

ANNEXURE D: BY-LAWS GOVERNING THE ESOS

**DXN HOLDINGS BHD.
BY-LAWS OF THE EMPLOYEES' SHARE OPTION SCHEME**

1. NAME OF SCHEME

This ESOS (as defined herein) will be called the "DXN Employees' Share Option Scheme".

2. RATIONALE FOR THE SCHEME

The implementation of the ESOS primarily serves to align the interests of the Eligible Persons (as defined herein) to the performance of the DXN Group (as defined herein). As such, the ESOS is established to achieve the objectives as set out below:

- (i) to provide an incentive to the Eligible Persons to participate more actively in the operations of the DXN Group and encourage them to contribute positively to the future growth of the DXN Group;
- (ii) to motivate, reward and retain the Eligible Persons who, upon exercising their Options (as defined herein), would have the opportunity to participate in the equity of the Company (as defined herein) and thereby relate with their contribution directly to the performance of the DXN Group whilst at the same time, giving the Eligible Persons a greater sense of ownership; and
- (iii) to make the employees' remuneration scheme of the DXN Group more competitive to attract more skilled and experienced individuals to join the DXN Group and contribute to its continued growth and profitability.

3. DEFINITIONS AND INTERPRETATIONS

3.1 In these By-Laws, except where the context otherwise requires, the following words and expressions shall have the following meanings:

Act	: the Companies Act 2016, as amended from time to time including any re-enactment thereof
Adviser	: any person who is eligible to act as a principal adviser that fulfils the requirements set out in the Guidelines on Submission of Corporate and Product Proposals as well as Chapter 7A of the Licensing Handbook issued by the Securities Commission Malaysia
Available Balance	: the unissued Shares of the Company which are available for offer of Options subject to the maximum limit as set out in By-Law 4.2 hereof and after deducting all Shares under Options which have been granted
Board	: the Board of Directors of DXN
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
Bursa Securities	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))

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By-Laws	:	the rules, terms and conditions of the ESOS as set out herein, and shall include any amendments, variations or supplements made thereto from time to time
CDS Account	:	the account established by Bursa Depository for a depositor for the recording of deposits and withdrawal of securities and dealings in such securities by the depositor
Central Depositories Act	:	the Securities Industry (Central Depositories) Act 1991, as amended from time to time and any re-enactment thereof
Constitution	:	the constitution or memorandum and articles of association of the Company or by such other names so called, as amended from time to time
Director(s)	:	a natural person who holds a directorship in DXN, and shall have the meaning given in Section 2(1) of the Capital Markets and Services Act, 2007
DXN Group or Group	:	DXN and the Subsidiaries
DXN or Company	:	DXN Holdings Bhd. (Registration No. 199501033918 (363120-V))
DXN Share(s) or Share(s)	:	ordinary share(s) in DXN
Effective Date	:	the date the last of the approvals and/or conditions referred to in By-Law 5.1 hereof have been obtained and/or complied with
Eligible Person(s)	:	a Director and/or Employee who fulfils the conditions as set out in By-Law 7 hereof, for eligibility to participate in the ESOS
Employee(s)	:	a natural person who is employed by and is on the payroll of any company in the DXN Group
Entitlement Date	:	the date as at the close of business on which the names of the shareholders of DXN must appear on DXN's record of depositors in order to be entitled to participate in any dividends, rights, allotments or other forms of distribution
ESOS Committee	:	the committee appointed from time to time by the Board pursuant to By-Law 18 hereof to administer the ESOS
ESOS or Scheme	:	the employees' share option scheme for the grant of Options to the Eligible Persons to subscribe for new Shares upon the terms as set out herein
Exercise Period	:	the specific period or periods within an Option Period during which Options may be exercised by Grantees as determined by the ESOS Committee subject always to By-Law 5 hereof
Exercise Price	:	the price at which the Grantee shall be entitled to subscribe for every DXN Share by exercising his Option as determined subject to By-Law 10 hereof

