

**XIV. DXN ESOS****BY-LAWS OF THE EXECUTIVE SHARE OPTION SCHEME****1.0 DEFINITIONS**

In these By-Laws, the following terms shall, unless the context otherwise requires, have the following meanings:

“Articles”	:	Articles of Association of the Company, as amended from time to time
“Board”	:	The Board of Directors of DXN for the time being
“CA”	:	The Companies Act, 1965
“CDS”	:	Central Depository System
“CDS Account”	:	The account established by the MCD for the recording of deposit and withdrawal of securities and for dealing in such securities by the depositor
“Central Depositories Act”	:	Securities Industry (Central Depositories) Act, 1991
“Date of Acceptance”	:	The date whereupon the Option Committee shall receive the written notice from Eligible Executives accepting an Offer
“Date of Offer”	:	The date on which an Offer (including any subsequent offers) is made to an Eligible Executive in writing by the Option Committee to participate in the Scheme
“DXN” or the “Company”	:	DXN Holdings Bhd (Company No. 363120-V)
“DXN Group” or the “Group”	:	DXN and its Malaysian Subsidiaries (as defined in Section 5 of the Act) which are not dormant. Subsidiaries include subsidiaries existing as at the commencement of the Option Period and subsidiaries incorporated or acquired at any time during the duration of the Scheme
“ESOS”	:	Executive share option scheme
“Eligible Executive(s)”	:	An executive (including Executive Directors) of the DXN Group who meets the criteria of eligibility for participation in the Scheme as set out in Clause 3.0 of the By-Laws
“Eligible Subsidiary”	:	A Malaysian Subsidiary of the Company which is for the time being nominated by the Option Committee to be companies participating in the Scheme in accordance with Clause 3.4 but shall exclude Malaysian Subsidiaries of the Company which are dormant
“Grantee”	:	An Eligible Executive who has accepted the Offer in accordance with the terms of the Scheme
“KLSE”	:	Kuala Lumpur Stock Exchange (Company No. 30632-P)

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“Malaysian Subsidiaries”	:	Subsidiaries of the Company that are incorporated in Malaysia (as defined in Section 5 of the Act) which are not dormant. Subsidiaries include subsidiaries existing as at the commencement of the Option Period and subsidiaries incorporated or acquired at any time during the duration of the Scheme
“Market Day”	:	Any day between Monday and Friday (inclusive) which is not a public holiday and on which the KLSE is open for official trading in securities
“Maximum Entitlement”	:	The maximum number of new Shares that can be offered and allotted to an Eligible Executive as provided in Clause 4.0 of the By-Laws
“MCD”	:	Malaysian Central Depository Sdn Bhd (Company No. 165570-W) and its nominees (as the case may be)
“MCD Rules”	:	Rules of MCD
“Offer(s)”	:	Written offer(s) by the Option Committee to any Eligible Executives to participate in the ESOS, in the manner indicated in Clause 5.0 of the By-Laws
“Option(s)”	:	The right of a Grantee to subscribe for new Shares pursuant to the contract constituted by an acceptance by the Grantee of an Offer in the manner indicated in Clause 6.0 hereinafter made in accordance with the terms of the Scheme and where the context so requires, means any part of the Option as shall remain unexercised
“Option Certificate”	:	The certificate issued by the Option Committee confirming the grant of the Option to an Eligible Executive and the Option Price together with the number of Shares comprised in the Option
“Option Committee”	:	The committee duly appointed and authorised by the Board to administer the Scheme
“Option Period”	:	The period commencing on the Date of Offer and expiring on a date which the Option Committee may in its discretion decide, provided that no Option Period shall extend beyond the duration of the Scheme as referred to in Clause 18.0 of the By-Laws
“Option Price”	:	The price at which the Grantee shall be entitled to subscribe for a new Share in the manner indicated in Clause 7.0 of the By-Laws
“SC”	:	Securities Commission of Malaysia
“Scheme”	:	The ESOS for the grant of Options to Eligible Executives to subscribe for new Share(s) in accordance with the terms set out in the By-Laws and such scheme to be known as “DXN Holdings Bhd Executive Share Option Scheme”
“Share(s)”	:	Ordinary share(s) of RM0.25 each in DXN
“RM”	:	Ringgit Malaysia

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**In these By-Laws:**

- (i) Words importing the singular shall include the plural and vice versa and words importing one gender shall include all other genders and vice versa;
- (ii) The headings in these By-Laws are for convenience only and shall not be taken into account in the interpretation of these By-Laws;
- (iii) Any reference to a statutory provision shall include any provision as from time to time modified, amended or re-enacted whether before or after the date of these By-Laws so far as such modification, amendment or re-enactment applies or is capable of applying to any Options offered and accepted prior to the expiry of the Scheme;
- (iv) Any reference to a statutory provision shall include any subordinate legislation made from time to time under the provision of any listing requirements, policies and/or guidelines of the KLSE and/or SC respectively;
- (v) References to a clause, sub-clause or paragraph without further designation shall refer to a clause, sub-clause or paragraph of the By-Laws;
- (vi) If an event is to occur on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the next Market Day after that day;
- (vii) The expression 'By-Laws' means these By-Laws, as varied from time to time in accordance with its terms;
- (viii) The expression 'foreign employees' means employees who are not citizens of Malaysia; and
- (ix) Any liberty or power which may be exercised or any determination which may be made hereunder by the Option Committee may be exercised in the Option Committee's discretion.

