

14.0 VALUATION CERTIFICATE

8 November 2006

The Board of Directors  
Resintech Berhad  
C15-1, Level 15 Tower C  
Megan Avenue II  
No. 12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur

Dear Sir,

**VALUATION OF PROPERTIES FOR THE LISTING EXERCISE OF  
RESINTECH BERHAD ON THE SECOND BOARD OF BURSA  
MALAYSIA SECURITIES BERHAD**

This certificate has been prepared for inclusion in the prospectus of Resintech Berhad to be dated **30 NOV 2006** in connection with the listing of Resintech Berhad on the Second Board of Bursa Malaysia Securities Berhad.

Pursuant to the instructions from Resintech Berhad to advise on the Market Value of the properties shown in the following pages, we have inspected the subject properties on 4 January 2005, 15 October 2004, 16 October 2004 and 15 September 2004. The dates of inspection are taken to be the dates of valuation.

We have valued the properties as listed in the following pages and the valuation details are shown in our reports. These Reports have been prepared in accordance with the Guidelines on Asset Valuations issued by the Securities Commission and are in compliance with the Malaysian Valuation Standards issued by the Boards of Valuers, Appraisers and Estate Agents.

The basis of valuation is the Market Value. We have adopted the Comparison Approach of Valuation either solely or together with the Investment Approach where appropriate in arriving at the Market Value.

Our opinion of the Market Values of the subject properties and other relevant details are shown in the following pages. The total Market Value of the subject properties is RM33,420,000 (MALAYSIAN RINGGIT THIRTY THREE MILLION FOUR HUNDRED AND TWENTY THOUSAND ONLY).

Yours faithfully,



**ANTHONY CHUA KIAN BENG**  
B Surv (Hons) Pty Mgmt, MIS(M)  
Registered Valuer V445  
Director (Valuation)

AC/am



Penilai  
(V1)0018)

**KGV-LAMBERT SMITH HAMPTON (M) SDN BHD**  
(125852-D)

B-9-9, BLOK B, MEGAN AVENUE II, 12, JALAN YAP KWAN SENG, 50450 KUALA LUMPUR, MALAYSIA.  
TEL: (6)03-2161 5355 TELEFAX: (6)03-2164 5355, 2164 1355.  
E-mail: kgv-lsh@tm.net.my  
Internet: <http://www.realty.com.my>

**KGV-Lambert  
Smith Hampton**

Property Valuers  
Machinery Valuers  
Property Managers  
Project Managers  
Auctioneers  
Property Consultants  
Real Estate Agents

Other Offices:

Malaysia  
Johor Bahru  
Tel: (6)07-224 2022  
Fax: (6)07-223 1366  
Penang  
Tel: (6)04-398 8111  
Fax: (6)04-398 8181

Overseas

Athens  
Atlanta  
Belfast  
Beverly Hills  
Birmingham  
Bristol  
Cambridge  
Clearwater  
Dublin  
Glasgow  
Guildford  
Hemel Hempstead  
Leeds  
Leicester  
London  
Luton  
Maidenhead  
Manchester  
Milton Keynes  
Northampton  
Nottingham  
Oxford  
Peterborough  
Reading  
San Diego  
Sheffield  
Slough  
Smyrna  
Wellingborough



benchmark  
IN QUALITY

**ISO 9001**

## 14.0 VALUATION CERTIFICATE (Continued)

**KGV-Lambert  
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No	Property Identification	General Description of Property	Market Value
1	a) Title not issued yet b) Developer's Lot No 3, Jalan 15 Kawasan Perindustrian Telok Panglima Garang Mukim Telok Panglima Garang District of Kuala Langat Selangor Darul Ehsan c) Kawasan Perindustrian Telok Panglima Garang d) 99-year leasehold interest e) Industry f) Resintech Plastics (M) Sdn Bhd g) Not available h) The land hereby leased shall not be transferred, charged, leased or sold without the consent of the State Authority. i) Owner-occupied	a) The subject property comprises 4 Single-Storey Warehouses. b) 10,925.3 sm (117,600.0 sf) c) 22,344 sm (240,508 sf) d) Warehouse e) Industrial	<b>RM11,725,000</b> a) 4 January 2005 b) Comparison and Investment Approaches  (KGV-LSH 0405109A)



benchmark  
IN QUALITY

ISO 9001

## 14.0 VALUATION CERTIFICATE (Continued)

**KGV-Lambert  
Smith Hampton**

2	<ul style="list-style-type: none"> <li>a) Title not issued yet.</li> <li>b) Developer's Lot Nos 24 &amp; 25 Export Oriented Industrial Zone Phase 2 Kota Kinabalu Industrial Park Sabah</li> <li>c) Kota Kinabalu Industrial Park</li> <li>d) 99-year leasehold</li> <li>e) Industry</li> <li>f) Resintech (Sabah) Sdn Bhd</li> <li>g) Not available</li> <li>h) Not available</li> <li>i) Vacant</li> </ul>	<ul style="list-style-type: none"> <li>a) The subject property comprises two adjoining pieces of industrial land.</li> <li>b) Not applicable</li> <li>c) 1.63 hectares (4.03 acres or 175,546.8 sf)</li> <li>d) Vacant land</li> <li>e) Industrial</li> </ul>	<p><b>RM2,105,000</b></p> <ul style="list-style-type: none"> <li>a) 16 October 2004</li> <li>b) Comparison Approach</li> </ul> <p>(KGV-LSH 0405109B)</p>
3	<ul style="list-style-type: none"> <li>a) HS(D) 13399</li> <li>b) Lot No PT 9092 Mukim of Kajang District of Ulu Langat Selangor Darul Ehsan</li> <li>c) No 21, Jalan Taming 7 Taman Taming Jaya 43300 Balakong Selangor Darul Ehsan</li> <li>d) Freehold</li> <li>e) Industry</li> <li>f) Resintech Plastics (M) Sdn Bhd</li> <li>g) Nil</li> <li>h) Nil</li> <li>i) Owner-occupied</li> </ul>	<ul style="list-style-type: none"> <li>a) The subject property comprises an intermediate 1½-storey terrace light industrial factory.</li> <li>b) 275.9 sm (2,970.0 sf)</li> <li>c) 200.664 sm (2,160.000 sf)</li> <li>d) Light industrial factory</li> <li>e) Industrial</li> </ul>	<p><b>RM330,000</b></p> <ul style="list-style-type: none"> <li>a) 15 September 2004</li> <li>b) Comparison and Investment Approaches</li> </ul> <p>(KGV-LSH 0405109E)</p>



benchmark  
IN QUALITY

**ISO 9001**

## 14.0 VALUATION CERTIFICATE (Continued)

**KGV-Lambert  
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4	<p>a) HS(M) 20705</p> <p>b) Lot No 1851 Mukim &amp; District of Klang Selangor Darul Ehsan</p> <p>c) Adjoining Taman Telok Gedung Indah, Klang</p> <p>d) 99-year leasehold expiring on April 7 2090.</p> <p>e) Industry</p> <p>f) Resintech Plastics (M) Sdn Bhd</p> <p>g) Charged to OCBC Bank (Malaysia) Berhad</p> <p>h) Tanah yang diberi milik ini tidak boleh dipindah milik, digadai atau dipajak melainkan dengan kebenaran Pihak Berkuasa Negeri.</p> <p>i) Vacant</p>	<p>a) The subject property comprises a piece of industrial land.</p> <p>b) Not applicable.</p> <p>c) 19,978.6764 sm (215,055.7200 sf)</p> <p>d) Vacant land</p> <p>e) Industrial</p>	<p><b>RM2,700,000</b></p> <p>a) 15 September 2004</p> <p>b) Comparison Approach</p> <p><b>(KGV-LSH 0405109F)</b></p>
5	<p>a) HS(M) 17555</p> <p>b) Lot No PT 13749 Mukim &amp; District of Klang Selangor Darul Ehsan</p> <p>c) Off Persiaran Raja Muda Musa, Klang</p> <p>d) 99-year leasehold expiring on August 26 2087.</p> <p>e) Building</p> <p>f) Resintech Plastics (M) Sdn Bhd</p> <p>g) Nil</p> <p>h) Tanah yang diberi milik ini tidak boleh dipindahmilik, digadai atau dipajak melainkan dengan kebenaran Pihak Berkuasa Negeri.</p> <p>i) Vacant</p>	<p>a) The subject property comprises a piece of vacant commercial land.</p> <p>b) Not applicable.</p> <p>c) 148.64 sm (1,600.00 sf)</p> <p>d) Vacant land</p> <p>e) Commercial</p>	<p><b>RM110,000</b></p> <p>a) 15 September 2004</p> <p>b) Comparison Approach</p> <p><b>(KGV-LSH 0405109G)</b></p>

## 14.0 VALUATION CERTIFICATE (Continued)

**KGV-Lambert  
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6	<p>a) O1-LCLS-013-014-00107</p> <p>b) Lot No 104, Block 14 24<sup>th</sup> Mile Kuching/Serian Road, Sentah-Segu Land District Kucing Division Sarawak</p> <p>c) Kuching-Serian Road</p> <p>d) 60-year leasehold expiring on January 6 2012.</p> <p>e) Suburban Land</p> <p>f) Resintech Plastics (M) Sdn Bhd</p> <p>g) Nil</p> <p>h) Nil</p> <p>i) Vacant</p>	<p>a) The subject property comprises a piece of development land.</p> <p>b) Not applicable</p> <p>c) 1.40191 hectares (3.46415 acres)</p> <p>d) Vacant Land</p> <p>e) Approved for the construction of a 1½-storey light industrial building.</p>	<p><b>RM295,000</b></p> <p>a) 15 October 2004</p> <p>b) Comparison Approach</p> <p>(KGV-LSH 0405109H)</p>
7	<p>a) Title not issued yet.</p> <p>b) Developer's Lot No 5 Jalan 15 Kawasan Perindustrian Teluk Panglima Garang Selangor Darul Ehsan</p> <p>c) Lot No 5, Jalan Waja 14 Kawasan Perindustrian Teluk Panglima Garang 42500 Teluk Panglima Garang Selangor Darul Ehsan</p> <p>d) 99-year leasehold</p> <p>e) Industry</p> <p>f) Resintech Plastics (M) Sdn Bhd</p> <p>g) Not available</p> <p>h) The land hereby leased shall not be transferred, charged, leased or sold without the Consent of the State Authority.</p> <p>i) Owner-occupied</p>	<p>a) The subject property comprises a Single-Storey Detached Factory, a Three-Storey Office Block and a Single-Storey Hall (with additional two floors).</p> <p>b) Factory: 12,408.0 sm (133,560.0 sf) Office : 2,487.8 sm ( 26,799.0 sf) Hall : 1,560.8 sm ( 16,800.0 sf) Total : 16,456.6 sm (177,139.0 sf)</p> <p>c) 22,035 sm (237,185 sf)</p> <p>d) Industrial premises</p> <p>e) Industrial</p>	<p><b>RM15,875,000</b></p> <p>a) 15 September 2004</p> <p>b) Comparison and Investment Approaches</p> <p>(KGV-LSH 0405109I)</p>