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Expiry Date	:	the last day of the duration of the ESOS or any extended period pursuant to By-Law 5.3 hereof
Grantee(s)	:	any Eligible Person who has accepted the Offer by the Company in accordance with the provisions of By-Law 9 hereof
Listing Requirements	:	the Main Market Listing Requirements of Bursa Securities, including any amendments thereto that may be made from time to time
Market Day(s)	:	any day from Mondays to Fridays (both days inclusive) which is not a public holiday, and on which Bursa Securities is open for trading of securities
Maximum Allowable Allocation	:	the maximum number of Shares that can be offered to an Eligible Person to be determined by the ESOS Committee in accordance with the provisions of By-Law 8 hereof
Maximum Limit	:	the maximum number of new DXN Shares which may be issued pursuant to the ESOS, which shall not exceed in aggregate five per centum (5%) of the total number of issued Shares of the Company (excluding treasury shares, if any) at any one time during the duration of the ESOS
Offer	:	an offer made in writing by the ESOS Committee to an Eligible Person in the manner indicated in By-Law 6 hereof
Offer Date	:	the date on which an Offer is made by the ESOS Committee to an Eligible Person to participate in the ESOS
Offer Period	:	the period during which an offer shall be valid as specified in By-Law 9.1 hereof
Option Period	:	a period commencing from the date an Offer is accepted in accordance with By-Law 9 hereof and expiring on the last day of the Option Period as specified in the letter of Offer or such other date which the ESOS Committee may in its discretion decide, subject always to any further extension of period or early termination in accordance with the provisions of By-Law 5 hereof, provided that no Option Period shall extend beyond the period referred to in By-Law 5 hereof
Option(s)	:	the right of a Grantee to subscribe for DXN Share(s) at the Exercise Price pursuant to the contract constituted by the Eligible Person's acceptance of an Offer in the manner indicated in By-Law 9 hereof
RM and sen	:	Ringgit Malaysia and sen, respectively
Rules of Bursa Depository	:	the rules of Bursa Depository, as issued pursuant to the Central Depositories Act

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- Senior Management : an Employee of the DXN Group who falls within such grading as determined by the ESOS Committee at its sole and absolute discretion from time to time
- Subsidiaries : companies which are deemed subsidiaries of DXN within the meaning of Section 4 of the Act (which for the avoidance of doubt shall exclude the Company's associate company(ies)), which are not dormant and shall include such subsidiaries which are existing as at the Effective Date and those which are incorporated or acquired at any time during the duration of the ESOS but exclude such subsidiaries which shall be divested in the manner provided for in By-Law 26 hereof
- Vesting Conditions : the conditions which are required to be fulfilled by an Eligible Person before the Option(s) is/are capable of being vested onto the Eligible Person, to be communicated in an Offer pursuant to By-Law 6.3 (vii) hereof

In these By-Laws:

- (i) headings are for ease of reference only and do not affect the meaning of these By-Laws;
- (ii) any reference to a statutory provision or applicable law shall include any subordinate legislation made from time to time under the provision or law and any Listing Requirements, policies and/or guidelines of Bursa Securities and/or any other relevant regulatory authority (whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed to by Bursa Securities and/or any other relevant regulatory authority);
- (iii) any reference to a statutory provision shall include that provision as from time to time modified or re-enacted whether before or after the date of these By-Laws so far as such modification or re-enactment applies or is capable of applying to any Options offered and accepted prior to the expiry of the ESOS and shall include also any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly been replaced;
- (iv) words denoting the singular shall include the plural and references to any gender shall include all genders whether male, female or neuter;
- (v) any liberty or power which may be exercised or any determination which may be made hereunder by the ESOS Committee or the Board may be exercised at the ESOS Committee's or the Board's discretion respectively; and
- (vi) if an event occurs on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day **PROVIDED ALWAYS** if such date shall fall beyond the duration of the ESOS, then the stipulated day shall be taken to be the preceding Market Day.

