS OF PREPARATION

- 1.1 The Proforma Consolidated Balance Sheets are provided for illustrative purposes only, to show how the audited consolidated balance sheet of Advance Information Marketing Berhad ("AIM") as at 30th September 2005 would be presented had **the Schemes** as described in Notes 2.1 to 2.4 been completed and the options under the proposed ESOS as stated in Note 2.5 been fully exercised on that date.
- 1.2 The Proforma Consolidated Balance Sheets have been prepared on bases and accounting principles consistent with those adopted in the preparation of audited financial statements by AIM and its subsidiaries. These bases and accounting principles are disclosed in the audited financial statements of AIM Group for the financial period ended 30th September 2005 which had been reported upon without any qualification.

2. PROFORMA

2.1 Proforma I

Proforma I presents the consolidated balance sheet of AIM after the **Conversion of the Redeemable Convertible Preference Shares ("RCPS")** are completed as follows:

- (i) On 3rd February 2005, AIM entered into a Subscription Agreement with OSK Technology Ventures Sdn. Bhd. ("OSKTV") allowing OSKTV to subscribe for 50,000,000 new RCPS class B of RM0.01 each in AIM for a consideration of RM5,000,000. The said RCPS were issued on 16th March 2005 and had been converted into 772,754 ordinary shares of RM1.00 each in AIM on 20th February 2006 by OSKTV in accordance with the terms of the agreement.
- (ii) On 10th March 2005, AIM entered into a Subscription Agreement with Desiran Mawar Sdn. Bhd. ("DMSB") allowing DMSB to subscribe for 22,000,000 new RCPS class A of RM0.01 each in AIM for a consideration of RM2,200,000 subject to the terms of the agreement. The said RCPS were issued on 16th March 2005.

On 18th February 2006, AIM entered into a Supplemental Agreement with DMSB whereby DMSB is entitled to a refund of the consideration paid in excess of the fair value of the said RCPS as at that date. The excess estimated at RM688,000 had been refunded to DMSB on 10th March 2006 in accordance with the terms of the Supplemental Agreement. The said RCPS had been converted into 234,724 ordinary shares of RM1.00 each in AIM on 20th February 2006 by DMSB in accordance with the terms of the agreements.

2.2 Proforma II

Proforma II is presented after incorporating the effects of Proforma I and the **Bonus Issue** of 6,131,899 new ordinary shares of RM1.00 each in AIM to the existing shareholders of AIM on the basis of approximately 1.05 new ordinary share for every 1 existing ordinary share held via the capitalisation of RM5,504,522 from AIM's share premium account and the remaining RM627,377 from AIM's retained profits as at 30th September 2005.

The **Bonus Issue** had been completed on 21st February 2006.

14. PROFORMA CONSOLIDATED BALANCE SHEETS OF AIM AS AT 30 SEPTEMBER 2005, TOGETHER WITH THE BASES AND ASSUMPTIONS AND THE REPORTING ACCOUNTANTS' LETTER (Cont'd)

Advance Information Marketing Berhad
(Formerly known as Advance Information Marketing Sdn. Bhd.)
(Company No. 644769-D)

NOTES TO PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30TH SEPTEMBER 2005

2. PROFORMA

2.3 Proforma III

Proforma III incorporates the effects of Proforma II and the **Subdivision of Shares**. On completion of the said subdivision of 12,000,000 ordinary shares of RM1.00 each on 22nd February 2006, AIM's issued and paid-up share capital comprised 120,000,000 ordinary shares of RM0.10 each.

2.4 Proforma IV

Proforma IV is presented to show the effects of the **Proposed Public Issue** of 35,000,000 new ordinary shares of RM0.10 each at an indicative issue price of RM0.42 per share after completion of Proforma III. The gross proceeds from the **Proposed Public Issue** amounting to RM14,700,000 is expected to be utilised as follows:

	RM
Research and development expenditure	4,800,000
Purchase of equipment	3,000,000
Expansion of core and related businesses	3,900,000
Working capital	1,300,000
Estimated listing expenses	1,700,000
	14,700,000

2.5 Proforma V

Proforma V is provided to illustrate how the consolidated balance sheet of AIM would be presented assuming that the options granted under the **Proposed ESOS** had been fully exercised after completion of the **Proposed Public Issue**.

The said options shall assumed to be fully exercised into 7,750,000 new ordinary shares of RM0.10 each at an indicative exercise price of RM0.42 per share upon completion of the transactions described under Proforma I to IV and the proposed listing of AIM on the MESDAQ Market of the Bursa Malaysia Securities Berhad. The gross proceeds from the assumed issue of 7,750,000 new ordinary shares amounting to RM3,255,000 is expected to be utilised for working capital purposes.

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14. PROFORMA CONSOLIDATED BALANCE SHEETS OF AIM AS AT 30 SEPTEMBER 2005, TOGETHER WITH THE BASES AND ASSUMPTIONS AND THE REPORTING ACCOUNTANTS' LETTER (Cont'd)

Advance Information Marketing Berhad
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NOTES TO PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30TH SEPTEMBER 2005

3. SHARE CAPITAL

The movement on the issued and fully paid-up share capital account shall be as follows:

	No. of RCPS	No. of ordinary shares	Par value RM	Amount RM
RCPS B	50,000,000		0.01	500,000
RCPS A	22,000,000		0.01	220,000
Ordinary shares		4,860,623	1.00	4,860,623
Audited as at 30.9.2005	72,000,000	4,860,623		5,580,623
<i>Conversion of RCPS B</i>	<i>(50,000,000)</i>		0.01	<i>(500,000)</i>
<i>Conversion of RCPS A</i>	<i>(22,000,000)</i>		0.01	<i>(220,000)</i>
Share issue on conversion of:				
RCPS B		772,754	1.00	772,754
RCPS A		234,724	1.00	234,724
As per Proforma I	-	5,868,101		5,868,101
Bonus Issue via:				
Capitalisation of share premium		5,504,522	1.00	5,504,522
Capitalisation of retained profits		627,377	1.00	627,377
As per Proforma II	-	12,000,000		12,000,000
Subdivision of shares		120,000,000	0.10	12,000,000
As per Proforma III		120,000,000		12,000,000
Proposed Public Issue		35,000,000	0.10	3,500,000
As per Proforma IV		155,000,000		15,500,000
Proposed share issue assuming the options under the Proposed ESOS are fully exercised		7,750,000	0.10	775,000
As per Proforma V		162,750,000		16,275,000

14. PROFORMA CONSOLIDATED BALANCE SHEETS OF AIM AS AT 30 SEPTEMBER 2005, TOGETHER WITH THE BASES AND ASSUMPTIONS AND THE REPORTING ACCOUNTANTS' LETTER (Cont'd)

Advance Information Marketing Berhad
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(Company No. 644769-D)

NOTES TO PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30TH SEPTEMBER 2005

4. SHARE PREMIUM

The movement on the share premium account shall be as follows:

	No. of RCPS	No. of ordinary shares	Par value RM	Amount RM
RCPS B issued at RM0.10 each	50,000,000		0.01	4,500,000
RCPS A issued at RM0.10 each	22,000,000		0.01	1,980,000
Audited as at 30.9.2005	72,000,000	-		6,480,000
Refund of proceeds arising from revaluation of RCPS A issue price (Section 2.2 of Accountants' Report)				(688,000)
Conversion of RCPS B	(50,000,000)		0.01	500,000
Conversion of RCPS A	(22,000,000)		0.01	220,000
Share issue on conversion of: RCPS B (Note 3)				(772,754)
RCPS A (Note 3)				(234,724)
As per Proforma I	-	-		5,504,522
Amount capitalised for Bonus Issue (Note 3)				(5,504,522)
As per Proforma II and III	-	-		-
Proposed Public Issue at RM0.42 each		35,000,000	0.10	11,200,000
Prepayment of listing expenses (Note 9.8 in Section 9 of Accountants' Report)				(517,172)
Estimated listing expenses to be paid				(1,182,828)
As per Proforma IV		35,000,000		9,500,000
Proposed share issue at RM0.42 each assuming the options under the Proposed ESOS are fully exercised		7,750,000	0.10	2,480,000
As per Proforma V		42,750,000		11,980,000

14. PROFORMA CONSOLIDATED BALANCE SHEETS OF AIM AS AT 30 SEPTEMBER 2005, TOGETHER WITH THE BASES AND ASSUMPTIONS AND THE REPORTING ACCOUNTANTS' LETTER (Cont'd)

Advance Information Marketing Berhad
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(Company No. 644769-D)

NOTES TO PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30TH SEPTEMBER 2005

5. RESERVES

The details on the reserves are set out below:

	Retained Profits RM	Exchange Fluctuation Reserve RM	Total RM
Audited as at 30.9.2005 / As per Proforma I	7,222,083	(18,631)	7,203,452
Amount capitalised for Bonus Issue (Note 3)	(627,377)	-	(627,377)
As per Proforma II, III, IV and V	6,594,706	(18,631)	6,576,075

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15. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT

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The Board of Directors
 Advance Information Marketing Berhad
 52, 1st Floor,
 Jalan SS21/58,
 Damansara Utama,
 47400 Petaling Jaya,
 Selangor, Malaysia.