## 14.0 VALUATION CERTIFICATE (Continued)

**KGV-Lambert  
Smith Hampton**

8	<p>a) Title not issued yet.</p> <p>b) Lot No PT 14229 Mukim &amp; District of Klang Selangor Darul Ehsan</p> <p>c) Pandamaran, Klang</p> <p>d) 60-year leasehold</p> <p>e) Industry</p> <p>f) Resintech Plastics (M) Sdn Bhd</p> <p>g) Not available</p> <p>h) Tanah ini tidak boleh dipindahmilik, digadai atau dipajak melainkan dengan kebenaran Pihak Berkuasa Negeri.</p> <p>i) Vacant</p>	<p>a) The subject property comprises a piece of vacant industrial land.</p> <p>b) Not applicable</p> <p>c) 843.1 sm (9,075.0 sf)</p> <p>d) Vacant land</p> <p>e) Industrial</p>	<p><b>RM280,000</b></p> <p>a) 15 September 2004</p> <p>b) Comparison Approach</p> <p>(KGV-LSH 0405109J)</p>
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15.0 DIRECTORS' REPORT

*(Prepared for the inclusion in this Prospectus)*



**RESINTECH BERHAD**

(NO. SYARIKAT: 341662 X)

Date:- **24 NOV 2006**

**Registered Office:**

C15-1, Level 15, Tower C  
Megan Avenue II  
No. 12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur

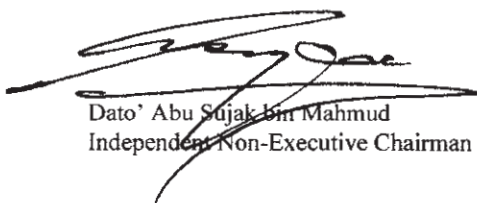
The Shareholders of RESINTECH BERHAD

Dear Sir/Madam,

On behalf of the Board of Directors of Resintech Berhad ("RB"), I report after due inquiry, that during the period from 31 August 2006 (being the date to which the last audited financial statements of RB and its subsidiary companies ("RB Group") have been made up) to **24 NOV 2006**, (being a date not earlier than 14 days before the issue of this Prospectus), that:-

- (a) the business of RB Group 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 RB Group which have adversely affected the trading or the value of the assets of the RB Group;
- (c) the current assets of the RB Group 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 RB Group;
- (e) there have not been, since the last audited financial statements of RB Group, any default or any known event that could give rise to a default situation, in respect of payments of either and/or principal sums in relation to any borrowings as disclosed in Section 12.5.9 of this Prospectus in which the Directors are aware of; and
- (f) save as disclosed in the Proforma Consolidated Financial Information and the Accountants' Report set out in Section 12.4 and 13.0 of this Prospectus respectively, there have been no material changes in the published reserves or any unusual factors affecting the profits of the RB Group since the last audited financial statements of the RB Group.

Yours faithfully,  
For and on behalf of the Board of  
RESINTECH BERHAD

  
Dato' Abu Sujak bin Mahmud  
Independent Non-Executive Chairman

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## 16.0 STATUTORY AND OTHER INFORMATION

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### 16.1 General

- (i) No shares will be allotted or issued on the basis of this Prospectus later than twelve (12) months after the date of the issuance of this Prospectus.
- (ii) Save as disclosed in Sections 7.1.2 and 7.2 of this Prospectus, none of our shares, debentures, outstanding warrants, options, convertibles securities or uncalled capital has been issued or are proposed to be issued as partly or fully paid-up in cash or otherwise than in cash within the two (2) years preceding the date of this Prospectus.
- (iii) Save as disclosed in Section 4.2.2 of this Prospectus, our Directors are not aware of any persons who are able to, directly or indirectly, jointly or severally, exercise control over our Company and our subsidiary companies.
- (iv) None of our Directors nor substantial shareholders has any interest in any contract or arrangement, which is significant in relation to the business of our Company and our subsidiary companies, subsisting as at the date of this Prospectus.
- (v) As at the date of this Prospectus, we do not have any convertible debt securities.
- (vi) Save as disclosed in Sections 8.2.5 and 10.1 of this Prospectus, no amount or benefit has been paid or intended to be paid or given within the two (2) years immediately preceding the date of this Prospectus, to any promoter, director or substantial shareholder.
- (vii) Save for the options to be granted under the ESOS and the Public Issue being reserved for our eligible Directors and employees pursuant to this Prospectus, there are presently no other schemes established by our Company or our subsidiary companies for or involving the staff in the capital of our Company.

### 16.2 Articles of Association

The following provisions are reproduced from our Articles of Association. Terms defined in our Company's Articles of Association shall have the same meanings when used here unless the context otherwise requires:-

#### (i) Transfer of Securities

The provision in our Articles of Association in respect of the arrangements for transfer of our shares and restrictions on their free transferability are as follows:-

##### **Article 43**

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

##### **Article 57**

In accordance with the Rules or as the Bursa Depository may determine, in the case of the death of a Member, the heir(s) or legal personal representative(s) or administrator(s) of the deceased shall be the only person(s) recognised by the Company and/or the Central Depositor as having the title to the Member's interest in the Shares but nothing herein contained shall release the estate of a deceased Member from any liability in respect of any share held by the deceased Member.



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**16.0 STATUTORY AND OTHER INFORMATION (Continued)**

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**Article 58**

The entitlement of a person becoming entitled to a share in consequence of the death, bankruptcy or mental disorder of a Member to elect either to have his name entered as the holder of such share in the Record of Depositors or to have the name of some person nominated by him entered in the Record of Depositors as a holder of such Shares shall be subject to and in accordance with the Rules or as the Bursa Depository may determine. The Directors may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share, and if such notice is not complied with within thirty (30) days of the date of such notice, the Directors may then withhold payment of all dividends, bonuses or other moneys payable in respect of the share until the requirements of such notice have been complied with.

All the limitations, restrictions and provisions of these Articles relating to right to transfer and registration of transfers of Shares available to the Directors and/or the Bursa Depository before the death, bankruptcy or mental disorder of the Member shall continue to be applicable and available to them. Where the share is a Deposited Security, a transfer or withdrawal of such Shares may be carried out by the person becoming so entitled in accordance with the Rules or as the Bursa Depository may determine.

**Article 59**

A person becoming entitled to a share by reason of the death, bankruptcy or mental disorder of the holder or by operation of law shall, subject to and in accordance with the Rules or as the Bursa Depository may determine, be entitled to the rights to which he would be entitled as the holder of the share.

**(ii) Remuneration of Directors****Article 109**

Subject to these Articles, the fees payable to the Directors (for the purposes of clarification, shall not include any salaries, benefit-in-kind, allowances, etc payable to Directors for their executive function) shall from time to time be determined by the Company in general meeting provided always that :-

- (1) Directors' fees payable to Directors not holding any executive office in the Company shall be a fixed sum and shall not be payable by a commission on or percentage of profits or turnover;
- (2) salaries payable to Directors holding executive office in the Company may not include a commission on or a percentage of turnover;
- (3) all fees payable to Directors shall be deemed to accrue from day to day;
- (4) fees payable to Directors shall not be increased except pursuant to a resolution passed by the Company at general meeting, where notice of the proposed increase has been given in the notice convening the meeting; or
- (5) any fee paid to an alternate Director shall be agreed between him and his appointor and shall be deducted from his appointor's remuneration.

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**16.0 STATUTORY AND OTHER INFORMATION** *(Continued)*

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**Article 110**

The Directors may be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of Directors or general or other meetings of the Company or in connection with the business of the Company.

**Article 111**

The Directors may grant special remuneration to any Director who (on request by the Directors) is willing to:-

- (1) render any special or extra services to the Company; or
- (2) to go or reside outside his country of domicile or residence in connection with the conduct of any of the Company's affairs.

Such special remuneration may be paid to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be paid in a lump sum or by way of salary, or by a percentage of profits (other than non-executive directors), or by all or any of such methods but shall not include (where such special remuneration is paid by way of salary) a commission on or a percentage of turnover.

**(iii) Voting and Borrowing Powers of Directors**

The provisions in our Articles of Association dealing with powers of Directors, in particular, the voting powers of our Directors in proposals, arrangements or contracts in which they are interested and the borrowing powers exercisable by them and how such borrowing powers can varied as follows:-

**Article 123**

The Directors may exercise all the powers of the Company to borrow money from any person, bank, firm or company and to mortgage or charge its undertaking, property and uncalled capital, and any part thereof and to issue debentures and other Securities, whether as primary or collateral security for any debt, liability or obligation of the Company, its Subsidiaries or any other party as permitted by the Articles and the Listing Requirements. The Directors may guarantee the whole or any part of the loans or debts raised or incurred by or on behalf of the Company or any interest payable thereon with power to the Directors to indemnify the guarantors from or against liability under their guarantees by means of a mortgage or hypothecation of or charge upon any property and asset of the Company or otherwise. The Directors may exercise all the powers of the Company to guarantee and give guarantees or indemnities for payment of money, the performance of contracts or obligations or for the benefit or interest of the Company or its Subsidiaries.

**Article 124**

The Directors shall not borrow any money or mortgage or charge any of the Company's or its Subsidiaries' undertaking, property or any uncalled capital, or to issue debentures and other Securities whether outright or as security for any debt, liability or obligation of an unrelated third party unless it is permitted by the Listing Requirements.

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**16.0 STATUTORY AND OTHER INFORMATION** *(Continued)*

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**Article 141**

- (1) Subject to the Act, and provided that he has disclosed to the Directors the nature and extent of any material interest of his, a Director notwithstanding his office:-
- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;
  - (b) may be a Director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested;
  - (c) shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate (unless the Company by ordinary resolution determines otherwise) and no transaction or arrangement shall be liable to be avoided (whether or not such ordinary resolution is passed) on the ground of any such interest or benefit; or
  - (d) may act by himself or his firm in a professional capacity for the Company, and he or his firm (as the case may be) shall be entitled to remuneration for professional service but nothing in these Articles shall authorise a Director or his firm to act as auditor of the Company.
- (2) For the purposes of this Article:-
- (a) a general notice given to the Directors that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of person is interested shall be deemed to be a disclosure that the Director has an interest in any such transaction of the nature and extent so specified; and
  - (b) an interest of which a Director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his.

**Article 149**

Except as otherwise provided by these Articles, a Director shall not vote at a meeting of Directors or of a committee of Directors on any resolution concerning any contract, proposed contract, arrangement or other matter in which he has, directly or indirectly, a personal interest or duty which is material and which conflicts or may conflict with the interests of the Company.