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4. MAXIMUM NUMBER OF SHARES AVAILABLE UNDER THE SCHEME

- 4.1 Each Option shall be exercisable into one (1) new DXN Share, in accordance with the provisions of these By-Laws.
- 4.2 The total number of new DXN Shares which may be made available under the ESOS shall not exceed in aggregate five per centum (5%) of the total number of issued Shares of the Company (excluding treasury shares, if any) at any one time during the duration of the ESOS as provided in By-Law 5.3 hereof.
- 4.3 Notwithstanding the provision of By-Law 4.2 hereof or any other provisions contained herein, in the event the maximum number of new DXN Shares comprised in the Options granted under the ESOS exceeds the aggregate of five per centum (5%) of the total number of issued Shares of the Company (excluding treasury shares, if any) as a result of DXN purchasing its own Shares pursuant to Section 127 of the Act or undertaking any other corporate proposal and thereby diminishing its number of issued Shares, no further Options shall be offered until the total number of new DXN Shares to be issued under the ESOS falls below five per centum (5%) of the total number of issued Shares of the Company (excluding treasury shares, if any). Any Options granted prior to the adjustment of the number of issued Shares of DXN shall remain valid and exercisable in accordance with the provisions of these By-Laws.

5. DURATION, EXTENSION AND TERMINATION OF THE SCHEME

- 5.1 The ESOS shall come into force on the Effective Date, and shall continue to be in force for a period of five (5) years **PROVIDED THAT** the following approvals and/or conditions have been obtained and/or fulfilled:
- (i) submission of the final copy of these By-Laws to Bursa Securities together with a letter of compliance pursuant to Paragraph 2.12 of the Listing Requirements and a checklist showing compliance with Appendix 6E of the Listing Requirements;
 - (ii) approval or approval-in-principle, as the case may be, from Bursa Securities for the listing and quotation of the new DXN Shares to be issued under the ESOS;
 - (iii) shareholders' approval for the ESOS at a general meeting;
 - (iv) approval of any other relevant authorities for the ESOS, where applicable; and
 - (v) fulfilment of all conditions attached to the above approvals, if any.
- 5.2 The Company shall, through its Adviser, submit no later than five (5) Market Days after the Effective Date, a confirmation letter to Bursa Securities of the full compliance of By-Law 5.1 hereof stating the Effective Date of the ESOS, together with a certified true copy of the relevant resolution passed by the shareholders of the Company in the general meeting approving the ESOS.

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- 5.3 The ESOS may be extended for a further period of up to five (5) years immediately from the expiry of the first five (5) years, **PROVIDED ALWAYS THAT** the ESOS shall not in aggregate exceed ten (10) years from the Effective Date or such longer period as may be allowed by the relevant authorities. Such renewed ESOS shall be implemented in accordance with the terms of these By-Laws set out herein, save for any amendments and/or changes to the relevant statutes and/or regulations currently in force. Unless otherwise required by the relevant authorities, no further approvals shall be required for the extension of the ESOS provided that the Company shall serve appropriate notices to each Grantee and make any announcements to Bursa Securities (if required) within thirty (30) days prior to the expiry of the original ESOS.
- 5.4 Offers can only be made during the duration of the ESOS before the Expiry Date, which date shall be at the end of the five (5) years from the Effective Date, or if the ESOS shall be extended, at the end of such extended term.
- 5.5 Notwithstanding anything to the contrary, all unexercised Options shall lapse after 5.00 p.m. on the Expiry Date or the date of resolution of the termination of the Scheme.
- 5.6 Notwithstanding the provision of By-Law 5.3 hereof and subject to compliance with the requirements of Bursa Securities and any other relevant regulatory authorities, the ESOS may be terminated by the Company at its sole and absolute discretion without obtaining the approvals or consents from the Grantees and/or the shareholders, by way of a board resolution upon the recommendation of the ESOS Committee at any time during the continuance of the ESOS whereupon such termination, (i) no further Offers shall be made by the ESOS Committee; (ii) all outstanding Options unexercised shall be automatically terminated; and (iii) all Offers made but not yet accepted by the Eligible Persons shall automatically lapse.
- 5.7 The Company shall immediately upon the termination of the ESOS before the Expiry Date announce to Bursa Securities:
- (i) the effective date of termination;
 - (ii) the number of Options exercised; and
 - (iii) the reasons for termination.
- 5.8 Subject to the relevant approvals being obtained, the Company may implement a new employees' share option scheme after the expiration or termination of the ESOS pursuant to By-Law 5.6 hereof.