**2.0 MAXIMUM NUMBER OF SHARES AVAILABLE UNDER THE SCHEME**

- 2.1 Not more than 10% of the issued and fully paid-up share capital of the Company (or such other percentages as may be permitted by the relevant regulatory authorities from time to time) shall be offered under the Scheme at any point of time during the existence of the Scheme as referred to in Clause 18.0.
- 2.2 Notwithstanding Clause 2.1 above or any other provision herein contained, in the event the maximum number of new Shares offered under the Scheme exceeds the aggregate of 10% of the issued and paid-up share capital of the Company (or such other percentage(s) as may be permitted by the relevant regulatory authorities at any point of time during the existence of the Scheme) as a result of the Company purchasing its own Shares under Section 67A of the CA which results in its issued and fully paid-up share capital being reduced, then such Options granted prior to the adjustment of the issued and fully paid-up share capital of the Company shall remain valid and exercisable in accordance with the provisions of the Scheme as if such reduction had not occurred but the Option Committee shall not make any further Offer(s).
- 2.3 The Company shall keep available sufficient unissued shares in the share capital of the Company to satisfy all outstanding Options throughout the duration of the Scheme.

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**3.0 ELIGIBILITY**

3.1 Any executive shall be eligible to participate in the Scheme if, as at the Date of Offer, the executive:

3.1.1 is at least 18 years of age on or before the Date of Offer;

3.1.2 is employed full time by and on the payroll of the Company or an Eligible Subsidiary (other than a company which is dormant);

3.1.3 is confirmed in writing as a full time employee and has been in the employment of the Company or an Eligible Subsidiary for a period of at least 1 year of continuous service with the Company or an Eligible Subsidiary prior to and up to the Date of Offer including service during the probation period;

and such person would include any Executive Director of the Company or an Eligible Subsidiary who is involved in the day-to-day management and who is on the payroll of the Company or an Eligible Subsidiary.

If an executive (including the Executive Directors) of the Company or an Eligible Subsidiary is not a Malaysian citizen, he/she must, in addition to the conditions stipulated in above, also satisfy the following conditions:

3.1.4 he/she must be in the employment of the Company or an Eligible Subsidiary on a full time basis and his/her contribution must be vital to the Group; or

3.1.5 in the event that he/she is serving under a fixed term employment contract, that contract should be for a continuous period of at least 3 years and in this regard, any remaining unexercised Options can be exercised on expiry of the employment contract if the remaining duration of the contract is less than 5 years from the date on which the Option was granted.

For the avoidance of doubt, the Option Committee may, at its discretion, nominate any executive (including Executive Directors) of the Group to be an Eligible Executive notwithstanding that the eligibility criteria under Clause 3.1 is not met.

3.2 Any allocation of Options under the Scheme to an Executive Director of DXN shall require prior approval from the shareholders of DXN in a general meeting.

3.3 Executive Directors 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 participate in the Scheme.

3.4 The Option Committee may, at its discretion, nominate any subsidiary of the Company to be an Eligible Subsidiary at any time and from time to time provided that the Option Committee shall not nominate any company which is dormant to be an Eligible Subsidiary.

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- 3.5 A company shall ipso facto cease to be an Eligible Subsidiary at the time when such company ceases to be a subsidiary of the Company, in which event, the employees of such company shall cease to be eligible to receive an Offer under the Scheme save for any Offer already made or any Option already granted which shall not be affected by such company ceasing to be an Eligible Subsidiary unless specifically provided in these By-Laws. Additionally, the Option 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 an Offer already made or any Option already granted shall not be affected by such revocation or suspension, unless specifically provided in these By-Laws.
- 3.6 Eligible foreign employees of the Group including (without limitation) any under an employment contract with the Group may be considered for participation in the Scheme.
- 3.7 Eligible Executives who have accepted the Offer to participate in the Scheme shall be eligible to participate in another employees' share option scheme implemented or to be implemented by any other company within the Group.
- 3.8 Notwithstanding the preceding Clauses, no employee of all or any of the companies in the Group shall be eligible to participate in the Scheme if such participation would involve an invitation, grant or offer of options or issue of shares pursuant to the exercise of an option or share unless the Option Committee is satisfied that such invitation/grant/offer/issue would not be infringing the laws or application in the jurisdiction which the invitation/grant/offer/issue is made.
- 3.9 For purposes of Clause 3.8, the Option Committee shall be entitled to legal advice given by lawyers in that jurisdiction in ascertaining whether it is so satisfied.
- 3.10 Notwithstanding anything to the contrary contained in these By-Laws but subject to any laws, rules or guidelines affecting the Scheme, the Option Committee shall have the discretion at any time and from time to time to extend the benefit of the Scheme to employees (including employees holding the position of an executive director) who do not meet the criteria of eligibility in Clause 3.1 above or who at any time after the Scheme comes into force are transferred from the Company or an Eligible Subsidiary to a subsidiary of the Company which is not an Eligible Subsidiary or to an associate corporation of the Company, whereupon, such employees shall be deemed to be Eligible Executives for the purposes of the Scheme.
- 3.11 Eligibility under the Scheme does not confer on an Eligible Executive a claim or right to participate in or any rights whatsoever under the Scheme and an Eligible Executive does not acquire or have any rights over or in connection with the Options or Shares unless an Offer has been made by the Option Committee to the Eligible Executive and the Eligible Executive has accepted the Offer in accordance with the terms of the Offer and the Scheme.
- 3.12 The selection for the participation in the Scheme shall be at the discretion of the Option Committee whose decision shall be final and binding.