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**16.0 STATUTORY AND OTHER INFORMATION** *(Continued)*

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**(iv) Share Capital and Variation of Rights**

The provisions in our Articles of Association as to the changes in share capital or variation of class rights which are no less stringent than those required by law are as follows:-

**Article 12**

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class) may (subject to Sections 55 and 65 of the Act and whether or not the Company is being wound up) be varied or abrogated with:-

- (1) the consent in writing of the holders of three-fourths (3/4) of the issued Shares of that class within two (2) Months of the meeting, shall be valid and effectual as a special resolution carried at the meeting; or
- (2) the sanction of a special resolution passed at a separate general meeting of the holders of the Shares of that class.

To every such separate general meeting, the provisions of these Articles relating to general meetings shall mutatis mutandis apply, except that the necessary quorum shall be two (2) persons at least holding or representing by proxy, one-third (1/3) of the issued Shares of the class (but so that if at any adjourned meeting of such holders, a quorum is not present, the holders present, shall form a quorum), and any holder of Shares of the class present in person or by proxy may demand a poll.

**Article 70**

The Company may by ordinary resolution:-

- (1) consolidate and divide all or any of its share capital into Shares of larger amount than its existing Shares;
- (2) subject to Section 62(1) of the Act subdivide its existing Shares or any of them into Shares of smaller amount; or
- (3) cancel any Shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.

**Article 73**

The Company may by special resolution reduce its share capital and any capital redemption reserve fund or share premium account in any manner authorised by law.

**Article 74**

Without prejudice to the rights attached to any existing Shares or class of Shares, the Company at general meeting may by ordinary resolution increase its capital by the creation and issue of new Shares of such nominal amounts, and carrying such rights and restrictions, as the resolution specifies provided that where the capital of the Company consists of Shares of different monetary denominations, voting rights (if specified in such resolution) shall be prescribed in such a manner that a unit of capital in each class, when reduced to a common denominator, shall carry the same voting power when such right is exercisable.

**16.0 STATUTORY AND OTHER INFORMATION** *(Continued)***16.3 Material Contracts**

Save as disclosed below, there are no contracts which are or may be material (not being contracts entered into in the ordinary course of business) entered into by us and our subsidiary companies during the two (2) years immediately preceding the date of this Prospectus.

- (i) Mutual Termination Agreement dated 3 May 2005 between RESB and GSI International Inc. (“GSI”) whereby RESB and GSI have mutually agreed to cease the joint venture business carried out pursuant to the Agreement dated 1 May 1998 between RESB and GSI subject to the conditions contained therein;
- (ii) Share Sale Agreement dated 1 August 2005 between our Company, and Dato’ Abu Sujak Bin Mahmud, Y.B. Dato’ Dr. Teh Kim Poo, Datin Gan Jew, Teh Leng Kang, TESB, SSSB and BPSB (collectively “the Vendors”) whereby our Company agreed to purchase from the Vendors the entire issued and paid-up share capital of RPSB comprising 5,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM42,060,437 to be satisfied by our Company issuing and allotting to the Vendors the aggregate sum of 84,119,996 new RB Shares at an issue price of RM0.50 per Share;
- (iii) Deed of Novation cum Assignment dated 7 August 2005 amongst KKIP Sdn Bhd (“KKIP”), RPSB and RSSB whereby RPSB assigned, transferred and conveyed absolutely unto RSSB all of RPSB’s rights, title, interest and benefits, duties and obligations in and to Lot No. 24 & 25 in the district of Tuaran and Menggatal, Kota Kinabalu and under the Sale and Purchase Agreement dated 6 November 1997 between KKIP and RPSB (“SPA”) as if RSSB has been a party with KKIP to the SPA in lieu of RPSB, subject to the conditions contained therein;
- (iv) A construction contract dated 15 December 2005 made between RSSB and Marudu Construction Sdn Bhd (“Marudu”) wherein RSSB had appointed Marudu to undertake the construction and completion of the proposed factory and office at Lot 25, Export Oriented Zone Phase 2, Kota Kinabalu Industrial Park, Kota Kinabalu in consideration whereof RSSB will pay Marudu a total contract sum of RM1,820,000 subject to the terms and conditions contained therein;
- (v) A Property Sale and Purchase Agreement dated 31 March 2006 between RPSB and FPSB wherein FPSB agreed to sell and RPSB agreed to purchase from FPSB a piece of land held under Geran No. 52361, Lot No. 6461, Mukim of Kapar, District of Klang, State of Selangor measuring in area approximately 219,978 sq. ft. together with a double storey factory building cum office block, a double storey canteen block cum store, a guard house and a motorcycle shed erected thereon for a total purchase consideration of RM4,500,000 only subject to the lease granted by FPSB to Tenaga Nasional Berhad for a period of 30 years commencing from 5 May 1992 and expiring on 4 May 2022;
- (vi) A Sale and Purchase Agreement dated 31 March 2006 between FPSB and RPSB wherein FPSB agreed to sell and RPSB agreed to purchase from FPSB Sale Assets and Stock (as defined therein) located at the Property (as defined therein) for a total purchase consideration of RM321,000 and RM2,099,599.33 respectively. As part of the arrangement under the said agreement, RPSB agreed to offer continuous employment to the employees set out in Appendix D of the said agreement in consideration whereof FPSB agreed to pay a sum of RM228,512.44 to RPSB as termination benefits payable for the 42 employees who have accepted the offer made by RPSB;

**16.0 STATUTORY AND OTHER INFORMATION** *(Continued)*

- (vii) A Licensing Agreement dated 24 April 2006 between KWH Pipe Ltd, Technology (“Licensor”) and RPSB wherein the Licensor agreed to grant an exclusive license to use the Licensor’s technical documentation, information and other knowledge including the Licensor’s patents and/or patent applications relating to the Products (as defined therein) in Malaysia and Fujian Province in the Peoples Republic of China and the sole license in Indonesia, Brunei and Singapore subject to payment of license fees and royalty by RPSB to the Licensor. The agreement is for an initial period of 10 years from the date of the agreement and shall be automatically renewed for successive period of 2 years, unless terminated by either party with 6 months notice prior to the date of expiry. The agreement shall be governed and construed in accordance with the laws of Finland; and
- (viii) Underwriting Agreement dated 16 October 2006 between our Company, MIMB and TA Securities Holdings Berhad for the underwriting of up to 8,783,000 Public Issue Shares at an underwriting commission of 2.0% of the value of the underwritten shares.

**16.4 Material Litigation**

Save as disclosed below, neither our Company or our subsidiary companies is engaged in any litigation either as plaintiff or defendant and our Directors have no knowledge of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially or adversely affect our position or business:-

- (i) On 25 August 2003, RPSB filed a claim for RM840,996.26 together with interest against Trend Traders Sdn Bhd (“First Defendant”) and its guarantors, namely Ir. Mohamed Salleh bin Yunos, Ir. Othman bin Abdul Rahim (“Third Defendant”) and Ir. Zaidi bin Idris (collectively “the Defendants”) for goods sold and delivered. The Defendants filed their defence on 21 October 2003. The application for summary judgement was heard on 24 February 2004 and the claim was dismissed with costs as the Senior Assistant Registrar ruled that there was triable issue(s). RPSB had on 2 March 2004 filed its appeal to the judge in chambers and the hearing date fixed for the appeal on 15 February 2005 had been adjourned to 13 March 2007 on the application of the Defendants’ solicitors. RPSB will be relying on the letter of admission of debt written by the Third Defendant in the capacity as a director of the First Defendant to prove its claim and to discharge the burden in proving delivery of the goods. The solicitors of RPSB are of the view that the probable outcome of the case is that judgement will be entered in favour of RPSB.

**16.5 Public Take-Overs**

None of the following has occurred in the last financial year and during the current financial year up to the Latest Practicable Date:-

- (a) public take-over offers by third parties in respect of our Company’s shares; or
- (b) public take-over offers by our Company in respect of other companies’ shares.

**16.6 Responsibility Statements**

MIMB, being our adviser, managing underwriter, underwriter and placement agent acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO and is satisfied that our profit forecast (for which our Directors are fully responsible), prepared for inclusion in this Prospectus have been stated by our Directors after due and careful enquiry and has been duly reviewed by our Reporting Accountants.

Our Directors, the Offerors and Promoters have seen and approved this Prospectus and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no false or misleading statements or other facts, if omitted, would make any statement herein false or misleading. Our Directors hereby accept full responsibility for the profit forecast included in this Prospectus and confirm that the profit forecast have been prepared based on assumptions made.

**17.0 ESOS BY-LAWS**

Bursa Securities has, vide its letter dated 17 May 2005, approved-in-principle the listing of and quotation for our new Shares to be issued pursuant to the exercise of options under our ESOS on the Second Board of Bursa Securities. On 16 October 2006, our shareholders have adopted the ESOS for the benefits of our eligible Directors and employees. The ESOS is expected to be effective during the first quarter of the financial year ending 29 February 2008.

**1. DEFINITION AND INTERPRETATION**

Except where the context otherwise requires, the following expressions in these ESOS By-Laws shall have the following meanings:-

“Act”	:	Companies Act, 1965, as amended from time to time and any re-enactment thereof
“Articles”	:	Articles of Association of the Company, as amended from time to time
“Board”	:	Board of Directors
“Bursa Securities”	:	Bursa Malaysia Securities Berhad (635998-W)
“By-Laws”	:	The rules, terms and conditions of the Scheme (as may be amended, varied or supplemented from time to time in accordance with By-Law 21)
“CDS”	:	Central Depository System
“Central Depositories Act”	:	Securities Industry (Central Depositories) Act, 1991, as amended from time to time and any re-enactment thereof
“Depository”	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
“Effective Date”	:	The date of the implementation of the Scheme as stated in the confirmation letter submitted by the Company’s adviser to Bursa Securities pursuant to the Listing Requirements and as provided in By-Law 22.1
“Eligible Director(s)”	:	A director of RB Group who meets the criteria of eligibility for participation in the Scheme as set out in By Law 4.2 hereof
“Eligible Employee”	:	An employee (including Eligible Director) of RB Group who meets the criteria of eligibility for participation in the Scheme as set out under By-Law 4.1 hereof
“Eligible Subsidiary”	:	The Subsidiary Company which is for the time being nominated by the ESOS Committee to be the company participating in the Scheme in accordance with By-Law 5.1
“Entitlement Date”	:	The date as at the close of business on which shareholders’ names must appear on RB’s Record of Depositors in order to participate in any dividends, rights, allotments or other distributions
“ESOS Committee”	:	The committee duly appointed by the Board of RB to implement and administer the Scheme