6. OFFER

- 6.1 The ESOS Committee may, at any time during the duration of the ESOS as defined in By-Law 5 hereof, make Offers in writing to any Eligible Person (based on the criteria of allocation as set out in By-Law 8.1), selected at the sole and absolute discretion of the ESOS Committee.
- 6.2 The actual number of new DXN Shares which may be offered to an Eligible Person shall be at the sole and absolute discretion of the ESOS Committee and, subject to the Maximum Allowable Allocation as set out in By-Law 8 hereof and any adjustments that may be made under By-Law 15 hereof, shall not be less than one hundred (100) DXN Shares and shall always be in multiples of one hundred (100) DXN Shares.

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- 6.3 The ESOS Committee shall state the following particulars in the letter of offer:
- (i) the number of Options that are being offered to the Eligible Person;
 - (ii) the number of DXN Shares which the Eligible Person shall be entitled to subscribe for upon the exercise of the Options being offered;
 - (iii) the Option Period;
 - (iv) the Exercise Period;
 - (v) the Exercise Price;
 - (vi) the Offer Period;
 - (vii) the Vesting Conditions including but not limited to service and/or performance criteria and number of Options exercisable for each year of continued service as set out in By-Law 11.1; and
 - (vii) any other information deemed necessary by the ESOS Committee.
- 6.4 No Offer shall be made to any Director, chief executive officer or major shareholder of DXN who is an employee of our Group or persons connected with them who is an employee of our Group unless such Offer and the specific allocation and allotment of Shares have previously been approved by the shareholders of the Company in a general meeting.
- For the purpose of these By-Laws, "persons connected" with a Director, chief executive officer or major shareholder of DXN shall have the same meaning given in relation to persons connected with a director, chief executive officer or major shareholder as defined in Paragraph 1.01 of the Listing Requirements.
- 6.5 Without prejudice to By-Law 18 hereof, in the event of an error or omission on the part of the Company or the ESOS Committee in stating any of the particulars referred to in By-Law 6.3 hereof, the Company or the ESOS Committee shall, within one (1) month after discovery of the error or omission, do all such things and acts to rectify such error or omission and if necessary, issue a supplemental letter of offer, stating the correct particulars referred to in By-Law 6.3 hereof.
- 6.6 Subject to By-Laws 4 and 8.3 hereof, nothing herein shall prevent the ESOS Committee from making more than one (1) Offer to any Eligible Person **PROVIDED ALWAYS THAT** the total aggregate Options offered to each Eligible Person (including Options already offered under previous Offers, if any) shall not exceed the Maximum Allowable Allocation of such Eligible Person at the time the subsequent Offer (if any) is made.
- 6.7 The ESOS Committee has the sole and absolute discretion not to make further additional Offers regardless of the amount of Available Balance.
- 6.8 The Offer shall automatically lapse and thereafter be rendered null and void in the event of the death of the Eligible Person or the Eligible Person ceasing to be employed by DXN Group for any reason whatsoever prior to the acceptance of the Offer by the Eligible Person in the manner set out in By-Law 9 hereof.
- 6.9 An Offer may be made upon such terms and conditions as the ESOS Committee may decide from time to time. Each Offer shall be made in writing and is personal to the Eligible Person and is non-assignable and non-transferable.

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- 6.10 After each adjustment following an alteration of the Company's share capital as stipulated in By-Laws 15.1 and 15.2 hereof and the Company informing the Grantee of such adjustment pursuant to By-Law 15.6 hereof, upon the return by a Grantee of the original letter of offer to the Company, that letter of offer shall be amended or a new letter of offer shall be issued within one (1) month from the date of return of the original letter, to reflect the adjustment made to the number of Options granted to the Grantee and/or the Exercise Price.
- 6.11 The Company shall keep and maintain at its expense, a register of Grantees and shall enter in that register, the names and addresses of the Grantees, the Maximum Allowable Allocation, the number of Options offered, the number of Options exercised, the Offer Date, date of acceptance of the Offer, and the Exercise Price and any other information deemed necessary by the ESOS Committee.