7 March, 2006

Dear Sirs:

**Executive Summary of the Independent Market Research Report on the
 Strategic Analysis of the BPO Opportunity in Loyalty Management Services Market in
 Malaysia**

The purpose of the Summary Independent Market Report prepared by Frost & Sullivan (M) Sdn Bhd is for inclusion in the Prospectus of Advance Information Marketing Berhad ("AIM") in relation to the proposed listing of and quotation for the entire issued and paid-up share capital of AIM on the MESDAQ Board Market of the Bursa Malaysia Securities Berhad.

Malaysia – An ASEAN Economic Powerhouse

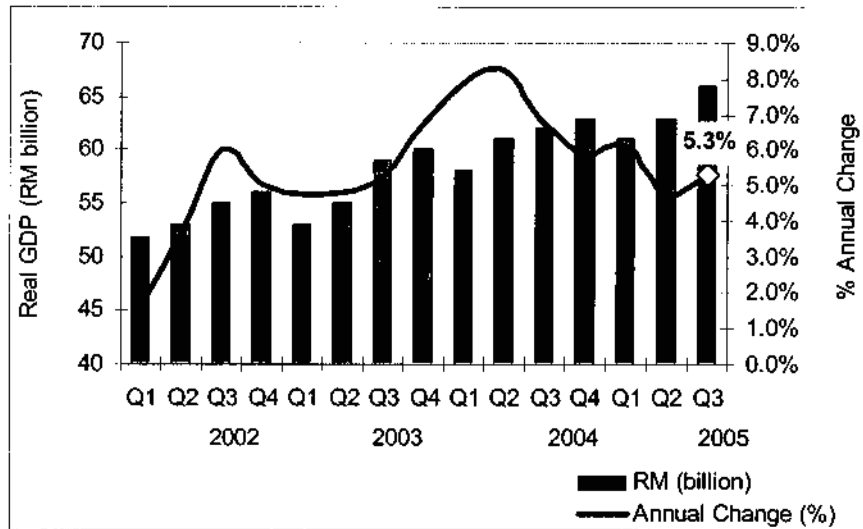
The Malaysian economy strengthened in the third quarter of 2005, expanding by 5.3 per cent. Private sector activity continued to provide the main impetus to growth. Domestic demand strengthened, expanding at an annual rate of 9.4 per cent, due mainly to stronger private consumption and investment activities. Private consumption expenditure remained a significant source of growth, expanding by 10.4 per cent. Stable labour market conditions, competitive credit environment and high commodity prices continued to support consumer spending. Major consumption indicators, particularly credit card spending and consumption credit extended, pointed to sustained consumer spending. The number of new passenger cars sold also remained high.

Bangalore	Bangkok	Beijing	Buenos Aires	Cape Town	Chennai	Delhi	Dubai	Frankfurt
Kuala Lumpur	London	Mexico City	Mumbai	New York	Oxford	Palo Alto	Paris	San Antonio
	Sao Paulo	Seoul	Shanghai	Singapore	Sydney	Tokyo	Toronto	

15. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

F R O S T & S U L L I V A N

Gross fixed capital formation strengthened to increase by 9.6 per cent. Private sector investments remained strong due to capacity expansion, upgrading, as well as new investments in downstream activities across most sectors of the economy. While Government consumption expenditure increased, Government development expenditure was lower and continued to be focused on the provision of essential services.

Chart 1: Real GDP Growth for Malaysia for 3Q 2005

Source: Bank Negara Malaysia, 2005

Reflecting the sustained private consumption spending, imports of consumption goods rose further by 5.3 per cent. Strong growth in consumer spending is expected to bode well for the loyalty industry. Favourable external environment is therefore expected to support the expansion in domestic demand. Given these developments, the growth momentum in the Malaysian economy is expected to continue into the fourth quarter, supported by both strong external demand and sustained expansion in domestic demand, led by private sector activity. The electronics sector is expected to ride on the current recovery in the global semiconductor industry.

The rising spending power coupled with increasing education levels has had a deep impact on the lifestyle of the average Malaysian. The global advertising campaigns and media frenzy for international product ranges also affects the consumer behaviour.

There are a number of verticals other than manufacturing which are currently experiencing growth. Some of these include banking and finance, telecommunications, automotive and FMCG. As household and individual spending capacity increases, the options from which a consumer can choose also increase, thereby resulting in greater competition in the market. All verticals in Malaysia are experiencing this competition, not just for revenues but also for customers. A direct consequence of this has been the exponential increase in customer acquisition costs. These ever-burgeoning costs have forced companies to retain their customers and have them switch or upgrade from within their range of products rather than looking for deals from their competitors. This logic has

15. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

F R O S T & S U L L I V A N

firmly moved focus to managing customer relationships in order to ensure their “loyalty” to one brand.

Why Loyalty?

Organizations functioning in the current market scenario of cutting edge competition are striving hard to build lasting relationships with their suppliers, partners and most importantly the customers. They realize that one of the important ways of creating competitive advantage is not only to attract more customers but increase customer retention. Analysis of market data focusing on buying patterns of customers has revealed that the costs incurred by an organization while serving a returning customer are much lower than those incurred with first timers. This has given ample thrust to the idea of developing and managing a continuous relationship between the customers and the organization.

Companies hence enhance their profitability by identifying and retaining customers in accordance to the Pareto Law, which implies – “80 per cent of the business comes from 20 per cent of the customers”. Substantial efforts are made to focus on this 20 per cent, for whom the total Ringgit spent value is more.

Customers today are not only looking for quality in the products that they buy, but also for ones that have the potential to create more value for them. This has forced companies to focus on the customers throughout the value chain. The rising popularity of relationship management solutions over the last decade is a testament to this fact.

Advances in information technology have made these management systems an essential tool for every company looking to devise new go-to-market strategies. One of the more prominent strategies is to establish customer loyalty programs to ensure future sales. An information management system can help not only in understanding and anticipating the needs of both the current and potential customers but also in assessing the critical points of the business process cycle. The value chain that forms the basis of customer relationship solutions includes processes such as business development, loyalty management, vendor relationship management, procurement and logistics etc.

Loyalty management forms an integral part of the process of building relationships between organizations and their end users. It is fast emerging as a core marketing activity for companies looking to attract and retain customers. This practice of developing and maintaining relationships is perceived to have large potential to improve competitiveness and productivity through targeted and effective marketing strategies.

Loyalty in Malaysia – A Snapshot

The number of Malaysians signing up for loyalty reward programs have been increasing at an exponential rate when compared with the increase in the number of companies joining the loyalty bandwagon. This trend is indicative of the growing demand for loyalty programs in the country. As a

15. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)F R O S T  S U L L I V A N

result, more and more organizations are implementing loyalty programs, be it private label or coalition programs. Having loyalty rewards is not a new concept for Malaysian companies but outsourcing the management of such programs is.

Currently 63.56 per cent of all loyalty programs in Malaysia are for private labels; i.e. for individual companies. This trend is expected to rapidly change with more number of companies starting to opt for coalition or multi-party loyalty programs. Coalition loyalty has many inherent cost advantages especially for smaller companies and manufacturers.

There are various companies offering services such as reward marketing, application development, procurement and logistics in order to manage loyalty programs in Malaysia. However, only a couple of them have end to end solutions to take care of the entire value chain. These are Advance Information Marketing (AIM) and Edasu Hiromori Sdn Bhd.

Malaysian Loyalty Market – A Numerical Perspective

Spending on loyalty forms a significant portion of the total advertising and promotion (A&P) money being spent in Malaysia. Money spent on loyalty rewards programs accounted for 19 per cent of the total A&P expenditure in 2005. The Malaysian loyalty program market in 2005 was valued at RM2.05 billion. It is expected to grow at a compound annual growth rate (CAGR) of 9.78 per cent to hit RM3.53 billion by 2010.