**17.0 ESOS BY-LAWS (Continued)**

“ESOS Guidelines”	:	The guidelines on employees’ share option schemes issued by the relevant regulatory authorities, as amended from time to time
“Grantee”	:	An Eligible Employee who has accepted an Offer in the manner set out under By-Law 8
“Listing Requirements”	:	Listing Requirements of Bursa Securities
“Market Day”	:	Any day on which the stock market of Bursa Securities is open for trading in securities
“Maximum Allowable Allotment”	:	The maximum aggregate number of new RB Shares that can be offered to a Eligible Employee as set out under By-Law 6
“RB” or “the Company”	:	RB Berhad (341662-X)
“RB Group” or “the Group”	:	RB and its subsidiary companies, collectively
“RB Shares” or “Shares”	:	Ordinary shares of RM0.50 each in RB
“Offer”	:	A written offer made by the ESOS Committee granting Options to a Eligible Employee as determined under By-Law 5
“Offer Date”	:	The date on which an Offer is made by the ESOS Committee to a Eligible Employee to participate in the Scheme
“Options”	:	The right of a Grantee to subscribe for new RB Shares pursuant to the contract constituted by acceptance by the Grantee in the manner provided in By-Law 8 of an Offer made to such Grantee by the ESOS Committee pursuant to By-Law 5
“Option Period”	:	A period commencing from the Offer Date and expiring on a date which the ESOS Committee may in its discretion decide, provided that no Option Period shall extend beyond the duration of the Scheme, which is five (5) years from the date of commencement of the Scheme unless extended in accordance with By-Law 22 or terminated in accordance with By-Law 23
“Option Price”	:	The price at which a Grantee shall be entitled to subscribe for one (1) new RB Share as set out in By-Law 7
“Persons Connected”	:	<p>In relation to a director or a major shareholder, means such person who falls under any one of the following categories:</p> <ul style="list-style-type: none"> <li>(i) a member of the director’s or major shareholder’s family, which family shall have the meaning given in Section 122A of the Act;</li> <li>(ii) a trustee of a trust (other than a trustee for an employee share scheme or pension scheme) under which the director, major shareholder or a member of the director’s or major shareholder’s family is the sole beneficiary;</li> </ul>



**17.0 ESOS BY-LAWS** *(Continued)*

- (iii) a partner of the director, major shareholder or a partner of a person connected with that director or major shareholder;
- (iv) a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the director or major shareholder;
- (v) a person in accordance with whose directions, instructions or wishes the director or major shareholder is accustomed or is under an obligation, whether formal or informal, to act;
- (vi) a body corporate or its directors which/who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the director or major shareholders;
- (vii) a body corporate or its directors whose directions, instructions or wishes the director or major shareholder is accustomed or under an obligation, whether formal or informal, to act;
- (viii) a body corporate in which the director, major shareholder and/or persons connected with him are entitled to exercise, or control the exercise of, not less than 15% of the votes attached to voting shares in the body corporate; or
- (ix) a body corporate which is a related corporation

“RM and sen”	:	Ringgit Malaysia and sen respectively
“SC”	:	Securities Commission
“SC’s Guidelines”	:	The Policies and Guidelines on Issue/Offer of Securities issued by the SC, as amended from time to time
“Scheme” or “ESOS”	:	The scheme for the granting of Options to Eligible Employees to subscribe for new RB Shares up to but not exceeding such number which represents fifteen per cent (15%) of the issued and paid-up share capital of the Company at any one time at the point of granting the Options during the existence of the Scheme, on the terms as established by these By-Laws in its present form or as from time to time amended in accordance with the provisions hereof, such scheme to be known as “RB Employees’ Share Option Scheme”
“Shares”	:	Ordinary shares of RM0.50 each in the Company
“Subsidiary Company”	:	Any company which is a subsidiary company of RB within the meaning of Section 5 of the Act other than a company which is dormant and shall include a subsidiary company as may be incorporated or acquired by RB from time to time during the duration of the Scheme but shall exclude subsidiary companies which have been divested in the manner provided in By-Law 12

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**17.0 ESOS BY-LAWS (Continued)**

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1.1 In these By-Laws:-

- (i) any reference to a statutory provision shall include any subordinate legislation made from time to time under any listing requirements, policies and/or guidelines of Bursa Securities, and/or other relevant authorities (in each case, whether or not having the force of law but, if not having the force of law, the compliance of which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed to by Bursa Securities, and/or other relevant authorities);
- (ii) any reference to the provisions of any legislation shall include a reference to any statutory modification and re-enactment thereof made from time to time;
- (iii) words denoting the singular shall include the plural and references to gender shall include both genders;
- (iv) the headings are for convenience only and shall not be taken into account in the interpretation of these By-Laws;
- (v) 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 first Market Day after that day;
- (vi) any liberty or power which may be exercised or any determination which may be made hereunder by the ESOS Committee may be exercised at the ESOS Committee's absolute discretion.

**2. NAME AND OBJECTIVE OF SCHEME**

- 2.1 This Scheme shall be called the "RB Employees' Share Option Scheme".
- 2.2 The Scheme is aimed at retaining and motivating Eligible Employees by instilling a sense of ownership of the Group in them with a view to retaining their services and encouraging them to improve their performance, standards and efficiency.

**3. MAXIMUM NUMBER OF SHARES AVAILABLE UNDER THE SCHEME**

- 3.1 Each Option shall be exercisable into one (1) new Share in accordance with the provisions of these By-Laws.
- 3.2 The total number of Options exercised and offered and to be offered under the Scheme shall not exceed in aggregate fifteen per cent (15%), or any such amount or percentage as may be permitted by the relevant authorities, of the total issued and paid-up share capital of the Company at any one time at the point of granting of the Options during the existence of the Scheme and further, the following shall be complied with:-
  - (a) Not more than fifty per centum (50%) of the Shares available under the Scheme shall be allocated, in aggregate, to directors and senior management; and

**17.0 ESOS BY-LAWS (Continued)**

- (b) Not more than ten per centum (10%) of the Shares available under the Scheme shall be allocated to any Eligible Employee who singly or collectively through the Persons Connected with them (as defined in Paragraph 1.01 of the Listing Requirements), holds twenty per centum (20%) or more of the issued and paid-up share capital of the Company.
- 3.3 Notwithstanding any other provision herein contained, where, as a result of the cancellation or retention in treasury of the Company's own Shares purchased by the Company in accordance with the provision of Section 67A of the Act, and/or the reduction of its share capital pursuant to Section 64 of the Act, the total number of new RB Shares which may already be made available under the Scheme exceeds fifteen per cent (15%) or any such amount or percentage as may be permitted by the relevant guidelines prescribed for ESOS of the total issued and paid-up share capital of the Company during the duration of the Scheme, and in such event the following provisions shall be complied with:-
- (a) if the number of Options granted by the Company as at the date of cancellation/retention of RB Shares so purchased or the date the share capital is reduced, whichever is applicable ("the Relevant Date") is greater than fifteen per cent (15%) or any such amount or percentage as may be permitted by the relevant guidelines prescribed for ESOS of the total issued and paid-up share capital of the Company after such cancellation/retention/reduction, the ESOS Committee shall not make any further Offers (until such time that the number of Options subsisting falls below fifteen per cent (15%) or any such amount or percentage as may be permitted by the relevant guidelines prescribed for ESOS of the total issued and paid up share capital of the Company) but the Options granted prior to the Relevant Date shall remain valid and exercisable in accordance with the provisions of the Scheme; and
- (b) if the number of Options granted by the Company as at the Relevant Date is less than fifteen per cent (15%) or any such amount or percentage as may be permitted by the relevant guidelines prescribed for ESOS of the issued and paid-up share capital of the Company after such cancellation/retention/reduction, the ESOS Committee may make further Offers only until the total number of Options granted by the Company is equivalent to fifteen per cent (15%) or any such amount or percentage as may be permitted by the relevant guidelines prescribed for ESOS of the total issued and paid-up share capital of the Company after such cancellation/retention/reduction.
- 3.4 The Company will during the Option Period keep available sufficient authorised and unissued shares to satisfy all Options which may be exercised, in whole or in part during the Option Period.
- 3.5 Subject always to the provisions of By-Law 5.1, the ESOS Committee shall have the absolute discretion in determining when and whether the entire number of new RB Shares available for subscription under the Scheme is to be offered to the Eligible Employee via:-
- (a) one single Option; or
- (b) several Options where the Offer is staggered or made in several tranches,
- from time to time during the life of the Scheme.
- 3.6 In the event the ESOS Committee decides that the Offer is to be staggered:-
- (a) the number of Options, the aggregate number of new RB Shares to be offered in each Option and the timing of such Offer shall be decided by the ESOS Committee at its absolute discretion;

**17.0 ESOS BY-LAWS** *(Continued)*

- (b) the granting of such Options shall be subject to the restrictions contained in By-Law 5.3; and
- (c) each Option shall be separate and independent from the others and the limits as stipulated in By-Law 9 and all other conditions as contained in these By-Laws shall apply *mutatis mutandis*.

**4. ELIGIBILITY**

- 4.1 Any employee of the RB Group shall be eligible to participate in the Scheme if, as at the Offer Date, the employee:
- (a) has attained the age of eighteen (18) years;
  - (b) is confirmed and on the payroll of a company within the RB Group; and
  - (c) falls within any other criteria that the ESOS Committee may from time to time determine at its discretion.
- 4.2 Any Eligible Director of the RB Group shall also be eligible to participate in the Scheme if at the Offer Date, such Eligible Director:
- (a) has attained the age of eighteen (18) years;
  - (b) has been appointed as a Director of a company within the RB Group for at least six (6) months; and
  - (c) falls within any other criteria that the ESOS Committee may from time to time determine at its discretion.

The ESOS Committee may, at its discretion, nominate any employee (including Executive and Non-Executive Directors) of the RB Group to be an Eligible Employee despite the eligibility criteria under Clause 4.1 and Clause 4.2 hereof are not met, at any time and from time to time. An Eligible Employee does not acquire or have any rights over or in connection with the Options or the new Shares comprised herein unless an Offer has been made by the ESOS Committee to the Eligible Employee and the Eligible Employee has accepted the Offer in accordance with the terms of the Offer and the Scheme. The granting of Options to the Non-Executive Directors is subject to the flexibility being granted by the relevant authorities on the requirement under the Securities Commission Act 1993 in relation to the issuance of a Prospectus.

- 4.3 In addition to the above criteria of eligibility, any foreign employee of RB and/or its Subsidiary Companies who is serving in a full-time capacity and whose contribution is vital to RB and/or its Subsidiary Companies may be considered for participation in the Scheme, provided that no foreign employee who is serving under an employment contract may be considered for participation in the Scheme unless the term of the employment contract is for a duration of at least one (1) year continuously as at the Offer Date.
- 4.4 No Eligible Employee shall participate at any time in more than one (1) employee share option scheme currently implemented by any company within the RB Group notwithstanding that the Eligible Employee may be employed by more than one (1) company within the RB Group or sitting on more than one (1) board of directors of the companies within the RB Group.