7. ELIGIBILITY

- 7.1 An Employee or a Director who as at the Offer Date, fulfils the following conditions shall be eligible to participate in the ESOS:
- (i) has attained eighteen (18) years of age;
 - (ii) is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (iii) must have been confirmed in service of the DXN Group;
 - (iv) where the Employee or Director is under an employment contract, the contract is for a duration of at least one (1) year and will not be expiring within three (3) months from the Offer Date; and
 - (v) has fulfilled any other criteria as may be imposed by the ESOS Committee from time to time,

PROVIDED ALWAYS THAT the selection of any Eligible Person for participation in the ESOS shall be at the sole and absolute discretion of the ESOS Committee and the decision of the ESOS Committee shall be final and binding. Notwithstanding the above, the ESOS Committee may, at its sole and absolute discretion, waive any of the eligibility conditions set out above.

The eligibility does not confer on an Eligible Person, a claim or right to participate or a right to claim or any rights whatsoever in the ESOS unless the ESOS Committee has made an Offer to the Eligible Person, the Eligible Person has accepted the Offer, and the Eligible Person has fulfilled the Vesting Conditions, in accordance with the terms of the Offer and these By-Laws.

- 7.2 Subject to the provisions of By-Law 25 hereof, no Eligible Person shall participate at any time in more than one (1) employees' share option scheme implemented by any company within the DXN Group for the duration of the ESOS.
- 7.3 Subject to By-Law 4.2 hereof, in the event that the ESOS Committee has determined that certain Eligible Persons are entitled to be offered additional Options and the Available Balance is insufficient to grant their full additional entitlements, the Available Balance may be distributed on such basis as the ESOS Committee may determine.

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8. BASIS OF ALLOCATION AND MAXIMUM ALLOWABLE ALLOCATION

- 8.1 Subject to any adjustments as may be made under these By-Laws, the aggregate number of new DXN Shares that may be offered under the ESOS to any Eligible Person shall be determined by the ESOS Committee at its sole and absolute discretion, after taking into consideration, where applicable, the Eligible Person's position, ranking, performance, contribution, seniority, length of service, fulfilment of the eligibility criteria as referred to in By-Law 7 hereof or such other matters which the ESOS Committee may in its sole and absolute discretion deem fit, subject to, amongst others, the following:
- (i) the aggregate number of new DXN Shares to be issued pursuant to the exercise of the Options granted under the ESOS shall not exceed the Maximum Limit and the ESOS Committee shall not be obliged in any way to offer an Eligible Person the Options for all the specified maximum number of Shares the Eligible Person is entitled to under the ESOS;
 - (ii) any Offer, allocation of Options under the ESOS and the related allotment of Shares to any Directors, major shareholders who are employees of our Group or the chief executive officer of the Company and any person connected with them who is an employee of our Group, shall require prior approval of the shareholders of the Company in a general meeting. The Directors, major shareholders who are employees of our Group or chief executive officer of the Company and persons connected with them who are employees of our Group shall not vote on the resolution approving the said Offer, allocation and allotment;
 - (iii) the Directors and Senior Management shall not be allowed to participate in the deliberation or discussion of their respective allocation of Options and/or allocations of Options to persons connected with them under the ESOS;
 - (iv) not more than ten per centum (10%) of the Shares available under the ESOS shall be allocated to any Eligible Person, who, either singly or collectively through persons connected with the Eligible Person, holds twenty per centum (20%) or more of the total number of issued Shares (excluding treasury shares, if any) of the Company; and
 - (v) any performance target to be achieved before the Options can be granted and/or exercised by an Eligible Person shall be determined by the ESOS Committee.

For the avoidance of doubt, the ESOS Committee shall have sole and absolute discretion in determining whether the granting of the Options to the Eligible Persons will be based on staggered granting over the duration of the ESOS or in one (1) single grant. The ESOS Committee shall also have sole and absolute discretion in determining whether the Options granted are subject to any vesting period and if so, the Vesting Conditions and whether such Vesting Conditions are subject to any performance targets.