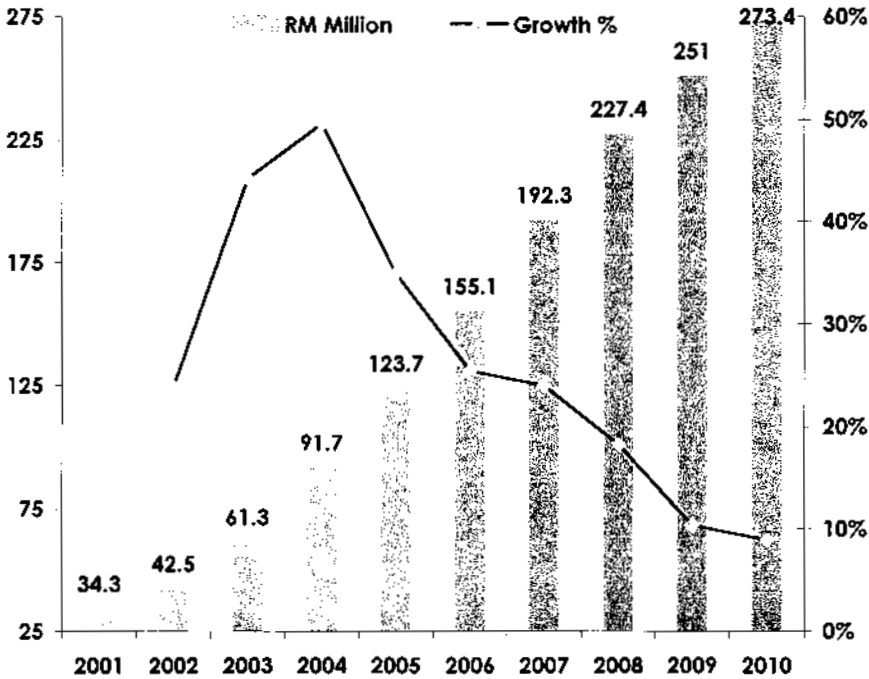
With an increasing number of companies deciding to focus on their core competencies, the managed loyalty services market has been growing at a phenomenal pace. This trend of outsourcing loyalty programs is true across all verticals, with many companies willing to spend in order to get efficient customer information management and quality of service for their consumers. The market for managed loyalty in 2005 was considerably small compared to the overall loyalty market (6.04 per cent of overall loyalty) and is reflective of the scope for tremendous growth. Managed loyalty is expected to take off in a big way in Malaysia with more than 60 per cent of all loyalty programs over the next five years being outsourced to a certain degree.

15. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



Chart 2 shows the growth of managed loyalty management services expenditure in the Malaysian market from 2001 to 2010.

Chart 2: Growth in Managed Loyalty Expenditure in Malaysia, 2001-2010



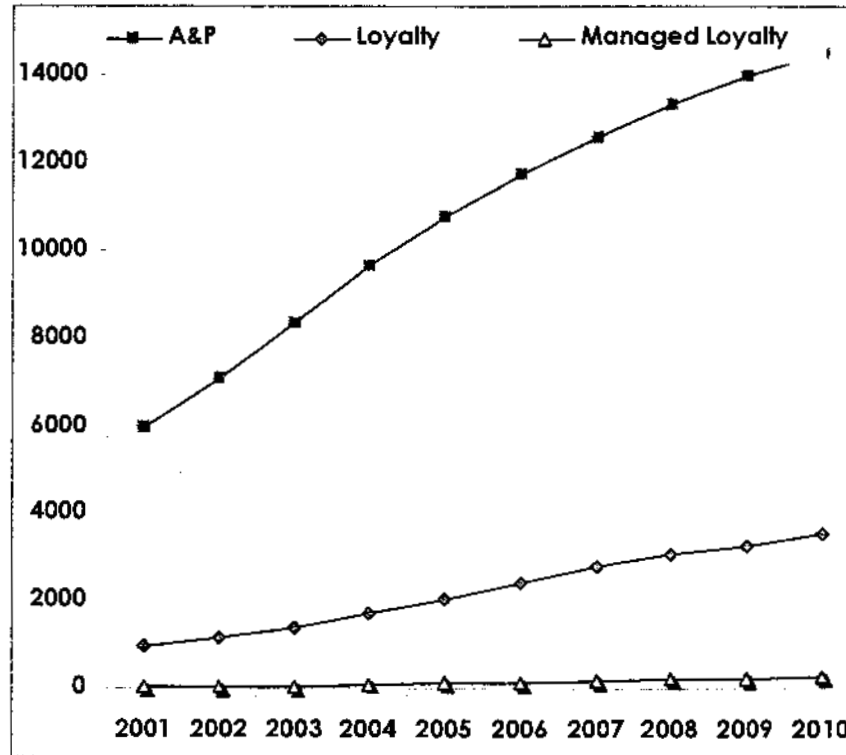
Source: Frost & Sullivan 2005

15. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

F R O S T & S U L L I V A N

Changes in advertising and promotion expenditure have a direct bearing on the money being spent on loyalty programs. This relationship is displayed in chart 3.

Chart 3: Malaysian spending on Advertising & Promotion (A&P) Vs Loyalty Programs, 2001-2010 (Million)



A&P: Advertising and Promotion

Source: Frost & Sullivan 2005

Managing Loyalty

Loyalty programs are well known for creating a pool of regular customers and maximizing their expenditure. To maintain such a system however, the organization has to reorganize its business policies and become completely customer centric. Resources need to be allocated such that every point of contact with the customer is effectively managed. This is why many organizations will end up outsourcing the management of their loyalty programs.

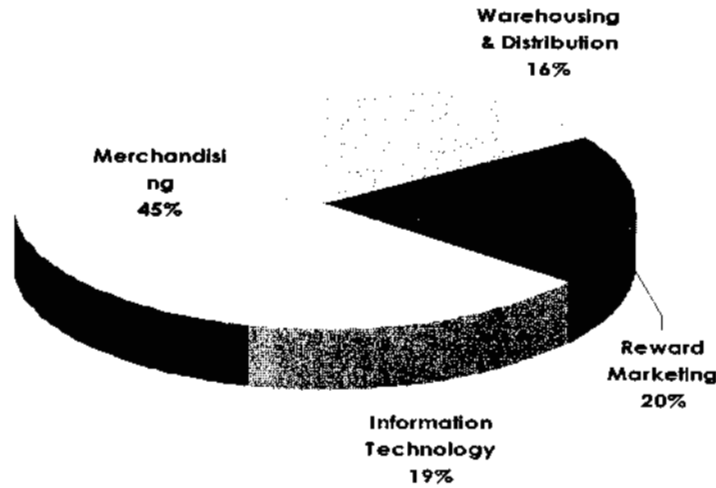
The companies providing such management services will allow organizations with loyalty programs to streamline their resources and focus completely on their core business. These services range from IT and logistics to consulting and publishing. Currently there are over 170 companies operating in Malaysia, delivering at least one component of the loyalty management value chain.

15. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

F R O S T & S U L L I V A N

Chart 4 shows the different components of managed loyalty expenditure in Malaysia for 2005.

Chart 4: Constituents of expenditure on managing Loyalty Programs in Malaysia, 2005



Source: Frost & Sullivan 2005

Loyalty by Vertical

In Malaysia's current market scenario, more and more organizations are putting loyalty programs into effect, as they become aware of their extensive benefits. Retail outlets, banks, airlines etc. are spearheading the loyalty program initiatives. There are five large coalition loyalty programs in Malaysia, each with a wide range of participating merchants maintaining the loyalty of an even larger consumer base. These are BonusLink, Real Rewards, RewardStreet.com.my, Club2020.com and Yes2NS. One of the more popular private label programs includes Enrich from Malaysian Airlines.

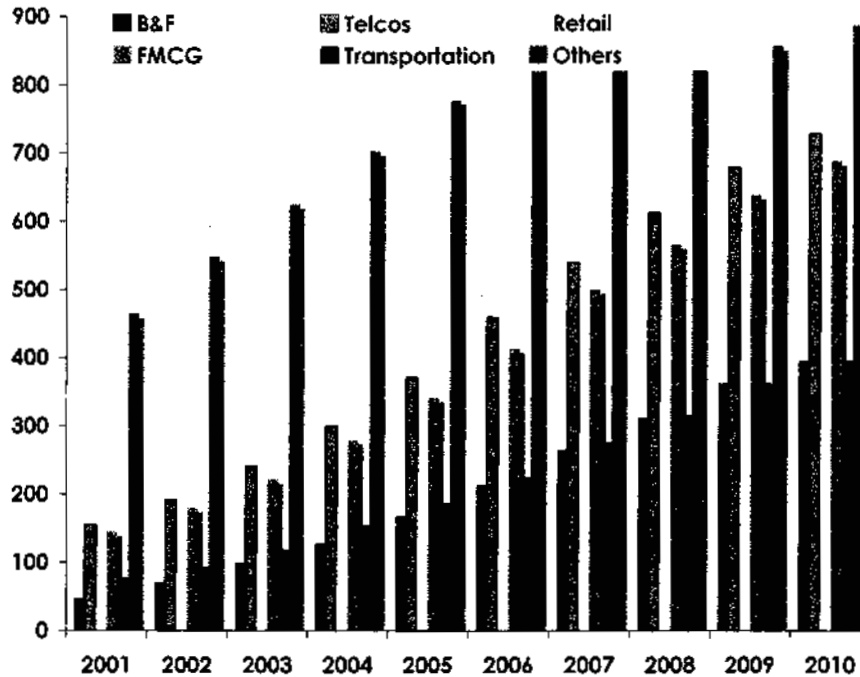
Any organization offering products or services needs to maximize its value to every customer. A loyalty programme is like a strategic tool employed by many organizations in order to influence the spending patterns of their customers through a variety of reward schemes. This way, the organizations manage to retain the loyalty of their customers. This is why loyalty programmes are prevalent throughout many vertical industries in Malaysia and are continuously growing in number.

15. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

F R O S T & S U L L I V A N

Chart 5 represents the spending on loyalty programmes across all major verticals in Malaysia.

Chart 5: Loyalty program expenditure across all verticals in Malaysia, 2001-2010 (Million)



Source: Frost & Sullivan 2005

Prospects & Conclusion

The loyalty program market in Malaysia is expected to register a compound annual growth rate (CAGR) of 9.78 per cent in revenue terms between 2006 and 2010 based on the various assumptions as highlighted above. The expenditure is expected to increase from around RM2.05 billion in 2005 to around RM3.53 billion in 2010. The managed loyalty services market is expected to see a much higher CAGR of 15.22 per cent in the same period to reach a level of RM273.4 million.

The managed loyalty services market has the potential to witness fast-paced growth in the next few years, as it currently accounts for just a small portion of the overall loyalty market. The trend of companies focusing on core competencies indicates an inclination towards outsourcing their loyalty needs. Managed loyalty is expected to take off in a big way in Malaysia with more than 60 per cent of all loyalty programs over the next five years being outsourced to a certain degree.

The loyalty management systems as they stand today not only support customer retention strategies but act as powerful tools for information management as well. The increasing demand for better customer service has firmly put focus on streamlining the information flow pertaining to customer

15. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

F R O S T  S U L L I V A N

interactions. This highlights the important role that loyalty management service providers play in creating new business opportunities.

Frost & Sullivan has prepared this report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this report presents a true and fair view of the industry within the limitations of among others, secondary statistics and primary research. Our research has been conducted with an “overall industry” perspective and may not necessarily reflect the performance of individual companies in this industry. We are not responsible for the decisions and / or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies.

Yours Sincerely,



Seow Cheow Seng

Frost & Sullivan (M) Sdn. Bhd.

16. **EXPERT'S REPORT PERTAINING TO POLICIES ON FOREIGN INVESTMENTS AND REPATRIATION OF PROFITS**

alliancēLLC

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CO REG NO 200102001E
INCORPORATED WITH LIMITED LIABILITY

OUR REF + LC10309/05SG

YOUR REF +

WRITER'S DID . 65 6220 9007

WRITER'S EMAIL + stanley.gan@alliancelawcorp.com

7 March 2006

The Board of Directors
Advance Information Marketing Berhad
52, 1st Floor
Jalan SS21/58
Damansara Utama
47400 Petaling Jaya
Selangor

Dear Sirs

**BOUNTY TRADING PTE LTD (REGISTRATION NUMBER 200207440H) (Bounty)
FOREIGN INVESTMENT, REPATRIATION OF PROFITS, EXCHANGE CONTROLS AND
TAXATION UNDER THE LAWS OF SINGAPORE**

We have been requested by Advance Information Marketing Berhad (AIM) to provide it with this opinion for inclusion in its prospectus in relation to its proposed listing on the MESDAQ market of Bursa Malaysia Securities Berhad.

We have been advised that Bounty is a company incorporated in Singapore and that Bounty is wholly owned by AIM which is a company incorporated in Malaysia. As such, we have been requested to give our opinion on the current position under the laws of Singapore regarding:

1. foreign investments;
2. repatriation of profits;
3. exchange controls; and
4. taxation;

to the extent it is expressly set-out below. Our opinion is subject to the qualifications which are also set-out below.

Opinion

1. Foreign Investments

A company incorporated in Singapore may be wholly owned by a foreign company or individual. Thus Bounty may be wholly owned by AIM.



16. EXPERT'S REPORT PERTAINING TO POLICIES ON FOREIGN INVESTMENTS AND REPATRIATION OF PROFITS (Cont'd)

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2. Repatriation of Profits

There are no restrictions on the repatriation of profits, whether in the form of dividends, distributions or interest, by a company incorporated in Singapore to its shareholder or holding company incorporated outside Singapore. However, Singapore taxes may be imposed in certain circumstances. Dividends may only be paid out of after-tax profits.

3. Exchange Controls

There are no exchange control laws in Singapore. Thus there are no restrictions on inbound or outbound remittances in any currency.

4. Taxation

A company, whether incorporated in or outside Singapore and whether or not resident in Singapore for tax purposes, will be taxed on any income accruing in or derived from Singapore or, subject to certain exceptions, received in Singapore from outside Singapore.

The corporate tax rate is 20% for the year of assessment 2006, with certain exemptions for the first S\$100,000 of chargeable income.

With effect from 1 January 2003, the tax paid by a Singapore resident company on its normal chargeable income is final and all dividends paid are exempt from tax in the hands of its shareholders (one-tier system).

A company is resident in Singapore if the control and management of its business is exercised in Singapore.

Prior to 1 January 2003, dividends paid are not exempt from tax but tax assessed on a Singapore resident company in respect of its normal chargeable income are passed on as tax credit to its shareholders upon distribution of dividend (imputation system).

Only companies on the one-tier corporate tax system can issue one-tier exempt dividends. A company will automatically be moved to the one-tier system if it is:

- i. a new company incorporated on or after 1 January 2003; or
- ii. a resident company with no Section 44 (Income Tax Act) balances as at 31 December 2002, with effect from 1 April 2003.

Alternatively, a company may choose to move to the one-tier corporate tax system even though it has unutilised Section 44 balances as at 31 December 2002 during a five-year transitional period (1 January 2003 to 31 December 2007). In that case, the company would not be able to utilise the company's section 44 balances as at 31 December 2002 from the date it exercises the option.

From 1 January 2008, all companies in Singapore remaining on the imputation system would move to the one-tier system and the imputation system will cease to exist.

There is no withholding tax on dividends.

Qualifications

The opinions expressed in this letter are subject to the following qualifications.

- (a) We are lawyers qualified to practise law in Singapore. Our advice only covers matters considered from a legal perspective and is not intended to cover any matters to be considered from a tax, financial, commercial, accounting or other perspective.

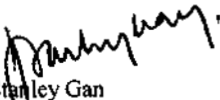


16. EXPERT'S REPORT PERTAINING TO POLICIES ON FOREIGN INVESTMENTS AND REPATRIATION OF PROFITS (Cont'd)

allianceLLC

- (b) This opinion is based upon and limited to the laws of Singapore in force and as applied by the courts of Singapore at the date of this opinion and is given on the basis that it will be governed by and construed in accordance with the laws of Singapore as at the date of this opinion.
- (c) We neither express nor imply any opinion as to laws other than the laws of Singapore as in force on the date of this opinion nor any opinion as to the requirements of or in any jurisdiction other than Singapore.
- (d) We make no representation regarding the scope or sufficiency of our opinion for your intended purpose.
- (e) This opinion is limited to the matters expressly stated in it and the absence of any statement or mention of a matter does not imply any opinion by us on such matter. We express no view with respect to any other matter not expressly stated in this opinion.
- (f) We do not express or imply any opinion as to matters of fact and, for the purposes of this opinion, we have not reviewed any documents nor the facts of any specific circumstances.
- (g) We are under no obligation to advise you on any matters that may occur after the date of this opinion which may render the views expressed in this opinion no longer applicable or accurate.
- (h) The opinions expressed are addressed to you solely for your own benefit and prepared solely for the purpose of inclusion in the prospectus in relation to AIM's proposed listing on the MESDAQ market of Bursa Malaysia Securities Berhad. It is not to be transmitted or disclosed to or used or relied upon by any other person or used or relied upon by you or anyone for any other purpose, except with our prior written consent.