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**17.0 ESOS BY-LAWS** *(Continued)*

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**5. OFFER**

- 5.1 The ESOS Committee shall determine who shall be selected to participate in the Scheme and may, at its discretion, nominate a Subsidiary Company to be an Eligible Subsidiary at any time and from time to time provided that the ESOS Committee shall not so nominate any company which is dormant to be an Eligible Subsidiary. Offers shall be issued during the duration of the Scheme (as stipulated under By-Law 22 hereof) only to such Eligible Employees as the ESOS Committee shall have selected in its absolute discretion. In determining the maximum number of new RB Shares that may be offered and allotted to a Eligible Employee, the ESOS Committee shall be subjected to the limits contained in By-Law 6 hereof.
- 5.2 The actual number of new RB Shares which may be offered to a Eligible Employee shall be determined at the absolute discretion of the ESOS Committee and, subject to any adjustments that may be made under By-Law 17 hereof, shall not be less than one hundred (100) RB Shares or the minimum board lot for shares as prescribed by the Bursa Securities from time to time but not more than the Maximum Allowable Allotment as set out in By-Law 6 hereof and shall always be in multiples of one hundred (100) RB Shares or the minimum board lot for shares as prescribed by the Bursa Securities from time to time. The decision of the ESOS Committee on the number of new Shares being offered shall be final and binding on the Eligible Employees.
- 5.3 Nothing herein shall prevent the ESOS Committee from making more than one Offer to any Eligible Employee provided always that the aggregate number of RB Shares which may be offered to any Eligible Employee (inclusive of RB Shares previously offered under the Scheme, if any) shall not exceed the Maximum Allowable Allotment of each Eligible Employee as set out under By-Law 6 hereof. No Options will be offered to an Eligible Director unless the allotment of Options to that Eligible Director to participate in the Scheme shall have previously been approved by the shareholders of the Company in a general meeting.
- 5.4 The Offer by the ESOS Committee shall state the following particulars:
- (a) the number of new RB Shares which the Eligible Employee shall be entitled to subscribe for upon the exercise of the Option offered thereunder;
  - (b) the Option Period;
  - (c) the Option Price; and
  - (d) the closing date for acceptance of the Offer.
- 5.5 The Offer or any part thereof shall automatically lapse and be null and void in the event of the Eligible Employee ceasing to be employed by RB or the Eligible Subsidiary for any reason whatsoever prior to the acceptance of the Offer or part thereof by the Eligible Employee in the manner set out under By-Law 8 hereof.
- 5.6 Each Offer shall be made in writing and the Offer can only be accepted by the Eligible Employee in accordance with By-Law 8.1 personally during his lifetime whilst he is in the employment of RB or the Eligible Subsidiary and shall not be transferred, assigned or otherwise disposed of by the Eligible Employee.

**17.0 ESOS BY-LAWS (Continued)****6. MAXIMUM ALLOWABLE ALLOTMENT AND THE BASIS OF ALLOTMENT**

- 6.1 Subject to any adjustments which may be made under By-Law 17 hereof, the Maximum Allowable Allotment that may be offered and allotted to the Eligible Employee shall be determined at the discretion of the ESOS Committee except that the Maximum Allowable Allotment that may be offered and allotted to an Eligible Directors shall be determined by the Board of RB, subject always to By-Law 3.1 and the provisions of the ESOS Guidelines relating to allocations.
- 6.2 The categories of Eligible Employees and the Maximum Allowable Allotment which is subject to change from time at the discretion of the ESOS Committee is as follows:-

<b>Category of Eligible Employees</b>	<b>Maximum Entitlement (No. of Options)</b>
Eligible Directors	1,470,000
General Manager, Senior Manager, Financial Controller	300,000
Managers	200,000
Senior Executive/Executive	200,000
Supervisor	100,000

- 6.3 (a) In the event that an Eligible Employee is moved to a higher category, his Maximum Allowable Entitlement shall be increased in accordance with the scale provided in By-Law 6.1 above upon his confirmation in the higher category.
- (b) In the event that an Eligible Employee is moved to a lower category, the following provisions shall apply:-
- (i) His Maximum Allowable Entitlement shall be reduced in accordance with the scale provided in By-Law 6.2;
  - (ii) In the event that the total number of RB Shares in respect of Options which have been accepted by him up to the date he is moved to the lower category is greater than his Maximum Allowable Entitlement under such lower category, he shall be entitled to continue to hold and to exercise all unexercised Options held by him on such date but he shall not be entitled to be offered any further Options unless and until he is subsequently moved to a higher category so that his Maximum Allowable Entitlement is increased to an amount greater than the total number of RB Shares in respect of Options which have already been accepted by him; and
  - (iii) In the event that the total number of RB Shares in respect of Options which have been accepted by him up to the date he is moved to the lower category is less than his Maximum Allowable Entitlement under such lower category, he shall be entitled to continue to hold and to exercise all unexercised Options held by him on such date and, subject to By-Law 6.7, to be offered further Options up to his Maximum Allowable Entitlement under such lower category.

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**17.0 ESOS BY-LAWS (Continued)**

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- 6.4 The criteria to be applied by the ESOS Committee in determining the actual entitlement of a Eligible Employee shall be based on the grade and may include, without limitations, the length of service, contributions, dedication and performance and any other considerations deemed fit by the ESOS Committee.
- 6.5 In the circumstances where the Maximum Allowable Allotment as provided in the ESOS Guidelines is amended by the Bursa Securities or the relevant regulatory authority from time to time, the ESOS Committee shall have absolute discretion to make the necessary adjustments so that the number of new RB Shares that may be offered to any one of the Eligible Employees shall be in accordance with the provisions of the ESOS Guidelines prevailing during the Option Period.
- 6.6 The number of Options offered to the Eligible Employees and the new RB Shares to be issued pursuant to the exercise of the Options pursuant to the Scheme shall be verified by the audit committee of RB at the end of each financial year and a statement to that effect that the audit committee has conducted such verification which shall be described in the Company's annual report.
- 6.7 The ESOS Committee shall not be obliged in any way to offer to an Eligible Employee all of the specified Maximum Allowable Entitlement. The decision of the ESOS Committee shall be final and binding.

**7. OPTION PRICE**

The Option Price shall be the higher of the following:-

- (a) the weighted average market price of the RB Shares as shown in the Daily Official List of the Bursa Securities for the five (5) Market Days immediately preceding the Offer Date, subject to the discretion of the ESOS Committee to grant a discount of not more than 10% on the said weighted average market price provided that if the Option is granted as part of the listing proposal of RB, the Option Price must not be less than the initial public offer price; and
- (b) the par value of the RB Shares or at such minimum issue price of the RB Shares as may be permitted by the provisions of the Companies Act, 1965 (as may be amended from time to time).

The Option Price shall be subjected to any adjustment in accordance with By-Law 17.1.

**8. ACCEPTANCE OF THE OFFER**

- 8.1 The Offer to participate in the Scheme shall be valid for a period of thirty (30) days from the Offer Date or such longer period as may be determined by the ESOS Committee on a case to case basis at its discretion. The acceptance of an Offer shall be made by way of a written notice from the Eligible Employee to the ESOS Committee in the form prescribed by the ESOS Committee.
- 8.2 In the event that the Eligible Employee fails to accept the Offer or part thereof in the manner stipulated in By-Law 8.1 or pay the acceptance consideration as referred to in By-Law 8.3 hereof within the prescribed period and in the manner aforementioned, the Offer or part thereof shall lapse and shall be null and void and of no further force and effect.
- 8.3 Each acceptance of the Offer or part thereof by a Eligible Employee shall be accompanied by the payment of RM1.00 (Ringgit Malaysia One) as non-refundable consideration for the Option.

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**17.0 ESOS BY-LAWS (Continued)**

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- 8.4 Within thirty (30) days after the due acceptance of the Offer in accordance with the provisions of this By-Law, the ESOS Committee shall issue to the Grantee a certificate of Option in such form as may be determined by the ESOS Committee.
- 8.5 The Option is personal to the Grantee and subject to By-Law 10.2, the Option so granted cannot be assigned, transferred, charged or otherwise disposed of in any manner whatsoever.

**9. EXERCISE OF OPTIONS**

- 9.1 Subject to By-Laws 10.1, 10.2, and 15 hereof, an Option can be exercised by the Grantee in accordance with the provisions of By-Law 9.3 by notice in writing to the Company during the Option Period in respect of all or any number of the RB Shares comprised in the Option. Any partial exercise of an Option shall not preclude the Grantee from exercising the Option in respect of the balance of the RB Shares comprised in the Option, if any.
- 9.2 Subject to By-Law 17 hereof, the ESOS Committee may, at any time and from time to time, after an Option is granted, permit a Grantee to exercise 100% of his Options at any time during the Option Period or limit the exercise of an Option to a maximum number of new RB Shares and/or a percentage of the total new RB Shares comprised in the Option to such periods as it may decide within the Option Period and impose any other terms and/or conditions deemed appropriate by the ESOS Committee in its discretion including amending/varying any terms and conditions imposed earlier.
- 9.3 In order to exercise an Option in whole or in part, the Grantee (or as the case may be, his personal representatives) must deliver to the ESOS Committee a written notice in such form as the ESOS Committee may from time to time prescribe/determine. Any such notice shall state the number of Shares in respect of which the Option is being exercised, which number:-
- (a) shall not exceed the number of Shares or the remaining number of Shares comprised in the Option, as the case may be;
  - (b) shall not be less than 100 Shares or the minimum board lot for shares as prescribed by the Bursa Securities; and
  - (c) shall be in the multiple of 100 Shares or the minimum board lot for shares as prescribed by the Bursa Securities.

The notice shall be accompanied by payment in full of the Offer Price for the number of Shares in respect of which the Option is exercised.

In the event of an Option being exercised in part only, the balance of the Option not thereby exercised shall continue to be exercisable in accordance with the provisions hereof until the expiry of the Option Period and the Company shall issue to the Grantee a balance option certificate in respect of that part of his Option which the Grantee had elected not to exercise. A balance option certificate shall state the remaining number of Shares over which the Option remains capable of exercise and shall be in such form as the ESOS Committee shall from time to time prescribe/determine. The option certificate or any balance option certificate previously issued to the Grantee shall also be lodged with the ESOS Committee on the exercise of any Option or any part thereof.