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**4.0 MAXIMUM ENTITLEMENT AND BASIS OF ALLOCATION**

- 4.1 Subject to any adjustments, which may be made under Clause 14.0, the maximum number of new Shares that may be offered under the Scheme to any Eligible Executive shall be at the discretion of the Option Committee after taking into consideration the performance, responsibility, seniority in position, grading and length of service of the Eligible Executive and such other factors that the Option Committee may deem relevant subject to the following:
- 4.1.1 not more than 50% of the Shares available under the Scheme should be allocated, in aggregate, to Executive Directors and senior management of the Group;
- 4.1.2 not more than 10% of the new Shares available under the Scheme should be allocated to any Eligible Executive who, either singly or collectively through his/her associates (as defined in the Act), holds 20% or more in the issued and fully paid-up share capital of the Company; and
- 4.1.3 that the number of Options granted under the Scheme shall not exceed the amount stipulated in Clause 2.1.
- 4.2 An Eligible Executive who is promoted during the tenure of the Scheme shall be eligible for consideration for additional offer of Shares at the discretion of the Option Committee subject to the Maximum Entitlement.
- 4.3 Nothing in the By-Laws shall prevent the Option Committee from making more than one Offer to each Grantee PROVIDED ALWAYS that the total aggregate number of new Options so offered to each Grantee (inclusive of Options already offered under previous Offers, if any) shall not exceed the Maximum Entitlement for the Grantee.

**5. OFFER**

- 5.1 Upon implementation of the Scheme, the Option Committee shall offer Options in writing to such Eligible Executives based on the criteria for allotment as set out in Clause 3.0 above at the discretion of the Option Committee. Subsequently, further Offers of Options may be made to those who become eligible for allotment under the Scheme. The actual number of Shares which may be offered to such Eligible Executive shall be at the discretion of the Option Committee and subject to any adjustments that may be made under Clause 14.0 and shall be in multiples of not less than 100 Shares and not more than the Maximum Entitlement as set out in Clause 4.0 above.
- 5.2 The Option Committee will in its offer letter state (among others) the number of Options offered to each Eligible Executive taking into account (among others) his grading, performance, responsibility, seniority in position and length of service.
- 5.3 An Offer shall state the Option Price and the number of Shares that can be subscribed by the Eligible Executive under the Offer.
- 5.4 An Offer is personal to the Eligible Executive and is non-assignable. An Offer shall automatically lapse and be null and void in the event of death of the Eligible Executive or the Eligible Executive ceasing to be employed by the Group for any reason whatsoever, prior to the acceptance of the Offer by the Eligible Executive in the manner set out in Clause 6.0.

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- 5.5 No Option will be granted to any Executive Director unless the specific grant of Option to that Executive Director has previously been approved by the shareholders of the Company in a general meeting.

**6. ACCEPTANCE OF OFFER**

- 6.1 An Offer shall be valid for a period of 30 calendar days from the Date of Offer or such longer period as may be determined by the Option Committee on a case to case basis at its discretion. The acceptance of the Offer shall be made by way of a written notice by the Eligible Executive (to whom the Offer is made) to the Option Committee in the form prescribed by the Option Committee. The acceptance of the Offer by the Eligible Executive shall be accompanied by a payment to the Company of a non-refundable consideration of Ringgit Malaysia One (RM1.00) only per Offer. The date of receipt by the Option Committee of such written notice shall constitute the Date of Acceptance.
- 6.2 In the event the Offer is not accepted in the manner aforesaid, such Offer shall upon the expiry of the said 30 days or such other period as may be determined by the Option Committee and in the manner stated herein, the Offer shall automatically lapse and be null and void and of no further force and effect.
- 6.3 Within 30 calendar days after the Date of Acceptance of the Offer in accordance with the provisions of this Clause 6.1, the Option Committee shall issue to the Grantee an Option Certificate in such form as may be determined by the Option Committee.
- 6.4 The Option cannot be assigned, transferred or otherwise disposed of in any manner whatsoever, save as provided for in Clause 9.0.