For the purpose of these By-Laws, "persons connected" with the Eligible Person shall have the same meaning given in relation to persons connected with a director, major shareholder or chief executive officer as defined in Paragraph 1.01 of the Listing Requirements.

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- 8.2 The allocation of Options pursuant to the ESOS shall be verified by the Audit Committee of the Company, as being in compliance with the criteria set out in these By-Laws (where relevant) at the end of each financial year of the Company.
- 8.3 A Grantee who is promoted within the duration of the ESOS may be eligible for consideration for new additional Shares comprised in Options under the ESOS at the sole and absolute discretion of the ESOS Committee up to the Maximum Allowable Allocation to be determined by the ESOS Committee for the category to which he has been promoted. A Grantee who is demoted to a lower employment category for whatever reason shall only be entitled to the allocation of that lower category unless an Offer has been made and accepted by him/her before such demotion.
- 8.4 An Employee or a Director who during the duration of the ESOS becomes an Eligible Person may be eligible to participate in the ESOS, the number of new Shares of which is to be decided by the ESOS Committee at its sole and absolute discretion subject to any Maximum Allowable Allocation for the category to be determined by the ESOS Committee. Any Eligible Person holding more than one (1) position in the Group and thereby falling within more than one (1) category of Employees in the Group shall only be entitled to the Maximum Allowable Allocation of the higher category.

9. ACCEPTANCE OF THE OFFER

- 9.1 An Offer shall be valid for a period of thirty (30) calendar days from the Offer Date or such longer period as the ESOS Committee at its sole and absolute discretion, determines on a case to case basis. Acceptance of the Offer by an Eligible Person shall be made by way of a written notice from the Eligible Person to the ESOS Committee in the form prescribed by the ESOS Committee and accompanied by the payment of Ringgit Malaysia One (RM1.00) only as non-refundable consideration for the acceptance of each Offer (regardless of the number of Shares comprised therein).
- 9.2 In the event that the Eligible Person fails to accept the Offer or pay the acceptance consideration as set out in By-Law 9.1 hereof within the Offer Period and in the manner aforesaid, the Offer shall be deemed to have lapsed and shall be null and void and of no effect. The Options comprised in such Offer may, at the discretion of the ESOS Committee, be re-offered to other Eligible Persons.
- 9.3 Within thirty (30) calendar days after the due acceptance of the Offer in accordance with the provisions of this By-Law or such longer period as may be determined by the ESOS Committee, the ESOS Committee shall issue to the Grantee a certificate of Option in such form as may be determined by the ESOS Committee.

10. EXERCISE PRICE

Subject to any adjustments made under these By-Laws and pursuant to the Listing Requirements, the Exercise Price shall be:

- (i) in respect of any Offer which is made in conjunction with the listing of the Company, the Final Retail Price; and
- (ii) in respect of any Offer which is made subsequent to the listing of the Company, as determined by the Board upon recommendation of the ESOS Committee and shall be based on the five (5)-day volume weighted average market price of DXN Shares immediately preceding the Offer Date, with a discount, if any, **PROVIDED ALWAYS THAT** such discount is not more than ten per centum (10%), if deemed appropriate, or such other percentage of discount as may be permitted by any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time during the Option Period.

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For the purposes of By-Law 10(i) above, "Final Retail Price" shall refer to the final price paid by investors for the Shares issued by the Company under its retail offering pursuant to its initial public offering, as determined in the manner described in the Company's prospectus for the said initial public offering.

The Exercise Price as determined by the Board in the manner set out above shall be conclusive and binding on the Grantee and shall be subject to any adjustments in accordance with By-Law 15.