**17.0 ESOS BY-LAWS** *(Continued)*

- 9.4 A Grantee who exercises his Option shall provide the ESOS Committee with his or his authorised nominee's CDS account number, as the case may be, in the notice referred to in By-Law 9.3. Subject to and in accordance with the provisions of the Articles, the Central Depositories Act and the rules issued by the Depository, the Company shall within ten (10) Market Days of the receipt by the Company of the aforesaid notice and remittance from the Grantee, allot and issue the relevant number of new RB Shares, despatch a notice of allotment stating the number of new Shares to be credited into the CDS account of the Grantee or the Grantee's authorised nominee with a copy to the Grantee, as the case may be, and make an application for the quotation of the new RB Shares. No physical share certificate(s) will be issued to the Grantee or the Grantee's authorised nominee, as the case may be.
- 9.5 All Options to the extent unexercised on the expiry of the Option Period shall lapse.
- 9.6 The Company shall at all times keep available sufficient unissued RB Shares to meet the requirement of the subsisting Options as well as all outstanding Options, as the case may be.
- 9.7 In the event that a Grantee is subject to disciplinary proceedings (whether or not such disciplinary proceedings will give rise to a dismissal or termination of service) the ESOS Committee shall have the right, at its discretion, to suspend the rights of the Grantee to exercise his Option pending the outcome of such disciplinary proceedings. The ESOS Committee may impose such terms and conditions as the ESOS Committee shall deem appropriate having regard to the nature of the charges made or brought against the Grantee PROVIDED ALWAYS THAT in the event that such Grantee shall subsequently be found not guilty of the charges which gave rise to such disciplinary proceedings, the ESOS Committee shall reinstate the rights of such Grantee to exercise his Option.
- 9.8 The Company, the Board and the ESOS Committee shall not under any circumstances be held liable to any person for any costs, losses, expenses, damages or liabilities howsoever arising in the event of any delay on the part of the Company in procuring the Bursa Securities to list the RB Shares subscribed for by a Grantee.

**10. TERMINATION OF THE OPTION**

- 10.1 All remaining unexercised Options shall forthwith lapse and/or be deemed to be cancelled and cease to be exercisable in respect of such Options that have not been exercised upon the occurrence of one or more of the following event:
- (i) subject to By-Law 13 and 14, cessation of directorship or termination of employment of a Grantee with RB or the Eligible Subsidiary for whatever reason prior to the exercise of an Option or prior to the full exercise of an Option, in which event the Option shall be automatically terminated on the day of such cessation or the Grantee notifies his employer of his resignation or on the Grantee's last day of employment, whichever is the earlier; or
  - (ii) the bankruptcy of the Grantee, in which event the Options shall be automatically terminated on the date a receiving order is made against the grantee by a court of competent jurisdiction; or
  - (iii) the winding up or liquidation of the Company, in which event the Option shall be automatically terminated on the following date:-
    - (a) in the case of a voluntary winding up:-
      - (aa) the date on which a provisional liquidator is appointed by the Company; or
      - (bb) the date on which the shareholders of the Company passed a resolution to voluntarily wind-up the Company; or

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**17.0 ESOS BY-LAWS (Continued)**

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- (b) in the case of an involuntary winding up, the date on which a petition for winding up is presented to the Company;

whichever shall be applicable.

Upon the termination of Options pursuant to By-Laws 10.1 (i), (ii) or (iii) above, the Grantee shall have no right to compensation or damages or any claim against the Company from any loss of any right or benefit or prospective right or benefit under the Scheme which he might otherwise have enjoyed, whether for wrongful dismissal or breach of contract or loss of office or otherwise howsoever arising from his ceasing to hold office or employment or from the suspension of his right to exercise his Options or his Option ceasing to be valid.

10.2 Notwithstanding the provisions of Be- Law 10.1(i), the ESOS Committee may at its discretion allow a Grantee to exercise his unexercised Options or Options within the relevant Option Periods or such other shorter period as the ESOS Committee may at its discretion determine when the Grantee ceases his employment or appointment with the Group by reason of:

- (i) retirement on attaining the normal retirement age under the Group's retirement policy;
- (ii) retirement before attaining the normal retirement age but with the consent of the ESOS Committee;
- (iii) ill-health, injury, physical or mental disability;
- (iv) redundancy or retrenchment under any voluntary separation scheme;
- (v) resignation under circumstances which are acceptable to the ESOS Committee; and
- (vi) any other circumstances which are acceptable to the ESOS Committee,

Provided that no Options shall be exercisable after the expiry of the Option Period.

10.3 In the event of death of a Grantee before the expiry of the Option Period and at the date of death the Grantee held Options which are unexercised, the whole or any part of an Option that is unexercised shall lapse forthwith and be null and void and of no further force and effect provided however the ESOS Committee may at its discretion give written approval to the legal or personal representatives of the Grantee to exercise the whole or any part of an Option within twenty-four (24) months after the date of death of the Grantee, provided always that no Option shall be exercised after the expiry of the Option Period.

10.4 Any RB Shares comprised in an Option which has lapsed under the circumstances provided under By-Law 10, shall thereafter form part of the balance of new RB Shares available under the Scheme under By-Law 3.

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

In the event that:-

- (i) a full-time employee or director who was employed or appointed in a company which is unrelated to RB (that is, a company which is not related to RB or its Subsidiaries by virtue of Section 6 of the Companies Act, 1965) and is subsequently transferred from such company to any company within the RB Group; or
- (ii) a full-time employee or director who was employed or appointed in a company which is unrelated to RB, which subsequently becomes a member of the Group as result of a restructuring exercise or other exercise involving RB and/or any company within the RB Group;

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**17.0 ESOS BY-LAWS (Continued)**

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(the first mentioned company in (i) and (ii) above are hereinafter referred to as the “Previous Company”), such an employee or director of the Previous Company (“the Affected Participant”), will, if the Affected Participant satisfies all conditions under By-Law 4:-

- (a) be entitled to continue to exercise all such unexercised Option(s) which were granted to him under the Previous Company’s employees’ share option scheme in accordance with the by-laws of such Previous Company’s employees’ share option scheme but he shall not, upon such transfer or restructuring or otherwise, as the case may be, be eligible to participate for further options of such Previous Company’s employees’ share option scheme; and
- (b) be eligible to participate in the Scheme only for the remaining duration of the Scheme and the number of new RB Shares to be offered to such Affected Participant under the Scheme shall be determined by the Option Committee at its absolute discretion. However, the Affected Participant is only allowed to exercise such maximum number of Options as set out in By-Law 9.

**12. DIVESTMENT FROM THE GROUP**

If a Grantee who was in the employment of a company in the Group which was subsequently divested wholly, or in part, from the Group which resulted in a subsequent holding of 50% or less by the Group, then such Grantee:-

- (i) will be entitled to continue to exercise all such unexercised Option(s) which were granted to him under the Scheme within a period of six (6) months from the date of such divestment failing which the right of such Grantee to subscribe for that number of new RB Shares or any part thereof granted under such unexercised Options shall automatically lapse upon the expiration of the said six (6)-month period and be null and void and of no further force and effect; and
- (ii) shall not be eligible to participate for further Options under the Scheme.

**13. TAKEOVER**

Subject to the provisions of any applicable statutes, rules, regulations and/or conditions issued by the relevant authorities, in the event that a general offer is made to all shareholders to acquire the whole or a majority of the issued RB Shares pursuant of the Securities Commission Act, 1993 (or any rules, regulations or By-Laws made pursuant thereto), or any other applicable law, any Option which remains unexercised shall remain in force and continue to be exercisable in accordance with the limits stipulated in By-Law 9 hereof until the expiry of the Option Period applicable thereto. There is no obligation on the part of the Company or the directors or the ESOS Committee to ensure that such an offer be extended to any new RB Shares that may be issued pursuant to the exercise of the Option under the Scheme or any unsubscribed new RB Shares comprised in the Option.

**14. SCHEME OR ARRANGEMENT, AMALGAMATION OR RECONSTRUCTION**

Notwithstanding By-Law 9 hereof, if under Section 176 of the Act, the Court sanctions a compromise or arrangement proposed for the purpose of or in connection with a scheme for the reconstruction of the Company, or its amalgamation with any other company or companies under Section 178 of the Act, notice thereof shall be given by the Company to all Grantees and a Grantee or his personal representatives (as the case may be) which shall, at any time within six (6) months of such compromise or arrangement being sanctioned by the Court, be entitled to subscribe for the remaining number of unsubscribed new RB Shares comprised in the Option (provided that it is before the date upon which the Option lapses in accordance with the provisions hereof). On the expiry of the said period of six (6) months, any Options to the extent unexercised shall automatically lapse and become null and void and of no further force and effect.

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**17.0 ESOS BY-LAWS (Continued)**

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**15. WINDING UP**

All unexercised or partially exercised Option shall be automatically terminated in the event that a resolution is passed or a court order is made for the winding up of the Company

**16. RETENTION PERIOD**

The new RB Shares to be issued and allotted to a Grantee pursuant to the exercise of any Option or Options will not be subject to any retention period.

**17. ALTERATION TO SHARE CAPITAL DURING THE OPTION PERIOD**

17.1 In the event of any alteration in the capital structure of the Company during the Option Period, whether by way of capitalisation of profit or reserves, rights issues, bonus issue, reduction, subdivisions or consolidation of capital or any other variation of capital, the Board shall have the discretion and accordingly assess the practicality of complying with the requirement to cause such corresponding adjustment (if any) to be made in :

- (i) the Option Price; and/or
- (ii) the number of nominal value of RB Shares comprised in the Option so far as unexercised;

Such adjustments must be confirmed in writing by the external auditors of the Company for the time being (acting as experts and not as arbitrators), upon reference to them by the ESOS Committee, confirm in writing to be in their opinion, fair and reasonable, PROVIDED ALWAYS THAT:

- (a) no adjustment to the Option Price shall be made which would result in the new RB Shares to be issued on the exercise of the Option being issued at a discount to par value, and if such an adjustment would but for this provision have so resulted, the Option Price payable shall be the par value of the new RB Shares;
- (b) upon any adjustment being made pursuant to this By-Law, the ESOS Committee shall, within thirty (30) days of the effective date of the alteration in the capital structure of the Company, notify the Grantee (or his legal representatives where applicable) in writing informing him of the adjusted Option Price thereafter in effect and/or the revised number of new RB Shares thereafter to be issued on the exercise of the Option;
- (c) such adjustments would give the Grantee the same proportion of the issued ordinary share capital of the Company as that to which he was entitled to prior to such adjustments by ensuring that the capital outlay to be incurred by the option holders in exercising their options remains unaffected. Where it is not practical to ensure that all Grantees are given the same proportion of the issued and paid-up share capital of the Company as they were previously entitled to, the Company shall seek a waiver from Bursa Securities or the relevant regulatory authorities to comply with the said requirement, together with justifications, and
- (d) all and any adjustments being made must be consistent with this Clause 17 and the provisions of this By-Laws governing such adjustment.

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

**17.0 ESOS BY-LAWS** *(Continued)*

Should there be other circumstances which give rise to a consideration for adjustments to the Option Price or the number of new RB Shares in favour of all the Grantees, but it is decided that no adjustments will be made, such decision must be made known to all the Grantees via a timely notice, subject to compliance with the Listing Requirements and/or relevant ESOS Guidelines.