Yours faithfully


Stanley Gan
for Alliance LLC

c.c. OSK Securities Berhad (Attn: Mr. Joseph Soo / Ms Tan Meng Kim)

17. DIRECTORS' REPORT



Advance Information Marketing Berhad (644769-D)

Registered Office:
52, 1st Floor
Jalan SS 21/58
Damansara Utama
47400 Petaling Jaya
Selangor

20 MAR 2006

To: The Shareholders of Advance Information Marketing Berhad

Dear Sir/Madam

On behalf of the Board of Directors of Advance Information Marketing Berhad ("AIM" or the "Company"), I report after due inquiry that during the period from 30 September 2005, being the date to which the last audited financial statements of the Company and its subsidiary companies have been made up, to the being a date not earlier than fourteen (14) days before the issue of this Prospectus:-

20 MAR 2006

- (a) the business of the Company and its subsidiary companies has, in the opinion of the Directors, been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen since the last audited financial statements of the Company and its subsidiary companies, which have adversely affected the trading or the value of the assets of the Company or its subsidiary companies;
- (c) the current assets of the Company and its subsidiary companies appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) no contingent liabilities have arisen by reason of any guarantees or indemnities given by the Company or its subsidiary companies;
- (e) there have been no default or any known events that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings in which the Board of Directors is aware of, since the last audited accounts of the Company and its subsidiary companies; and
- (f) save as disclosed in the Accountants' Report and proforma consolidated balance sheets in this Prospectus, there have been neither changes to the published reserves nor any unusual factors affecting the profits of the Company and its subsidiary companies, since the last audited financial statements of the Company and its subsidiary companies.

Yours faithfully

For and on behalf of the Board of Directors of
ADVANCE INFORMATION MARKETING BERHAD

A handwritten signature in black ink, appearing to read 'Shamsuddin Bin Hayroni', written over a horizontal line.

Dato' Shamsuddin Bin Hayroni
Chairman



13-3 Level 3, The Office Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur
tel 603 2297 3314 fax 603 2283 3909

18. ESOS BY-LAWS**BYELAWS OF THE PROPOSED ESOS****1. DEFINITIONS**

In this Scheme, except where the context otherwise requires, the following definitions shall apply throughout:-

Act	:	The Companies Act, 1965, as amended from time to time, and any re-enactment thereof
Associate Corporation	:	A corporation in which at least 20% but not more than 50% of the shares are held by the Company and/or its Subsidiaries
Board	:	The board of directors of AIM
Board Lot	:	A parcel of shares comprising 100 units or any other number of shares permitted to be traded by the Bursa Securities as a board lot
BMDSB	:	Bursa Malaysia Depository Sdn Bhd
Bursa Securities	:	Bursa Malaysia Securities Berhad
CDS	:	Central Depository System
Committee	:	The committee appointed by the Board to administer the Scheme
Confirmed Employee	:	An employee who has received a written confirmation from the Company or its subsidiaries that he/she is a permanent employee of AIM
Company or AIM	:	Advance Information Marketing Berhad
Corporation(s)	:	As defined in Section 4(1) of the Act
Disciplinary Proceeding	:	Proceedings instructed by the employer of the Grantee against the Grantee for any alleged misbehaviour, misconduct and/or any other acts of the Grantee deemed to be unacceptable to the employer whether or not such disciplinary proceedings may give rise to a dismissal or termination of service of such Grantee
Eligible Director(s)	:	A Director of AIM Group who is either: - <ul style="list-style-type: none"> (i) involved in the day-to-day management of the Group and on the payroll of the Group; (ii) involved in the day-to-day management of the Group and is remunerated with management fees (regardless of whether the fee is paid to such director personally or to the organisation where such director is representing to provide management

18. ESOS BY-LAWS (Cont'd)

- services to the Group);
- (iii) participated in the management and advisory function to the management of the Group and is remunerated with management fees (regardless of whether the fee is paid to such director personally or to the organisation where such director is representing to provide management services to the Group); or
- (iv) participated in the management and advisory function to the management of the Group but is not on the payroll nor remunerated with management fees
- Eligible Employee(s) : Any person employed by the Company or an Eligible Subsidiary and who is eligible to participate in the Scheme in accordance with Byelaw 4 (including Eligible Directors)
- Eligible Subsidiaries : Subsidiaries (provided that they are not dormant) of the Company nominated by the Committee to be Subsidiaries participating in the Scheme in accordance with Byelaw 4
- Exercise Price : The price at which the Grantee shall be entitled to subscribe for each new Share as set out in Byelaw 8
- Grantee : An Eligible Employee who has accepted (in the manner indicated in Byelaw 7) an Offer made by the Committee pursuant to Byelaw 6
- Group : The Company and its Subsidiaries
- Market Day : A day on which the Bursa Securities is open for trading in securities
- MESDAQ Market : MESDAQ Market of the Bursa Securities
- Offer Date : The date on which an Offer was made by the Committee to an Eligible Employee in writing
- Offer(s) : A written offer made by the Committee to an Eligible Employee pursuant to Byelaw 6
- Option Certificate : The certificate confirming the granting of an Option to an Eligible Employee and the number of new Shares comprised in the Option
- Option Period : A period commencing from the date of acceptance of an Offer or any part thereof as set out in Byelaw 7 until the expiry of the Scheme as set out in Byelaw 7

18. ESOS BY-LAWS (Cont'd)

Option(s)	:	The right of a Grantee to subscribe for new Shares pursuant to a contract constituted by the acceptance by an Eligible Employee in the manner indicated in Byelaw 7 of an Offer made to each Eligible Employee by the Committee pursuant to Byelaw 6
RM and Sen	:	Ringgit Malaysia and Sen, respectively
SC	:	The Securities Commission
Scheme	:	The scheme for the grant of Options to Eligible Employees of the Group to subscribe for new Shares according to the terms set out herein and such scheme shall be known as "AIM Employees' Share Option Scheme"
Share(s)	:	Ordinary share or shares of par value Ringgit Malaysia Ten Sen (RM0.10) only each in the Company
Subsidiary (ies)	:	A Corporation which is a subsidiary of the Company as defined in Section 5 of the Act

2. ADMINISTRATION

The Committee shall administer the Scheme. The Board shall have the discretion as it deems fit to rescind and/or revoke the appointment of any person(s) in the Committee. The Committee shall so administer the Scheme in such manner, as it shall in its discretion deem fit and with such powers and duties as are conferred upon it by the Board including the powers to: -

- (a) subject to the provisions of the Scheme, construe and interpret the Scheme and Options granted under it, to define the terms therein and to recommend to the Board to establish, amend and revoke rules and regulations relating to the Scheme and its administration. The Committee in the exercise of this power may correct any defect, supply any omission, or reconcile any inconsistency in the Scheme or in any agreement providing for an Option in a manner and to the extent it shall deem necessary to expedite and make the Scheme fully effective; and
- (b) determine all questions of policy and expediency that may arise in the administration of the Scheme and generally exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interests of the Company.

18. ESOS BY-LAWS (Cont'd)

3. MAXIMUM NUMBER OF SHARES AVAILABLE UNDER THE SCHEME

- 3.1 The maximum number of new Shares, which may be allotted pursuant to the exercise of the Options granted under the Scheme shall not exceed five percent (5%) of the issued and paid-up ordinary share capital of the Company at any point in time during the existence of the Scheme.
- 3.2 There should be equitable allocation to the various grades of Eligible Employees and such equitable allocation shall be determined at the sole and absolute discretion of the Committee. There shall be not more than fifty percent (50%) of the Shares available under the Scheme allocated in aggregate, to directors and senior management. The balance of fifty percent (50%) of the Shares will be allocated to other eligible employees of the Group. In addition the number of shares allocated to any individual Eligible Employee who, either singly or collectively through persons connected (shall have the meaning as set out in rule 1.1 of the listing requirements of Bursa Securities for MESDAQ Market) with him/her, holds twenty percent (20%) or more in the total issued and paid-up capital of the Company shall not exceed ten percent (10%) of the total Shares available under the Scheme.
- 3.3 The Company will during the existence of the Scheme keep available sufficient unissued Shares in the share capital of the Company to satisfy all outstanding Options, which may be exercisable from time to time.
- 3.4 In the event of the Company purchasing its own Shares or undertakes any other corporate proposal resulting in the number of new Shares to be allotted under the Scheme may exceed the aggregate of five percent (5%) of the issued and paid-up ordinary share capital of the Company, all Options granted prior to the adjustment of the issued and paid-up ordinary share capital of the Company shall remain valid and exercisable in accordance with the provisions of this Scheme as if that reduction had not occurred. However, in such a situation, the Option Committee shall not make any further offers at any point in time after the share buy-back, unless the number of options that have been granted under the Scheme falls below five percent (5%) of the issued and paid-up share capital of the Company.