**7. OPTION PRICE**

- 7.1 The Option Price at which the Grantee is entitled to subscribe for each new Share shall be set based on the 5-day weighted average market price of the Shares, as quoted on the KLSE, immediately preceding the Date of Offer with a discount of not more than 10%, if deemed appropriate, or such lower or higher limit in accordance with any prevailing guidelines issued by the SC or any other relevant regulatory authorities, or at the par value of the Share, whichever is higher. The Option Price shall be stipulated in each Option Certificate.
- 7.2 In addition, the Option Price shall be subject to adjustments in accordance with Clause 14.0 and that any adjustment to the Option Price shall be rounded down to the nearest 1 sen.

**8. EXERCISE OF OPTION**

- 8.1 Subject to Clause 9.0, the Option granted to a Grantee under the Scheme is exercisable only by that Grantee during his lifetime and within the Option Period whilst he/she is in the employment by the Group.
- 8.2 An Option may be exercised by the Grantee in such manner as prescribed by the Option Committee on any Market Day during the Option Period.
- 8.3 Subject to Clause 14.0, 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 shares and/or such percentage of the total Shares comprised in the Option during 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.

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- 8.4 Options not exercised can be carried forward to the subsequent years subject to the Option Period applicable thereto.
- 8.5 All unexercised or partially unexercised Options shall automatically lapse and become null and void upon expiry of the Option Period applicable thereto.
- 8.6 The Grantee shall notify the Company in writing in such form prescribed by the Option Committee of his/her intention to exercise the Option. The Option may be exercised in respect of such lesser number of new shares as the Grantee may decide to exercise provided that the number shall be in multiples of not less than 100 shares. Such partial exercise of the Option shall not preclude the Grantee from exercising the Option as to the balance of his entitlement under the Scheme thereof at any time in the future but within the Option Period. When an Option is exercised only in part, the balance of the Option not exercised shall be endorsed by the Option Committee on the Option Certificate of the Grantee within 20 days after the date of the partial exercise by the Grantee.
- 8.7 Every such notice to exercise the Option shall be accompanied by the relevant Option Certificate and a remittance for the full amount of the subscription monies for the new Shares in respect of which the written notice is given. The Company shall within 10 market days or such other period as may be prescribed under the Listing Requirements from the receipt of such notice and remittance from the Grantee to exercise the Option, allot and issue the relevant number of new shares arising from the exercise of the Options and despatch notices of allotment to the Grantee.
- 8.8 The new Shares to be issued pursuant to the exercise of an Option will be credited directly into the CDS Account of the Grantee and no physical share certificate will be issued.

**9. TERMINATION OF OPTIONS AND SUSPENSION**

- 9.1 In the event of the termination of employment of a Grantee with the Group for whatever reason prior to the exercise by the Grantee of all the Options granted, such unexercised Options shall forthwith cease to be valid without any claim against the Company provided always that subject to the written approval of the Option Committee in its discretion if such cessation occurs by reasons of :
- 9.1.1 retirement at or after attaining normal retirement age under the Group's retirement policy; or
- 9.1.2 retirement before attaining the normal retirement age but with the consent of the Option Committee; or
- 9.1.3 ill-health or accident, injury or physical and mental disability; or
- 9.1.4 redundancy; or
- 9.1.5 any other causes which are acceptable to the Option Committee,
- such Option shall remain exercisable during the Option Period(s).

For the avoidance of doubt, the effective date of the Grantee's resignation shall be deemed to be the date of acceptance by management of the Grantee's resignation letter or the date of the Grantee's last working day with the Group (whichever is earlier).



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- 9.2 Subject to Clause 9.1 above, an Option shall lapse forthwith upon the resignation of the Grantee from his employment with the Group and the Shares comprised in such Option or the balance thereof to the extent that it is then unexercised may at the discretion of the Option Committee, be re-allotted to other Eligible Executives.
- 9.3 Where the Grantee dies (except in the case of suicide) before the expiry of the Option Period and at the date of his death held unexercised Options, the whole or any part of such Options may be exercised by the legal or personal representatives of the Grantee provided always that it is subject to the prior written approval of the Option Committee in its discretion and that the exercise of such Option(s) fall(s) within the Option Period(s).
- 9.4 The Option shall immediately become null and void and be of no further force and effect on the bankruptcy of the Grantee.
- 9.5 In the event that a Grantee is subject to disciplinary proceedings (whether or not such disciplinary proceedings may give rise to a dismissal or termination of services of such Grantee) the Option Committee shall have the right, at its discretion, to suspend the rights of the Grantee to exercise his/her Option(s) 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 such Grantee, PROVIDED ALWAYS THAT:
- 9.5.1 in the event 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/her Option as if such disciplinary proceeding had not been instituted in the first place;
- 9.5.2 in the event the disciplinary proceeding results in a recommendation for the dismissal or termination of service of such Grantee notwithstanding that such recommendation may be subsequently challenged by the Grantee in any other forum, the Option shall immediately upon pronouncement of the dismissal or termination of service of such Grantee, automatically lapse without notice and thereafter be null and void and be of no further force and effect; or
- 9.5.3 in the event such Grantee is found guilty but no dismissal or termination of service is recommended, the Option Committee shall have the right to determine at its discretion whether or not the Grantee may continue to exercise his/her Option and, if so, to impose such limits terms and conditions as it deems appropriate, on such exercise.