17.2 The provisions of this By-Law shall not apply where the alteration in the capital structure of the Company arises from:

- (a) an issue of new RB Shares as consideration or part consideration for an acquisition of any other securities, assets or business;
- (b) a special issue of new RB Shares to Bumiputera parties nominated by the Ministry of International Trade and Industry, Malaysia and/or other government authorities to comply with the Government policy on Bumiputera capital participation;
- (c) a private placement or restricted issue of new RB Shares by the Company;
- (d) a share buy-back arrangement by the Company;
- (e) an issue of new RB Shares arising from the exercise of any conversion rights attached to securities convertible to RB Shares or upon exercise of any other rights including warrants (if any) issued by the Company; and
- (f) an issue of new RB Shares upon the exercise of Options pursuant to the Scheme.

17.3 Subject to the By-Laws and as hereinafter provided, the Option Price, the number of new Shares comprised in the Option held by a Option Holder, and the par value of the Shares which a Option Holder is entitled to subscribe for upon exercising the Option shall from time to time be adjusted by the Board in consultation with the external auditors (where applicable) to be in accordance with the following relevant provisions:-

- (i) if and whenever a Share by reason of any consolidation or subdivision shall have a different par value, then:-
  - (a) the Option Price shall be adjusted by multiplying it by the revised par value and dividing the result by the former par value; and
  - (b) the number of Shares comprised in the Option held by a Option Holder shall be adjusted by multiplying the existing number of Shares comprised in the Option held at the former par value and divided by the revised par value.

Each such adjustment will be effective from the close of business of Bursa Securities on the Market Day immediately preceding the date on which the consolidation or subdivision becomes effective (that is, the date when the Shares are traded on Bursa Securities at the new par value).

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

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

**17.0 ESOS BY-LAWS (Continued)**

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

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

where:-

- A = the aggregate number of issued and fully paid RB Share on the Entitlement Date immediately preceding such alteration to the Company's capital structure; and
- B = the aggregate number of new RB Share to be issued pursuant to any allotment to shareholders of the Company credited as fully paid arising from such alteration to the Company's capital structure

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

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

then and in respect of each such case, the Option Price shall be adjusted by multiplying it by the following fraction:-

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

and in respect of each such case referred to in this paragraph (iii)(b), the number of Shares shall be adjusted by multiplying the existing number of Shares, by the following fraction:-

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

Where:-

- C - the current market price (as defined in paragraph 17.4 below) of each share on Market Day immediately preceding the date on which the Capital Distribution or, as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing any such announcement), immediately preceding the date of announcement of the entitlement date of the Capital Distribution or, as the case may be, of the offer or invitation; and
- D - (aa) in the case of an offer or invitation to acquire or subscribe for Shares by way of rights under sub-paragraph (iii) (b) of paragraph 17.3 above, or for securities convertible into or with rights to acquire or subscribe for Shares under sub-paragraph (iii) (c) of paragraph 17.3 above, the value of rights attributable to one Share (as defined below); or

**17.0 ESOS BY-LAWS (Continued)**

- (bb) in the case of any other transaction falling within this sub-paragraph (iii) of paragraph 17.3, the fair market value, as determined (with the concurrence of the external auditors), of that portion of Capital Distribution attributable to one (1) Share.

For the purpose of sub-paragraph (aa) of D above, the “**value of the rights attributable to one (1) Share**” shall be calculated in accordance with the formula:-

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

Where:-

- C - as C above;
- E - the Option Price for one (1) additional Share under the terms of such offer or invitation or one (1) additional security convertible into Shares or one (1) additional security with rights to acquire or subscribe for Share under the invitation, as the case may be; and
- F - the number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional share or security convertible into Shares or rights to acquire or subscribe for Share, as the case may be; and
- D\* - the value of rights attributable to one (1) Share (as defined below)

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

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

Where: -

- C - as C above;
- E\* - the Option Price for one (1) additional Share under the terms of offer or invitation;
- F\* - the number Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share.

For the purpose of this sub-paragraph (iii) of paragraph 17.3, “**Capital Distribution**” shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue (not falling under sub-paragraph (ii) paragraph 17.3) of shares or other securities credited as fully or partly paid up by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund). Any dividend charged or provided for in the accounts of any period shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the shareholders for any period as shown in the audited consolidated profit and loss accounts of the Company.

Each such adjustment will be effective (if appropriate retroactively) from the commencement of the date next following the entitlement date of such issues.

**17.0 ESOS BY-LAWS (Continued)**

- (iv) If and whenever the Company makes any allotment to its shareholders as provided in paragraph 17.3 (ii) above and also makes any offer or invitation to its shareholders as provided in sub-paragraph (b) or (c) of paragraph 17.3 (iii) and the entitlement date for the purposes of the allotment is also the entitlement date for the purpose of the offer or invitation, the Option Price shall be adjusted by multiplying it by the following fraction:-

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

and in respect of each case referred to in these paragraph 17.3 (ii) and (iii) (b), the number of Shares shall be adjusted by multiplying the existing number of Shares, by the following fraction:

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

Where:

B - as B above.

C - as C above;

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

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

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

I - the Option Price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares or the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Share, as the case may be;

I\* - the Option Price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares; and

Each such adjustment will be effective (if appropriate retroactively) from the commencement of the date next following the entitlement date of such issues.

- (v) If and whenever the Company makes any offer or invitation to its shareholders to acquire or subscribe for Shares as provided in paragraph 17.3 (iii)(b) above together with an offer or invitation to acquire or subscribe for securities convertible into or with rights to acquire or subscribe for Shares as provided in paragraph 17.3 (iii)(c) and the entitlement date for the offer or invitation under paragraph 17.3 (iii)(b) is also the entitlement date for the offer and the invitation under paragraph 17.3 (iii)(c), the Option Price shall be adjusted by multiplying it by the following fraction:

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

and the number of Shares shall be adjusted by multiplying the existing number of Shares, by the following fraction:

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



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**17.0 ESOS BY-LAWS (Continued)**


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Where:

- C - as C above;
- G - as G above;
- H - as H above;
- H\* - as H\* above;
- I - as I above;
- I\* - as I\* above;
- J - the aggregate number of Shares to be issued to its shareholders upon conversion of such securities or exercise of such rights to acquire or subscribe for Shares under the offer or invitation by the shareholders; and
- K - the Option Price on conversion of such securities or exercise of such rights to acquire or subscribe for (1) additional Share.

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

- (vi) if and whenever the Company makes an allotment to its shareholders as provided in paragraph 1(ii) above and also makes an offer or invitation to acquire or subscribe for Shares to its shareholders as provided in paragraph 17.3 (iii)(b) together with rights to acquire or subscribe for securities convertible into or with rights to acquire or subscribe for Shares as provided in paragraph 17.3 (iii)(c), and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of the offer or invitation, the Option Price shall be adjusted by multiplying it by the following fraction:

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

and the number of Shares shall be adjusted by multiplying the existing number of Shares, by the following fraction:

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

Where:

- B - as B above.
- C - as C above;
- G - as G above;
- H - as H above;
- H\* - as H\* above;
- I - as I above;
- I\* - as I\* above;
- J - as J above; and
- K - as K above.

**17.0 ESOS BY-LAWS (Continued)**

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the date next following the entitlement date of such issues.

- (vii) if and whenever (otherwise than pursuant to an offer of invitation by way of rights issue available to all shareholders and requiring an adjustment under sub-paragraphs (iii)(b), (iii)(c), (iv), (v) or (vi) of paragraph 17.3) the Company shall issue either any Shares or any securities convertible into Shares or with rights to acquire or subscribe for Shares, and in any such case the Total Effective Consideration per Share (as defined below) is less than ninety per centum (90%) of the average of the last transacted prices on the Market Days comprised in the period used as a basis upon which the issue price of such shares is determined (hereinafter referred to as “**the Average Price**”) or, as the case may be, the price at which the Shares shall be issued upon conversion of such securities or exercise of such rights is determined, the Option Price shall be adjusted by multiplying it by the following fraction:

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

Where:

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

For the purposes of this sub-paragraph (vii) of paragraph 1 in this Schedule the “**Total Effective Consideration**” shall be as determined by the Board with the concurrence of the external auditors and shall be:

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

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

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**17.0 ESOS BY-LAWS (Continued)**

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

- 17.4 For the purpose of paragraphs 17.3 (iii), (iv) and (v), the “**current market price**” in relation to each Share for any relevant day shall be the weighted average price for each Share on Bursa Securities for the five (5) consecutive Market Days before such date for one (1) or more board lots of Shares on Bursa Securities.
- 17.5 The foregoing provisions on adjustment to the Option Price shall be subject to the following:
- (a) On any such adjustment the resultant Option Share shall be rounded down to the nearest one (1) Sen and in no event shall any adjustment (otherwise than upon the consolidation of Shares into Shares of a larger par value) involve an increase in the Option Price or reduce the number of Shares that the Grantee is already entitled to;
  - (b) No adjustment shall be made to the Option Price in any case in which the amount by which the same would be reduced in accordance with the foregoing provisions of this paragraph 2 would be less than one (1) Sen and any adjustment that would otherwise be required then to be made will not be carried forward nor would it be taken into account in any subsequent adjustment.
  - (c) No adjustment shall be made in any event whereby the Option Price would be reduced to below the par value of a Share, and in the event that any adjustment shall result in the Option Price being reduced to below the par value of a Share then the adjustment shall be made to the par value of the Share only; and
  - (d) No adjustment in the Option Price shall be made unless it has been certified by the external auditors.
- 17.6 Any adjustments to the number of Shares held by each Grantee will be rounded to the nearest whole Share. No adjustment to the number of Shares shall be made unless it has been certified by the external auditors and approval-in-principle has been granted by Bursa Securities for the listing and quotation of such additional new Shares.
- 17.7 If for any reason an event giving rise to an adjustment to the Option Price and/or the number of Shares pursuant to the forgoing provisions of this paragraph 17.3 is cancelled, revoked or not completed, the adjustment shall not be required to be made and shall be reversed with effect from such date and in such manner as the Board and the external auditors may agree.

**18. QUOTATION OF SHARES**

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

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**17.0 ESOS BY-LAWS (Continued)**

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**19. RIGHTS ATTACHED TO THE NEW RB SHARES**

The new RB Shares to be allotted and issued upon any exercise of the Option shall, upon allotment and issue, rank *pari passu* in all respects with the then existing issued and paid-up RB Shares except that they will not entitle the holders thereof to receive any dividends, rights, bonus issue and any other distributions, declared in favour of the holders of RB Shares for which the Entitlement Date thereof precedes the date on which the new RB Shares are credited into the holders' respective CDS account.

**20. ADMINISTRATION**

The Scheme shall be administrated by the ESOS Committee consisting of such persons appointed by the Board from time to time. Subject to such powers and duties as conferred upon it by the Board of RB, the ESOS Committee shall so administer the Scheme in such manner as it shall in its discretion deem fit. For the purpose of administering the Scheme, the ESOS Committee may do all such acts and things and enter into any transactions, agreements, deeds, documents or arrangements and make rules, regulations or impose terms and conditions or delegate part of its power relating to the Scheme, as the ESOS Committee may in its discretion deem fit. The Board shall have the power from time to time to rescind the appointment of any person to the ESOS Committee as it shall deem fit.