4. ELIGIBILITY

- 4.1 The Committee shall have the discretion to determine the new Shares allocation criteria to any employee (including the Eligible Directors) of the Group in respect of their participation in the Scheme. The criteria upon which the Committee will exercise its discretion shall without limitation include the length of service, performance and such other direct or indirect contributions by the employees to the Group and in particular, the following criteria for eligibility for participation in the Scheme shall be considered: -
- (a) be of at least eighteen (18) years of age on the Offer Date;
 - (b) be an employee who has been confirmed as an employee of the Company or an Eligible Subsidiary provided always that the employee must have served for a continuous period of at least 3 months of employment before being entitled to exercise his/her Option under his/her respective Offer;

18. ESOS BY-LAWS (Cont'd)

- (c) be employed on full-time basis by the Company or an Eligible Subsidiary within the categories of Eligible Employee as outlined in Byelaw 6;
 - (d) in the event that he is serving under an employment contract that contract should be for a duration of at least two (2) years but in the case of a person who is a retired employee of the Group that contract should be for a duration of at least two (2) years and entered into prior to his mandatory retirement;
 - (e) if an employee is not Malaysian citizen, he must, in addition to the conditions stipulated in paragraphs (a) to (d) above, also fulfill the following conditions:
 - (i) he must be serving the Group on a full-time basis and his contribution must be vital to the Group; or
 - (ii) in the event that he is serving under an employment contract, that contract should be for a duration of at least 2 years; and
 - (f) an Eligible Director shall only be eligible to participate in the Scheme if the specific allotment to be made to the Eligible Director has been approved by the shareholders of the Company in general meeting.
- 4.2 Eligible Employees who have accepted the Offer to participate in the Scheme shall not be eligible to participate in another employee's share option scheme implemented or to be implemented by the Subsidiaries within the Group.
- 4.3 Eligible Directors of the Company who represent the Government or Government Institutions/agencies and Government employees who are serving in the public service scheme as defined under Article 132 of the Federal Constitution are not eligible to be granted options under the Scheme.
- 4.4 The Committee may, at its discretion, nominate any Subsidiary of the Company to be an Eligible Subsidiary at any time and from time to time. In addition, the Committee may at its discretion revoke or suspend the nomination of any Eligible Subsidiary at any time and from time to time, whereupon the employees of such Corporation shall henceforth cease to be eligible to receive an Offer under the Scheme provided that any Option already granted shall not be affected by such revocation or suspension, unless specifically provided elsewhere in these Byelaws.
- 4.5 An Eligible Employee can only be made Offers in respect of new Shares subject to Byelaw 3.2 regardless of the number of positions held by such Eligible Employee within the AIM Group.
- 4.6 Subject to these Byelaws, the Committee shall have the discretion at any time and from time to time to extend the benefit of the Scheme to employees of Corporations which are not Eligible Subsidiaries and deem such employees to be Eligible Employees for the purposes of the Scheme in situations where such employees had at any time whether before or after the coming into force of these Byelaws been seconded to the Company or its Eligible Subsidiary from: -
- (a) a Subsidiary of the Company which is not an Eligible Subsidiary; or
 - (b) an Associate Corporation.

18. ESOS BY-LAWS (Cont'd)**4.7 (a) In the case of: -**

- (i) an employee who was employed in a Corporation related to the Company as defined in Section 6 of the Act (but not being a Subsidiary of the Company) (hereinafter referred to as "Previous Corporation") and is subsequently transferred from the Previous Corporation to any Corporation in the Group; or
- (ii) an employee who is in the employment of a Previous Corporation which subsequently becomes a Corporation of the Group as a result of a restructuring or other exercise involving any Corporation in the Group; and

that employee (hereinafter referred to as the "Affected Employee") is confirmed and has been in the employment of the Previous Corporation for at least one (1) year of continuous service including the service during any probation period, or in the case of an Eligible Director, has served in such capacity in the Previous Corporation for at least one (1) year, the Affected Employee shall be eligible to participate in the Scheme.

- (b) Where an employee is transferred from the Company or an Eligible Subsidiary to a Corporation related to the Company as defined in Section 6 of the Act (but not being a Subsidiary of the Company) or an Associate Corporation (hereinafter referred to as "Subsequent Corporation"), that employee shall be entitled to continue to exercise the Option or any part thereof exercisable by him and subject to Byelaw 9.3 on the effective date of the transfer, for a period of six (6) months from the date of his transfer from the Group to the Subsequent Corporation, failing which any Option or any part thereof granted to him, shall automatically lapse and be null and void and of no further force and effect.

4.8 If an employee who is in the employment of a company in the Group, which was subsequently divested, then such employee: -

- (a) will, notwithstanding such divestment be entitled to continue to exercise the Option or any part thereof exercisable by him and subject to Byelaw 9.3 on the effective date of the divestment, for a period of six (6) months from the date of the divestment, failing which any Option or any part thereof granted to him shall automatically lapse and be null and void and of no further force and effect; and
- (b) shall not be eligible to participate further under the Scheme.

4.9 Eligibility under the Scheme does not confer on an Eligible Employee a claim or right to participate in the Scheme. The selection of any Eligible Employee to participate in the Scheme shall be at the discretion of the Committee and the decision of the Committee shall be final and binding. An Eligible Employee shall not acquire or have any rights over or in connection with Options or new Shares comprised therein unless the Committee has made an Offer to the Eligible Employee and the Eligible Employee has accepted the Offer in accordance with the terms of the Offer and the Scheme.

18. ESOS BY-LAWS (Cont'd)

- 4.10 An Eligible Director in a non-executive capacity who is eligible pursuant to this Byelaw 4, must not sell, transfer or assign the Shares obtained through the exercise of the Options granted pursuant to the Scheme within one (1) year from the Offer Date of the Options.

5. DURATION OF THE SCHEME

- 5.1 The implementation of the Scheme shall be subject to the receipt of the following approvals by the Company and the fulfillment of any conditions attached thereto:

- (a) the Bursa Securities;
- (b) the shareholders of the Company in a general meeting; and
- (c) Any other relevant regulatory authorities whose approvals are necessary in respect of the Scheme.

- 5.2 The Scheme shall be in force for a period of five (5) years from the date of the launch or implementation of the Scheme, which is upon receipt of relevant approvals from the Bursa Securities and shareholders, the fulfillment of any conditions attached thereto.

However the Scheme may be extended for up to five (5) years at the discretion of the Board upon the recommendation of the Committee.

6. OFFER

- 6.1 The Committee may at its discretion at any time and from time to time as it shall deem fit during the duration of the Scheme make one or more Offers to any Eligible Employee whom the Committee may select, based on the criteria of allocation set out in Byelaw 3.2, to subscribe for new Shares in accordance with the terms of the Scheme.
- 6.2 The actual number of new Shares, which may be offered to an Eligible Employee shall, subject to the basis of determining the number of new Shares to be offered as set out in Byelaw 3.2.
- 6.3 Each Offer shall be made in writing to an Eligible Employee and is personal to the Eligible Employee and cannot be assigned, transferred, encumbered or otherwise disposed of in any other manner whatsoever. An Offer which has not been accepted shall automatically lapse and be null and void in the event the Eligible Employee shall cease to be employed for any reason whatsoever by the Group, or in the event he has died or become a bankrupt prior to the acceptance of the Offer by the Eligible Employee in the manner set out in Byelaw 7.
- 6.4 The Committee will in its offer letter state inter-alia the number of Shares offered, the Exercise Price and the closing date for accepting the Offer.
- 6.5 An Eligible Employee who is on any type of no pay leave for a continuous period of ninety (90) calendar days or more (excluding prolonged illness leave) may not be made an Offer until such time as the Eligible Employee returns to full time service with the Group.

18. ESOS BY-LAWS (Cont'd)

- 6.6 On the grant of an Option, the Committee may make the exercise of the Option (whether in whole or in part) conditional upon the satisfaction of such objective performance criteria, as the Board shall consider as fair measure of the performance of the Grantee.

7. ACCEPTANCE OF THE OFFER

An Offer shall be valid for a period of thirty (30) days from the Offer Date ("Acceptance Period"). Acceptance must be made by written notice to the Committee within the Acceptance Period in such manner as prescribed by the Committee, and accompanied by a non-refundable payment to the Company of a sum of RINGGIT MALAYSIA TEN SEN (RM0.10) only as consideration for the Offer. The date of receipt by the Committee of such written notice shall constitute the date of acceptance.

- 7.1 If the Offer is not accepted in the manner aforesaid, such Offer shall upon expiry of the Acceptance Period automatically lapse and shall be null and void and of no effect.
- 7.2 Within thirty (30) days from the due acceptance of the Offer in accordance with the provisions of this Byelaw, the Committee shall issue to the Grantee the Option Certificate in such form as may be determined by the Committee.

8. DETERMINATION OF EXERCISE PRICE

The Committee may at its discretion determine the Exercise Price in the following manner:-

- (i) in respect of Offer which is made in conjunction with the listing of the Company on the MESDAQ Market, at the initial public offering issue price; and
- (ii) in respect of any Offer which is made subsequent to the listing of the Company on the MESDAQ Market, at any price provided that the Exercise Price fixed shall not be at a discount of more than ten percent (10%) (or such discount as the relevant authorities shall permit) from the five (5)-day weighted average market price of the Shares preceding the date of Offer and shall in no event be less than the par value of the Shares.

The Exercise Price is subject to such adjustments in accordance with Byelaw 15 herein.