**10. TAKEOVER, SCHEME OF ARRANGEMENT, RECONSTRUCTION ETC.**

- 10.1 Subject to Clause 10.2 below, in the event of a takeover offer being made for the Company by a general offer or otherwise, the Grantee shall, regardless of whether such offer becoming or being declared unconditional, be entitled to exercise in full or in part any unexercised Options granted in accordance with the provisions of Clause 8 before the closing date of the takeover offer. If no rights of compulsory acquisition is exercised pursuant to Clause 10.2 below, Options not exercised by the closing date of the takeover offer shall automatically lapse and shall be null and void.

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- 10.2 If a company making the offer becomes entitled or bound to exercise rights of compulsory acquisition of the Shares of the Company under the provisions of CA or the Securities Commission Act 1993 and gives notice to the Grantee that it intends to exercise such rights on a specific date ("Specified Date"), the Options shall, notwithstanding the provision of Clause 10.1, remain exercisable by the Grantee till the Specified Date and in such circumstances if the Grantee elects to exercise only a portion of the Options then the Options in relation to the balance not exercised after the Specified Date shall automatically lapse and shall then be null and void.
- 10.3 Notwithstanding the provisions of Clause 8 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 CA or its amalgamation with any other company or companies under Section 178 of the CA, a Grantee may be entitled to exercise all or any part of his Option 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 no Option shall be exercised after the expiry of the Option Period. All Options, to the extent unexercised shall then automatically lapse and shall become null and void.

**11. RANKING OF SHARES**

The new Shares to be allotted and issued upon exercise of any Option shall upon allotment and issue, rank *pari passu* in all respects with the then existing issued and fully paid-up shares of the Company except that the new shares so issued shall not rank for any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new Shares.

For the purpose of this Clause, the term "*entitlement date*" means the date and time at which the Record of Depositors with MCD will be closed to determine the entitlements of the shareholders to participate in any dividend, right, allotment or other distribution.

**12. RETENTION PERIOD OF SHARES**

The new Shares to be allotted and issued to the Grantee pursuant to the exercise of any Options under this Scheme will not be subjected to any retention period.

**13. QUOTATION OF SHARES**

- 13.1 The shares referred in Clause 2.0 and the shares (if any) to be allotted to the Grantee will not be listed or quoted on the KLSE, and/or any other relevant stock exchanges until the Option is exercised in accordance with Clause 8.0 whereupon the Company shall, subject to it having obtained the prior written approval of the SC and/or other relevant regulatory authorities, and having made applications to the KLSE and/or other relevant stock exchanges for the listing of and quotation for such shares on the KLSE, use its best endeavour to obtain permission for the listing and quotation for such new shares.
- 13.2 The Company and the Option Committee shall not under any circumstances be held liable for any costs, losses and damages whatsoever and however relating to the delay on the part of the Company in allotting and issuing shares or in procuring the KLSE to list the shares for which the Grantee is entitled to subscribe.

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**XIV. DXN ESOS (CONT'D)**

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**14. ALTERATION OF SHARE CAPITAL DURING THE OPTION PERIOD**

- 14.1 In the event of any alteration in the capital structure of the Company during the Option Period, whether by way of capitalisation of profits or reserves, rights issues, reduction, subdivision, consolidation of capital or otherwise (excluding the purchase by the Company of its own shares) howsoever, taking place the requirement to carry out such corresponding alterations to the number of shares relating to the Option so far as unexercised or the Option Price shall be at the at the discretion of the Board after assessing the practicality of such alterations. In the event that the Board decides that:
- 14.1.1 no adjustments will be made, the Option Committee shall communicate such decision to the Grantee by way of written notice in a timely manner;
  - 14.1.2 an adjustment will be made, the Grantee should be given the same proportion of the capital as that to which he was previously entitled;
  - 14.1.3 an adjustment will be made and it is not practicable to ensure that the Grantee is given the same proportion of the capital, the Company is required to seek a waiver from the SC together with justifications thereof.
- 14.2 The adjustments pursuant to Clause 14.1 shall be made on the day immediately following the books closure date for the event giving rise to the adjustment and are made in such manner as the external auditors of the Company for the time being (defined under Section 8 of CA) or an independent merchant bank, which the Option Committee may at its discretion decide, shall acting as experts and not as arbitrators, at the request of the Company, by writing under their hands, certify to be in their opinion fair and reasonable, and such certification shall be final and binding on all parties..
- 14.3 The provisions of Clause 14.1 shall not apply where the alterations in the capital structure of the Company arises from:
- 14.3.1 an issue of new Shares in consideration or part consideration for an acquisition of any other securities, assets or business; or
  - 14.3.2 a special issue of new Shares to Bumiputra investors nominated by the Ministry of International Trade and Industry and/or any other governmental authority to comply with the Government policy on Bumiputra capital participation; or
  - 14.3.3 a private placement of new Shares by the Company; or
  - 14.3.4 implementation of a share buy-back arrangement by the Company under Section 67A of the CA; or
  - 14.3.5 any issue of warrants, convertible loan stocks or other instruments by the Company that gives a right of conversion into the Shares, and any issue of new Shares arising from the exercise of any conversion rights attached to such convertible securities; and
  - 14.3.6 an issue of new Shares upon the exercise of Options granted under the Scheme.
- 14.4 For the avoidance of doubt, adjustments made pursuant to Clause 14.1 may be made in such a manner such that the number of new Shares which may be exercised under an Option following such an adjustment may exceed the Maximum Entitlement referred to in Clause 4.0.