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

21.1 Subject to By-Laws 21.2 and 21.3, the ESOS Committee may at any time and from time to time recommend to the Board any additions, amendments and/or modifications to or deletions from the By-Laws as it shall in its discretion deem fit and the Board shall at any time and from time to time have the power by resolution to add to, amend and/or modify or delete all or any part of the By-Laws upon such recommendation subject to the approval of the following:

- (i) Shareholders of the Company in a general meeting;
- (ii) Grantees; and
- (iii) Any other relevant regulatory authorities.

The Company is required to submit a confirmation letter to Bursa Securities or the relevant regulatory authorities, if required, that the additions, amendments and/or modifications to or deletions from the By-Laws do not contravene any of the provisions of the ESOS Guidelines each time an addition, amendment and/or modification or deletion is made.

21.2 The approval of the shareholders of the Company at a general meeting shall not be required in respect of additions or amendments and/or modifications to or deletions from the By-Laws where such additions, amendments and/or modifications to or deletions from the By-Laws would not render the rights of a Grantee more favourable.

21.3 The approvals of the Grantees shall not be required in respect of additions or amendments and/or modifications to or deletions from the By-Laws where such additions, amendments and/or modifications to or deletions from the By-Laws would not:

- (i) prejudice any rights which have accrued to any Grantee without his prior consent; or
- (ii) increase the number of Shares available under the Scheme beyond the maximum imposed by By-Law 3.2; or
- (iii) provide an advantage to any particular Grantee or a group of Grantees or all Grantees.

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**17.0 ESOS BY-LAWS (Continued)**

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Any amendment and/or modification to the By-Laws shall not contravene any provision of the Listing Requirements and the Company shall submit to Bursa Securities each time an amendment and/or modification is made, a confirmation letter to that effect.

- 21.4 Notwithstanding anything herein and for the purpose of complying with the provisions of Appendix 6F of the Listing Requirements, the provisions of By-Laws 1 (on definition of “Eligible Director”, “Eligible Employee” and “Eligible Subsidiary”), 3, 4, 6, 7, 8, 9, 10.1 (iii), 15, 16, 17.3, 19, 22 and this By-Law 21 shall not be amended or altered in any way whatsoever for the advantage of participants without the prior approval of shareholders in general meeting.

**22. DURATION AND IMPLEMENTATION OF THE SCHEME**

- 22.1 The Scheme shall be in force for a period of five (5) years commencing from the effective date for the implementation of the Scheme, which shall be the date of full compliance with all relevant requirements of Chapter 6 of the Listing Requirements including the following:

- (i) submission of the final copy of the By-Laws of the Scheme to Bursa Securities pursuant to Paragraph 6.30F of the Listing Requirements (together with the letter of compliance pursuant to paragraph 2.11 of the Listing Requirements and checklist showing compliance with Appendix 6F of the Listing Requirements);
- (ii) receipt of approval-in-principle for the listing of the RB Shares to be issued under the Scheme from Bursa Securities;
- (iii) the approval from the Company’s shareholders’ for the Scheme in general meeting;
- (iv) receipt of approval of any other relevant authorities, where applicable; and
- (v) fulfilment of all conditions attached to the approvals, if any.

The adviser of RB must, within five (5) market days after the effective date of implementation of the ESOS, submit a confirmation to Bursa Securities of full compliance with the conditions as set out in items (i) to (v) above stating the effective date of implementation of the ESOS together with a certified true copy of the relevant resolution passed by shareholders at an EGM in relation to the ESOS.

- 22.2 Unless otherwise terminated in accordance with By-Law 23 herein and subject to the compliance of the terms therein contained, the Scheme shall be in force for a period of five (5) years commencing from the Effective Date provided always that the Company may, if the Board of RB deems fit upon the recommendation of the ESOS Committee, extend the duration of the Scheme, provided however that the entire duration of the Scheme, if extended, shall not exceed ten (10) years from the Effective Date. The extended Scheme shall be implemented in accordance with the terms of the By-Laws, save for any amendments and/or changes to the relevant statutes, guidelines and/or regulations currently in force and shall be valid and binding without further obtaining the approvals of the abovementioned parties or the Grantees provided that the Company shall serve appropriate notices on each Grantee and/or make necessary announcements to any and/or all the abovementioned parties within thirty (30) days prior to the expiry of the Scheme and that Bursa Securities or the relevant regulatory authorities shall have been informed of such extended Scheme.
- 22.3 Subject to the approvals of the Bursa Securities, shareholders of the Company and any other relevant authorities, the Company may establish a new ESOS after the expiry or upon the termination of the Scheme.

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**17.0 ESOS BY-LAWS (Continued)**

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**23. TERMINATION OF THE SCHEME**

23.1 Notwithstanding the provision of By-Law 22.2 above, the Company may terminate the Scheme at any time during its term (including any extension thereof) provided that all of the following approvals/consents have been obtained:

- (a) the consent of RB's shareholders at a general meeting vote in favour of the termination; and
- (b) the written consent of all Grantees who have yet to exercise their Options, either in part or in whole.

23.2 Any Options as yet unexercised or partially exercised as at the date of such termination shall be deemed to be terminated and be null and void.

**24. DISPUTES**

In the event of any dispute between the ESOS Committee and a Eligible Employee or Grantee, as to any matter or thing of any nature arising hereunder, the ESOS Committee shall determine such dispute or difference by a written decision given to the Eligible Employee or Grantee, as the case may be. The said decision shall be final and binding on the parties unless the Eligible Employee or Grantee, as the case may be, shall dispute the same by giving written notice to the ESOS Committee within fourteen (14) days of the receipt of the written decision, in which case such dispute shall be referred to the decision of the external auditors of the Company for the time being, acting as experts and not as arbitrators, whose decision shall be final and binding in all respects.

**25. COMPENSATION**

25.1 Participation in the Scheme by a Grantee is a matter entirely separate from any right or entitlement the Grantee may have under his terms and conditions of employment with the Company or any of its Subsidiary Companies and participation in the Scheme shall not in any way whatsoever affect a Grantee's rights or entitlement or terms or conditions of the employment. In particular (but without limiting the generality of the foregoing words), any Grantee who leaves the employment with the Company or any of its Subsidiary Companies shall not be entitled to any compensation for any loss of any right or benefit or prospective right or benefit under the Scheme which he might otherwise have enjoyed whether such compensation is claimed by way of damages for wrongful dismissal or breach of contract or by way of compensation for loss of office or otherwise howsoever.

25.2 No Eligible Employee or Grantee or legal personal representative shall bring any claim, action or proceedings against the Company or the ESOS 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 may be amended from time to time in accordance with By-Law 21 hereof.

**26. INSPECTION OF AUDITED ACCOUNTS**

All Grantees are entitled to inspect the latest audited accounts of the Company during normal office hours on any working day at the registered office of the Company at C15-1, Level 15 Tower C, Megan Avenue II, No. 12, Jalan Yap Kwan Seng 50450 Kuala Lumpur.

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**17.0 ESOS BY-LAWS (Continued)**

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**27. COSTS AND EXPENSES**

The Company will bear all costs of and incidental to the setting-up and administration of the Scheme. Any expenses incurred by the Company in any issuance of Shares in the name of the Grantee or his personal representatives or nominees shall also be payable by the Company.

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

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

**29. ARTICLES OF ASSOCIATION**

Notwithstanding the terms and conditions contained in these , if a situation of conflict should arise between these By-Laws and the Articles, the provisions of the Articles shall prevail at all times.

**30. NOTICES**

30.1 Any notice or request which the Company is required to give, or may desire to give, to any Eligible Employee or the Grantee pursuant to the Scheme shall be in writing and shall be deemed to be sufficiently given:-

- (a) if it is sent by prepaid registered post by the Company to the Eligible Employee or the Grantee at the last address known to the Company as being his address and such notice or request shall be deemed to have been received three (3) Market Days after posting; or
- (b) if it is given by hand to the Eligible Employee or the Grantee.

Any change of address of the Eligible Employee or the Grantee shall be communicated in writing to the Company and the ESOS Committee.

30.2 Any certificate, notification or other notice required to be given to the Company or the ESOS Committee shall be properly given if sent by A.R. registered post or delivered by hand to the Company at its business address or at any other business address which may be notified in writing by the ESOS Committee from time to time.

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**18.0 CONSENTS**

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**18.1 Letters of Consent**

- (i) The written consents of our Adviser, Placement Agent, Managing Underwriter, Underwriters, Company Secretaries, Principal Bankers, Solicitors, Share Registrars and Issuing House for the IPO to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issuance of this Prospectus and have not been withdrawn as at the date of this Prospectus.
- (ii) The written consent of our Auditors and Reporting Accountants to the inclusion in this Prospectus of their names, Accountants' Report, and their letters relating to the consolidated profit forecast for the financial year ending 28 February 2007 and the proforma consolidated financial information in the form and context in which they are contained in this Prospectus has been given before the issuance of this Prospectus and has not been withdrawn as at the date of this Prospectus.
- (iii) The written consent of our Valuer to the inclusion in this Prospectus of its name and the valuation certificate in the form and context in which they are contained in this Prospectus has been given before the issuance of this Prospectus and has not been withdrawn as at the date of this Prospectus.
- (iv) The written consent of MPMA to the inclusion in this Prospectus of its name in the form and context in which they are contained in this Prospectus has been given before the issuance of this Prospectus and has not been withdrawn as at the date of this Prospectus.

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**19. DOCUMENTS FOR INSPECTION**

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**19.1 Documents for inspection**

Copies of the following documents are available for inspection at our registered office during normal business hours for a period of not less than twelve (12) months from the date of this Prospectus:-

- (i) Our Memorandum and Articles of Association;
- (ii) The Reporting Accountants' letters relating to our Proforma Consolidated Financial Information and Consolidated Profit Forecast for the financial year ending 28 February 2007 as included in Sections 12.4 and 12.7 respectively of this Prospectus;
- (iii) The Accountants' Report and Directors' Report as included in Sections 13.0 and 15.0 respectively of this Prospectus;
- (iv) Valuation Reports prepared by KGV-Lambert Smith Hampton (M) Sdn Bhd and the Valuation Certificate in relation thereto as set out Section 14.0 of this Prospectus;
- (v) The audited financial statements of our Company and our subsidiary companies for the three (3) financial years ended 29 February 2004 to 28 February 2006 and six (6) month financial period ended 31 August 2006;
- (vi) The By-Laws of the ESOS as included in Section 17.0 of this Prospectus;
- (vii) The material contracts referred to in Section 16.3 of this Prospectus;
- (viii) Writs and relevant cause papers in respect of the material litigation referred to in Section 16.4 of this Prospectus; and
- (ix) The letters of consent referred to in Section 18.1 of this Prospectus.

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