11. EXERCISE OF OPTIONS

- 11.1 Subject to By-Law 11.8 hereof and the terms and conditions of an Offer as mentioned in By-Law 6.9 hereof, the Options under the Offer can be exercised by the Grantee by written notice in the prescribed form, from the Grantee or its authorised agent (subject that such authorised agent must be recognised by the Company), to the Company during the Exercise Period in respect of all or any part of the DXN Shares comprised in the Options under the Offer. Any partial exercise of an Option shall not preclude the Grantee from exercising the Option in respect of the balance of the DXN Shares comprised in the Option.
- 11.2 The Option shall be vested to the Grantee and may be subject to the fulfilment of Vesting Conditions as may be determined by the ESOS Committee in accordance with the terms of the ESOS from time to time.
- 11.3 The ESOS Committee may with its power under By-Law 18 hereof, at any time and from time to time, before an Option is granted, limit the exercise of the Option to a maximum number of DXN Shares and/or such percentage of the total of DXN Shares comprised in the Option during such periods within the Option Period and impose any other terms and/or conditions deemed appropriate by the ESOS Committee in its sole discretion.
- 11.4 Except where it is decided otherwise and announced by the ESOS Committee, an Option is exercisable by the Grantee only on a Market Day during the Option Period and while the Grantee remains an Eligible Person.
- 11.5 Every such written notice referred to in By-Law 11.1 must be accompanied by a remittance (calculated in accordance with the provisions of By-Law 10) for the full amount of the subscription monies for the ESOS shares in respect of which notice is given. Within eight (8) Market Days from the receipt by the Company of the aforesaid notice, as well as remittance from the Grantee or such other period as may be permitted by Bursa Securities, the Company shall:
- (a) allot and/or issue such Shares to the Grantee accordingly, subject to and in accordance with the provisions of the Constitution of the Company and the Rules of Bursa Depository;
 - (b) despatch a notice of allotment in accordance with By-Law 11.6 hereof; and
 - (c) apply to Bursa Securities for the listing and quotation of such Shares in accordance with By-Law 16 hereof.

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- 11.6 A Grantee who exercises the Option shall provide the ESOS Committee with his CDS Account number or the CDS Account number of his authorised nominee (as the case may be) in the notice referred to in By-Law 11.1. The Shares to be issued pursuant to the exercise of an Option will be credited into the CDS Account of the Grantee or his authorised nominee (as the case may be) and a notice of allotment stating the number of Shares credited into such CDS Account will be issued and despatched to the Grantee or the Grantee's authorised nominee with a copy to the Grantee as the case may be). No physical share certificate(s) will be issued and delivered to the Grantee.
- 11.7 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 or are found to have had no basis or justification), the ESOS Committee shall have the right to suspend the Grantee's Options pending the outcome of such disciplinary proceedings. In addition to this right of suspension, the ESOS Committee may impose such terms and conditions as the ESOS Committee shall deem appropriate at its sole and absolute discretion having regard to the nature of the charges made or brought against the Grantee **PROVIDED ALWAYS THAT:**
- (i) 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 Options;
 - (ii) in the event the disciplinary proceedings result in a recommendation for the dismissal or termination of service of such Grantee, all unexercised and partially exercised Options of the Grantee shall immediately lapse and be null and void and of no further force and effect, without notice to the Grantee, upon pronouncement of the dismissal or termination of service of such Grantee notwithstanding that such recommendation, dismissal and/or termination of service may be subsequently challenged or disputed by the Grantee in any other forum;
 - (iii) in the event the Grantee is found guilty, but no dismissal or termination of service is recommended, the ESOS Committee shall have the right to determine at its sole and absolute discretion whether or not the Grantee may continue to exercise his Options or any part thereof and if so, to impose such terms and conditions as it deems appropriate, on such exercise rights; and
 - (iv) in the event that no decision is made, and/or disciplinary proceedings are not concluded prior to the expiry of the Exercise Period, the Options of such Grantee shall immediately lapse on the expiry of the Exercise Period without notice,
- and nothing herein shall impose any obligation of the ESOS Committee to enquire into or investigate the substance and/or validity of such disciplinary proceeding(s) and the ESOS Committee shall not under any circumstances be held liable for any costs, losses, expenses, damages or liabilities, gains or profits foregone, arising from the ESOS Committee's exercise of or failure to exercise any of its rights under these By-Laws.
- 11.8 All Options to the extent unexercised on the expiry of the Exercise Period applicable thereto shall lapse.
- 11.9 Any failure to comply with the procedures specified by the ESOS Committee or to provide information as required by the Company and/or the ESOS Committee in the notice to exercise shall result in the notice to exercise being rejected at the discretion of the ESOS Committee. The ESOS Committee shall inform the Grantee of the rejection of the notice of exercise within ten (10) Market Days from the date of rejection and the Grantee shall not have deemed to have exercised his Options.