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- 14.5 In the event that a fraction of a share arising from the adjustments referred to in Clause 14.1 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.
- 14.6 The Option Committee shall within 14 calendar days of any adjustment made pursuant to this Clause notify the Grantee (or the Grantee's legal personal representative where applicable) in writing informing him/her of any adjustment (the revised Option Price, the effect and/or the number of new shares thereafter to be comprised in the Options) made pursuant to this Clause and Option Certificate granted prior to the adjustment and/or any endorsement thereto shall be deemed to be amended accordingly.

**15. ADMINISTRATION OF THE SCHEME**

The Scheme shall be administered by the Option Committee appointed by the Board. The Board shall have the power from time to time to approve, rescind and/or revoke the appointment of any person(s) in the Option Committee. The Option Committee shall be vested with such powers and duties as conferred upon it by the Board. The Option Committee may for the purpose of administering the Scheme do all acts and things and enter into any transaction, agreement, deed, document or arrangement, make rules, regulations or impose terms and conditions or delegate part of its powers relating to the Scheme, which the Option Committee may at its discretion consider to be necessary or desirable to give full effect to the Scheme and generally exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interest of the Company. The Option Committee will comprise representatives from the Board and senior management of the Company

**16. AMENDMENT AND/OR MODIFICATION TO THE SCHEME**

- 16.1 The Board shall have the power at any time and from time to time by resolution to amend and/or modify all or any part of the provisions of the Scheme without the approval of the Company's shareholders in a general meeting PROVIDED THAT no such amendment and/or modification shall be made which would either prejudice the rights then accrued to any Grantee without his prior consent or alter to the advantage of any Grantee the provisions of the Scheme without the prior approval of the Company in general meeting, save and except for the extension of the duration or tenure of the Scheme as provided in Clause 18.2 hereof.
- 16.2 Any amendments/modifications to these By-Laws shall not contravene any provision under the Policies and Guidelines on Issue/Offer of Securities issued by the SC.

**17. LIQUIDATION OF THE COMPANY**

In the event that an order is made or resolution is passed for the liquidation of the Company, all unexercised or partially exercised Options shall automatically terminate and become null and void and be of no further force and effect.

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**18. DURATION OF THE SCHEME**

- 18.1 The Scheme shall commence on the date of the letter of confirmation by the adviser of the Company in connection with the Scheme, which may be a merchant bank or other persons approved to make applications to the SC for approval of the Scheme to the SC confirming that the Company:
- 18.1.1 has fulfilled the SC's conditions of approval for the Scheme and that the By-Laws do not contravene the guidelines on employees' share option scheme as stipulated under the SC's Policies and Guidelines on Issue/Offer of Securities;
- 18.1.2 has obtained other relevant approvals for the Scheme and has fulfilled any conditions imposed therein;

and shall continue for a period of 5 years or such further period as may be extended by the Company subject to the duration of the Scheme not exceeding the maximum term allowed by SC.

For the avoidance of doubt, the Scheme shall not in any event commence until the Company has obtained the relevant approvals of the SC, the KLSE, the shareholders of the Company and any other relevant regulatory authority whose approval is necessary in respect of the Scheme.

- 18.2 The Company may, if the Board deems fit upon the recommendation of the Option Committee, extend the Scheme for such further period as the Board may approve subject to the duration of the Scheme not exceeding the maximum term allowed by the SC. Such extension to the Scheme shall be implemented in accordance with the terms of the By-Laws set out herein, save for any amendments and/or changes to the relevant statutes and/or regulations currently in force and shall be valid and binding without further obtaining the approvals of the relevant authorities and the shareholders of the Company in a general meeting provided that the Company shall serve appropriate notices on each Grantee and/or make necessary announcements to all of the abovementioned parties within 30 days prior to the expiry of the Scheme.
- 18.3 In the event the Company decides to extend the Scheme at the end of the initial 5 year period referred to in Clause 18.1, the Options under the extended Scheme can be offered to any new employees of the Group who are Eligible Executives under Clause 3.0 and/or any existing Eligible Executive who has not been granted his full entitlement and/or any Eligible Executive who has been promoted and thus eligible for a higher entitlement.