9. EXERCISE OF OPTION

- 9.1 The Option granted to an Eligible Employee is only exercisable during the Option Period by the Grantee during his/her lifetime and whilst he / she is employed by the Group subject to the provision contained in Byelaw 17.
- 9.2 The Option is personal to the Grantee and cannot be assigned, transferred, charged or otherwise disposed of in any manner whatsoever save as provided for in Byelaw 17.4.

18. ESOS BY-LAWS (Cont'd)

- 9.3 Subject to Byelaw 9.5, 10 and 11, an Option granted under the Scheme shall be capable of being exercised at anytime during the Option Period provided that the Option shall be exercised on the basis of up to 20% of the maximum entitlement annually.

Options exercisable in a particular year of the Option Period but not exercised in that year can be carried forward and be exercisable in the subsequent year of the Option Period subject to the time limit of the Scheme as set out in Byelaw 5.

- 9.4 The Grantee shall notify the Company in writing of his/her intention to exercise the Option in such form as may be prescribed by the Committee. The Committee may prescribe the Option or the balance thereof. The Option or the balance thereof may be exercised in full or in respect of such lesser number of Shares as the Grantee may decide to exercise provided that such lesser number shall be in multiple of and not less than a Board Lot. The Committee shall issue to the Eligible Employee a new Option Certificate in respect of that part of the Option, which the Eligible Employee had elected not to exercise. The new Option Certificate shall state, inter-alia, the remaining number of new Shares, which remain capable of being exercised and in such form as the Committee shall from time to time determine. The Option Certificate or any new Option Certificate previously issued to an Eligible Employee shall be lodged with the Company on the exercise of the Option or any part thereof.

- 9.5 Every notice to exercise the Option shall be accompanied by the relevant Option Certificate and a remittance (calculated in accordance with Byelaw 8) for the full amount of subscription monies in relation to the number of new Shares in respect of which the Option is being exercised and the Grantee shall provide the Committee with his CDS account number. The Company shall within ten (10) Market Days of the receipt of such notice and remittance from the Grantee, allot the relevant number of new Shares, despatch notices of allotment to the Grantee and make an application to the Bursa Securities for the quotation of such new Shares, and cause to be credited into the CDS account of the Grantee such new Shares subject to the provisions of the Articles of Association of the Company and the BMDSB rules. No physical share certificate will be issued. The Company shall issue an Option Certificate for the remaining Options not exercised. Where a Grantee does not presently have a CDS account, the Company shall assist the Grantee in formally opening a CDS account with the BMDSB.

- 9.6 Notwithstanding anything to the contrary contained in these Byelaws, the Committee shall have the discretion by notice in writing to any Grantee who is being subjected to any Disciplinary Proceeding to suspend his rights to exercise his Option pending the outcome of such Disciplinary Proceeding. In addition to this right of suspension, the Committee may impose such terms and conditions as it shall deem appropriate in its discretion, on the right of exercise of the Option having regard to the nature of the charges made or brought against such Grantee, provided always that: -

- (a) in the event such Grantee is found not guilty of the charges which gave rise to such Disciplinary Proceeding at the end of its proceedings, the Committee shall reinstate the rights of such Grantee to exercise his Option as if such Disciplinary Proceeding had not been instituted in the first place;

18. ESOS BY-LAWS (Cont'd)

- (b) in the event the Disciplinary Proceeding resulted in a recommendation for the dismissal or termination of service of such Grantee, the Option shall immediately lapse and be null and void and of no further force and effect upon pronouncement of the dismissal or termination of service of such Grantee notwithstanding that such recommendation may be subsequently challenged by the Grantee in any other forum; and
 - (c) in the event such Grantee is found guilty but no dismissal or termination of service is recommended, the Committee shall have the right to determine at its discretion whether or not the Grantee may continue to exercise his Option and if so, to impose such limits, terms and conditions as it deems appropriate, on such exercise.
- 9.7 Where the exercise of the Option is conditional upon the satisfaction of the performance criteria to Byelaw 6.6 above, the Option may not be exercised until such criteria are satisfied as shall be determined by the Board as its sole and absolute discretion PROVIDED however that nothing in this Byelaw 9.7 shall prevent the exercise of an Option pursuant to Byelaw 10 or where the Board varies, waives or relax such condition in accordance with Byelaw 9.8 below.
- 9.8 If after the Board has determined the objective performance criteria to be satisfied pursuant to Byelaw 6.6 above, events occur which cause the Board to consider that different objective performance criteria would be fairer or more appropriate measure of the performance of the Grantee, the Board may waive, relax or vary any of the objective performance criteria PROVIDED always that any such waiver relaxation or variation may only be one which the Board reasonably considers will result in the criteria being no more or no less difficult to satisfy than would have been the case without such waiver relaxation or variation.
- 9.9 A Grantee may not be entitled to exercise any Option granted to him whilst he is on any type of no pay leave for a continuous period of ninety (90) days or more (excluding prolonged illness leave) until he returns to full time service with his company in the Group.

10. TAKEOVER

- 10.1 Notwithstanding Byelaw 9.3 hereof, in the event of a takeover offer being made for the Company by a general offer or otherwise and such offer becoming or being declared unconditional, the Grantee shall be entitled to exercise in whole or in part any Option as yet unexercised within six (6) months from the date on which such offer becomes or is declared unconditional. After the expiry of the said period of six (6) months, the Grantee may exercise his unexercised or partially unexercised Options within the relevant Option Period set out in Byelaw 9.3 hereof.
- 10.2 In addition, in the event any person becomes entitled or bound to exercise rights of compulsory acquisition of the Shares under the provisions of the Act or the Securities Commission Act, 1993 and gives notice to the Grantee that he intends to exercise such rights on a specified date, the Grantee shall be entitled to exercise in whole or in part any of the unexercised Options to which he is entitled until the expiry of such specified date. Upon the expiry of the specified date, all unexercised Options shall automatically lapse and shall thereafter be null and void.

18. ESOS BY-LAWS (Cont'd)

11. SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC

Notwithstanding Byelaw 9, in the event the court sanctions a compromise or arrangement between the Company and/or its members proposed for the purposes of, or in connection with, a scheme of arrangement and reconstruction of the Company or its amalgamation with any other company or companies under the provisions of the Act, each Grantee shall be entitled to exercise in whole or in part any unexercised Option to which he is entitled at any time and from time to time during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending on the date upon which in the opinion of the Committee, it becomes effective. Upon the expiry of the specified date or upon the compromise or arrangement becoming effective, any unexercised Options shall lapse and become null and void.

12. RIGHTS ATTACHING TO THE NEW SHARES

The new Shares to be allotted upon the exercise of any Option will upon allotment rank *pari passu* in all respects with the then existing issued and paid-up Shares except that the new Shares so allotted will not be eligible for any dividends, rights, allotments or other distributions, the entitlement date for which is before the date of exercise of the Options and will be subject to all the provisions of the Articles of Association of the Company relating to transfer, transmission and otherwise.

13. LISTING OF AND QUOTATION FOR THE NEW SHARES

The Company shall notify the Bursa Securities of any exercise of Options. Upon any new Shares (if any) being allotted to the Grantee pursuant to an exercise of the Option, the Company will apply to the Bursa Securities for the listing of and quotation for such new Shares and will use its best endeavours to obtain permission for such listing and quotation.

The Committee, the Board and the Company shall not under any circumstances and for any reason whatsoever be held liable for any costs, expenses, charges, losses and damages whatsoever and howsoever arising in any event relating to the delay on the part of the Company in allotting and issuing new Shares or in procuring the Bursa Securities' permission for the listing of and quotation for such new Shares.

14. RETENTION PERIOD

The new Shares to be allotted and issued to the Grantees pursuant to any exercise of the Options will not be subject to any retention period or restriction of transfer, save as specifically stated in the Articles of Association of the Company, as amended from time to time. Grantees should note that new Shares are intended for them to hold as investments for long-term yield rather than for realisation to yield immediate profit.

18. ESOS BY-LAWS (Cont'd)**15. ALTERATION OF SHARE CAPITAL DURING THE OPTION PERIOD**

15.1 Subject to Byelaw 15.5 below, in the event of an alteration in the capital structure of the Company during the Option Period, whether by way of capitalisation issue, rights issues, bonus issue, consolidation of shares, sub-division of shares or reduction of capital or any other variation of capital, corresponding adjustments (if any) shall be made in: -

(a) (i) the number of new Shares relating to an Option or any portion thereof that is unexercised; and/or

(ii) the number of new Shares comprised in an Offer, and/or

(b) the Exercise Price;

as determined by the Committee and whereby adjustments other than on bonus issue must be confirmed in writing by an approved company auditor as defined under Section 8 of the Act (acting as experts and not as arbitrators), to be in its opinion fair and reasonable and such determination shall be final and binding on the Grantees.