**19. COSTS AND EXPENSES OF THE SCHEME**

- 19.1 Save as otherwise provided for in these By-Laws and the Articles, all fees, costs incurred in relation to the Scheme including but not limited to the fees, cost and expenses relating to the administration of the Scheme and the allotment and issue of the Shares pursuant to the exercise of any Option, shall be borne by the Company save and except for any tax (including income tax), if any, arising from the Offer and/or exercise of any options under the Scheme. Such tax shall be borne by the Grantee.
- 19.2 Any cost in relation to the loss of Option Certificate will be fully borne by the Grantee and such Grantee will have to sign a statutory declaration for the loss of the Option Certificate.

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**XIV. DXN ESOS (CONT'D)**

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**20. DISPUTES**

In the event of any disputes or differences between the Option Committee and an Eligible Executive or Grantee, as the case may be, as to any matter of any nature arising hereinafter, the Option Committee shall determine such dispute or difference by a written decision (without any obligation to give any reason thereof) given to the Eligible Executive or the Grantee, as the case may be. The said decision shall be final and binding on the parties unless the Eligible Executive or Grantee, as the case may be, within 14 calendar days of the receipt thereof by written notice to the Option Committee, disputes the same in which case such dispute or difference shall be referred to the decision of the approved Company auditors as defined under Section 8 of the Act, for the time being of the Company or a merchant bank, which the Option Committee may at its discretion decide, acting as experts and not as arbitrators, whose decision shall be final and binding in all respects.

**21. ACQUISITION OR INCORPORATION OF SUBSIDIARIES**

In the event of any acquisition or incorporation of any subsidiary as defined in Section 5 of the Act or any other statutory regulation in place thereof during the tenure of this Scheme, the Scheme shall apply to such executive (including Executive Directors) of the subsidiaries (provided that the subsidiaries are incorporated in Malaysia and are not dormant) falling within the meaning of the expression of "*Eligible Executive*" under Clause 1.0 above and the provisions of these By-Laws shall apply.

**22. DIVESTMENT FROM THE GROUP**

22.1 If the Grantee who was in the employment of a company in the Group which is subsequently divested from the Group, then such executive (including Executive Directors) shall:

22.1.1 notwithstanding such divestment or any of the provisions of any Clause herein, be entitled to continue to exercise all such unexercised Option(s) which were granted to him/her under the Scheme within a period of 6 calendar months from the date of such divestment or the Option Period, whichever is earlier or such further period as the Option Committee may in its absolute discretion grant in writing, failing which the right of such Grantee to subscribe for the number of the new shares or any part thereof granted under unexercised Option(s) shall be null and void and be of no further force and effect; and

22.1.2 not be eligible to participate for further Option(s) under the Scheme.

**23. TRANSFER FROM THE GROUP TO ASSOCIATED COMPANIES/RELATED COMPANIES**

23.1 In the event that the Grantee is transferred from the Group to associated companies of the Group (which definition shall be that which is adopted by the Malaysian Accounting Standard Board) or to any related companies (as defined in Section 6 of the Act) of the Company which have an existing employee share option scheme in which the Grantee will be entitled to participate, all such unexercised Option(s) which were granted to him/her under the Scheme shall be entitled to continue to exercise all or part of any unexercised or partially exercised Options within a period of 6 calendar months from the date of such transfer or such period as determined in writing by the Option Committee.

23.2 Notwithstanding Clause 23.1 above, the Option Committee may at its discretion allow the Option(s) to remain exercisable within a period to be determined by the Option Committee in writing.

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**XIV. DXN ESOS (CONT'D)**

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**24. TRANSFER FROM OTHER COMPANIES TO THE GROUP**

In the event:

- 24.1 an executive who was employed in a company which is related to the Company pursuant to Section 6 of CA but which is not part of the Group is subsequently transferred from such company to any company within the Group; or
- 24.2 an executive who was in the employment of a company which subsequently becomes a member of the Group as a result of a restructuring or divestment exercise or otherwise involving the Company and/or any company within the Group with the first mentioned company in part (1) above.

(the first mentioned company in (1) and (2) above referred to as "Previous Company")

such an executive of the Previous Company ("Affected Executive") will, if the Affected Executive satisfies all the conditions of this By-Laws and unless otherwise decided by the Option Committee, be eligible to participate in the Scheme provided that:

- 24.2.1 the Affected Executive shall be entitled to continue to exercise all such unexercised option(s) which were granted to him under the employees' share option scheme (if any) which he was participating ("Previous Scheme") whilst the Affected Executive was in the employment of the Previous Company in accordance with the By-Laws of such Previous Scheme but he shall not, upon such transfer or restructuring or divestment at the case may be, be eligible to participate for further options of such Previous Scheme.
- 24.2.2 the Affected Executive will only be eligible to participate in the Scheme for its remaining duration;
- 24.2.3 if the Affected Executive has participated in a Previous Scheme, the number of new Shares to be offered to such Affected Executive under the Scheme shall be that number of shares as shall be equivalent to the difference between the Affected Executive's total share entitlement under the Scheme and the total number of shares which were offered to the Affected Executive under the Previous Scheme (subject always to the Maximum Entitlement); and
- 24.2.4 the Affected Executive meets the criteria for eligibility as provided in Clause 3.0.

Notwithstanding anything to the contrary contained in these By-Laws, but subject to any laws, rules or guidelines affecting the Scheme, the Option Committee shall have the discretion at any time and from time to time to extend the benefit of the Scheme to any Affected Executive who does not meet the criteria of eligibility in Clause 3.1 and deem such Affected Executive to be an Eligible Executive for the purposes of the Scheme.

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**XIV. DXN ESOS (CONT'D)**

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**25. TERMINATION OF THE SCHEME**

- 25.1 Notwithstanding any other provisions of the By-Laws, the Company may terminate the Scheme before its expiry subject to the following being satisfied:
- 25.1.1 the SC and any other relevant authorities approving such termination;
  - 25.1.2 the shareholders of the Company in general meeting, by way of ordinary resolution, approving such termination; and
  - 25.1.3 all holders of Options (which have not yet lapsed or been fully exercised) under the Scheme giving their consent in writing to such termination.
- 25.2 In the event the Scheme is terminated, all Options granted under the Scheme to the extent still unexercised shall, notwithstanding any other provisions of the By-Laws, lapse as at the date of the termination of the Scheme and shall become null and void and be of no further force and effect.

**26. COMPENSATION**

No Eligible Executive or Grantee or his legal or personal representatives shall bring any claim, action or proceedings 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, as the same may be amended from time to time in accordance with Clauses 15.0 and 16.0. In particular (but not limiting the generality of the foregoing words) any Eligible Executive or Grantee who leaves employment shall not be entitled to any compensation for any loss of any right or benefit or prospective right or benefit under this 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 or otherwise howsoever.

**27. NOT A TERM OF EMPLOYMENT**

This Scheme does not form part of or constitute or shall in any way be construed as a term and condition of employment of any Eligible Executive. For the avoidance of doubt, these By-Laws shall not form part of the Company's policies or rules pertaining to employment and are intended to be a set of rules governing this Scheme only.

**28. SCHEME TO CONFER NO SPECIAL RIGHTS**

This Scheme shall not confer or be construed to confer on an Eligible Executive any special rights or privileges over the Eligible Executive's terms and conditions of employment in the DXN Group under which the Eligible Executive is employed nor any right additional to any compensation or damages that the Eligible Executive may be normally entitled to arising from the cessation of such employment.

**29. INSPECTION OF THE AUDITED FINANCIAL STATEMENTS**

Subject to the Articles, all Grantees are entitled to inspect the latest audited financial statements of the Company during normal office hours on any working day at the registered office of the Company.



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**XIV. DXN ESOS (CONT'D)**

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**30. ARTICLES**

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

**31. GOVERNING LAW**

The Scheme and all options granted hereunder shall be governed by and construed in accordance with the laws of Malaysia.

**32. NOTICE**

32.1 Any notice which under the Scheme is required to be given to or served upon the Option Committee by an Eligible Executive or Grantee or any correspondence to be made between the Eligible Executive or Grantee and the Option Committee shall be given or served in writing and either delivered by hand or sent to the registered office of the Company by courier or by prepaid registered post. Proof of posting shall not be evidence of receipt of the letter.

32.2 Any notice which under the Scheme is required to be given or served shall be in writing and either delivered by hand or sent to the Eligible Executive or Grantee by courier or prepaid registered post addressed to the Eligible Executive or Grantee at the place of employment or at the last address known by the Company as being his address. Any notice served by post as aforesaid shall be deemed to have been served on the third day from the day the letter is posted.

32.3 Any notice served by a party after the Company's official working hours shall be deemed to have been served on the next working day.

**33. SUBSEQUENT ESOS**

33.1 On the expiry of the Option Period, the Company may at its discretion establish a new Scheme in replacement of the existing Scheme subject to the Company receiving the approvals of all relevant authorities and its shareholders in general meeting.

33.2 In the event the Company decides to establish a new Scheme on the expiry of the Option Period, the Options under the new Scheme can be offered to any Executive Directors/executives who have participated in the existing Scheme and/or any new executives of the Group who are Eligible Executives under Clause 3.0 and any existing eligible Executive who has not been granted his full entitlement in the existing Scheme and/or any Eligible Executive who has been promoted and thus eligible for a higher entitlement.