Provided that (i) no adjustment to the Exercise Price shall be made which would result in the new Shares issued on the exercise of Options being issued at less than the par value of the Shares, and if such an adjustment would but for this provision result in the Exercise Price being less than the par value, the Exercise Price payable shall be at the par value and (ii) such adjustments shall give the Grantee the right to subscribe to the same proportion of the issued and paid-up share capital of the Company to which he was previously entitled.

15.2 In the event that a fraction of a Share arising from the adjustments referred to in this Byelaw would otherwise be required to be issued upon the exercise of an Option by the Grantee, the Grantee's entitlement shall be rounded down to the nearest whole number.

15.3 The Committee shall in writing and within thirty (30) Market Days of any adjustment as determined by the Committee pursuant to Byelaw 15.1, notify the Grantee (or his legal or personal representatives where applicable) of the adjustment.

15.4 The adjustment pursuant to this Byelaw shall be effective on the day immediately following the books closure date for the event giving rise to the adjustment.

15.5 No adjustment as provided in Byelaw 15.1 or otherwise shall apply where the alteration in the capital structure of the Company arose from: -

(a) an issue of new Shares in consideration or part consideration for an acquisition of any other securities, assets or business;

(b) a special issue of new Shares to Bumiputera investors nominated by the Ministry of International Trade and Industry, Malaysia and/or any other governmental authority to comply with the Government policy on Bumiputera capital participation;

(c) a private placement of new Shares by the Company;

18. ESOS BY-LAWS (Cont'd)

- (d) implementation of a share buy-back arrangement by the Company under Section 67A of the Act;
- (e) any issue of warrants, convertible loan stocks or other instruments by the Company that gives a right of conversion into new Shares, and any issue of new Shares arising from the exercise of any conversion rights attached to such convertible securities; or
- (f) an issue of new Shares upon the exercise of Options granted under the Scheme.

16. AMENDMENT AND/OR MODIFICATION TO THE SCHEME

Any subsequent modifications and/or changes to the Scheme or the Byelaws shall not require the approval of the SC or any other relevant authorities. However, the Committee may at any time and from time to time recommend to the Board any amendments and/or modifications to all or any of the provisions of the Scheme and these Byelaws and the power to amend and/or modify all or any of the provisions of the Scheme and these Byelaws shall rest with the Board provided that no amendment shall alter adversely the rights attaching to any Options granted to such amendment except with the consent in writing of such number of Grantees whose entitlement, in the aggregate, to new Shares under their unexercised and unexpired Option is not less than half (1/2) in number of all the Shares which would be allotted upon exercise in full of all outstanding Options, nor alter such rights to the advantage of any Grantee without the prior approval of the shareholders of the Company.

17. TERMINATION OF THE OPTIONS

17.1 In the event of termination of employment or resignation or retirement of a Grantee for whatever reason prior to the exercise of an Option, such Option or the balance thereof shall forthwith cease to be valid; in the event of termination of employment of the Grantee by the Group on the date of expiry of the notice of termination, in the event of resignation of the Grantee on the date of notice of resignation and in the event of retirement of the Grantee on the day of retirement without any claim against the Company provided always that subject to the written approval of the Committee in its discretion, where the Grantee ceases his employment or appointment with the Group by reason of :-

- (a) his retirement at or after attaining normal retirement age;
- (b) his retirement before attaining the normal retirement age with the consent of the Committee;
- (c) redundancy; or
- (d) any other reasons which are acceptable to the Committee;

such Option shall remain exercisable within six (6) months of such cessation or such other period as determined by the Committee.

18. ESOS BY-LAWS (Cont'd)

- 17.2 Where a Grantee retires and is re-employed by the Group, upon his re-employment, the ESOS Committee may at its discretion allow the Grantee to either: -
- (a) exercise the full extent of his entire unexercised option within six (6) months of his retirement or such extended period as the ESOS Committee may allow; or
 - (b) be bound by the provisions of Byelaw 9 as if that Grantee has never ceased employment.
- 17.3 In respect of a Grantee employed under a fixed term employment contract, any earned Option remaining unexercised upon the:-
- (a) cessation of his employment; or
 - (b) the expiry of the original period of employment or any extension thereof,
- whichever shall first happen, shall, together with the remainder of the Option, forthwith lapse and be of no further effect.
- For avoidance of doubt, the restrictions contained in Byelaw 9.3, shall apply to Grantees employed under a fixed term of employment contract.
- 17.4 Where the Grantee dies before the expiry of the Option Period and at the date of his death held unexercised Option or Options, such Option or Options may be exercised by the legal personal representatives of the Grantee within the Option Period or such other period as determined by the Committee.
- 17.5 The Option shall immediately become void and of no effect on the bankruptcy of the Grantee.

18. LIQUIDATION OF THE COMPANY

In the event of the liquidation of the Company, all unexercised or partially exercised Options shall automatically lapse and be null and void.

19. DISPUTES

Any disputes or difference of any nature arising hereunder shall be referred to the decision of the Committee. The said decision shall be final and binding on the parties unless the Eligible Employee of Grantee, as the case may be, shall dispute the same by notice to the Committee within fourteen (14) days of the receipt of the decision of the Committee, in which case, such dispute or difference shall be referred to the decision of an approved company auditor as defined under Section 8 of the Act (acting as expert and not as arbitrator), whose decision shall be binding in all respects and whose costs shall be borne by the party against whom the decision is given on appeal.

18. ESOS BY-LAWS (Cont'd)

20. COMPENSATION

No Eligible Employee or Grantee shall bring any claim against the Company or Committee or any other party for compensation or damages arising from the suspension of his right to exercise his Option or his Option ceasing to be valid pursuant to the provisions of these Byelaws.

21. INSPECTION OF THE AUDITED ACCOUNTS

Subject to the Articles of Association of the Company, all Grantees shall be entitled to inspect the latest available published audited accounts of the Company, on any Market Day, during the normal working hours of the Company, at the registered office of the Company.

22. TAXES

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

23. COST AND EXPENSES

23.1 The Grantee shall be responsible for all charges of the BMDSB relating to or in connection with the issue and allotment of any new Shares in BMDSB's name and the crediting of the new Shares in the Grantee's CDS account.

23.2 Save for the taxes referred to in Byelaw 22 and the fees referred to in Byelaw 23.1, all fees, costs and expenses incurred by the Company in relation to the Scheme including but not limited to the fees, costs and expenses relating to the allotment and issue of the new Shares by the Company pursuant to the exercise of any Option shall be borne by the Company.

24. NOTICES

24.1 Any notice required to be given to an Eligible Employee shall be in writing and shall be in the first instance collected in person by the Eligible Employee within ten (10) days of a general notice being placed in one or more conspicuous place(s) at the workplace of the Eligible Employee requesting all Eligible Employees to collect the said notice during normal working hours from the Personnel Department of the Company or such other designated person as shall be stipulated in the general notice.

24.2 In the event that the said notice is not collected within the specified period of time, the said notice shall be delivered to the Eligible Employee by sending the same by pre-paid ordinary post to the latest postal address held in the employee records of the Company in respect of that Eligible Employee and any notice shall be deemed to have been delivered seven (7) days after the date it is posted.

18. ESOS BY-LAWS (Cont'd)

25. NOT A TERM OF EMPLOYMENT

The 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 of the Group.

26. ARTICLES OF ASSOCIATION

The provisions of these Byelaws shall be subject to the Articles of Association of the Company and in the event of a conflict between the provisions of these Byelaws and the Articles of Association of the Company, the provisions of the Articles of Association of the Company shall prevail.

27. SUBSEQUENT EMPLOYEE SHARE OPTION SCHEMES

The Company may establish a new employees' share option scheme after the expiry date of the current Scheme if the current Scheme is not renewed. Where the current Scheme has been renewed, a new scheme is allowed upon expiry of the renewed current Scheme. Eligible Employees who have been granted options under the current Scheme and if renewed, the renewed current Scheme, may be allowed to participate in the new employees' share option scheme.

28. TERMINATION OF EMPLOYEE SHARE OPTION SCHEMES

The Company may terminate the Scheme in mid-stream at any point in time throughout the Scheme. However, prior to the termination of the Scheme, the Company must satisfy all of the following conditions: -

- (a) obtain the consent of its shareholders of the Company at a general meeting, wherein at least a majority of the shareholders present should vote in favour of the termination; and
- (b) obtain the written consent of all Grantees who have yet to exercise their Options, either in part or in whole.

Pursuant to the above, the Company must provide sufficient information on the following matters: -

- (a) reasons for termination;
- (b) whether or not the termination of the Scheme would be in the best interest of the Company; and
- (c) any other information that would justify termination of the Scheme.

In the event of AIM terminates the continuation of the Scheme (i) no further Offers shall be made by the Committee from the date of such resolution, (ii) all Offers which have yet to be accepted shall lapse on the date of such resolution and (iii) all unexercised Options shall automatically lapse and shall become null and void.