ANNEXURE D: BY-LAWS GOVERNING THE ESOS (Cont'd)

11.10 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 whatsoever and howsoever arising in the event of any delay on the part of the Company in allotting and issuing the Shares or in procuring the relevant authorities to list and quote the Shares subscribed for by a Grantee or any delay in receipt or non-receipt by the Company of the notice to exercise the Options or for any errors in any Offers.

11.11 Every Option shall be subject to the condition that no new DXN Shares shall be issued pursuant to the exercise of an Option if such issue would be contrary to any law, enactment, rule and/or regulation of any legislative or non-legislative body which may be in force during the Option Period or such period as may be extended.

12. RIGHTS ATTACHING TO OPTIONS AND THE DXN SHARES

The new DXN Shares to be allotted and issued upon the exercise of the Options shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing DXN Shares, and be entitled to all rights (including voting, dividend, allotment, distribution, transfer, and other rights, including those arising on a liquidation of the Company), attaching to the then existing DXN Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other forms of distributions declared, made or paid to ordinary shareholders, where the Entitlement Date precedes the date of allotment and issuance of such new DXN Shares and are subject to the provisions of the Constitution of the Company and Listing Requirements, if any.

Fractional entitlements (if any) will be disregarded and shall be dealt with in such manner as the Board shall in its sole and absolute discretion think expedient in the best interest of the Company.

The new DXN Shares will be subject to all provisions of the Constitution of the Company as may thereafter be amended from time to time.

13. NON-TRANSFERABILITY

13.1 An Option is personal to the Grantee and subject to the provisions of By-Laws 14.1, 14.2, 14.3 and 14.5 hereof, it is exercisable only by the Grantee personally during his lifetime whilst he is in the employment in any company in the DXN Group.

13.2 An Option so granted shall not be transferred, assigned, disposed of or subject to any encumbrances by the Grantee save and except in the event of the death of the Grantee as provided under By-Law 14.5 hereof. Any such transfer, assignment, disposal or encumbrance shall result in the automatic cancellation of the Option.

14. TERMINATION OF THE OPTION

14.1 In the event a Grantee ceases to be in the employment of the DXN Group for whatever reason prior to the full exercise of the Options, such Options or the balance thereof, as the case may be, shall forthwith cease to be valid without any claim against the Company **PROVIDED ALWAYS THAT** the ESOS Committee may, at its sole and absolute discretion, by notice in writing, permit such Options to remain exercisable during the Exercise Period if such cessation occurs by reason of:

- (i) retirement on or after attaining the normal retirement age;
- (ii) retirement before attaining the normal retirement age but with the consent of the relevant employer company within the DXN Group;

ANNEXURE D: BY-LAWS GOVERNING THE ESOS (Cont'd)

- (iii) transfer to any company outside the DXN Group at the direction of the Company subject to the approval and/or ratification by the Board;
- (iv) retrenchment;
- (v) ill-health, injury, physical or mental disability;
- (vi) any separation scheme implemented by the Company, provided that the affected Eligible Person shall exercise the Options within three (3) months of the date of the separation scheme;
- (vii) any Director not being re-appointed during a general meeting of the Company, that Director shall exercise the Options within three (3) months from the date he ceased to be a Director; or
- (viii) any other circumstances which are acceptable to the ESOS Committee subject to the approval and/or ratification by the Board.

Upon the termination of Options pursuant to the above, the Grantee shall have no right to compensation or damages or any claim against the Company for any loss of any right or benefit under the ESOS which he might otherwise have enjoyed, whether for wrongful dismissal or breach of contract or loss of office or otherwise howsoever arising from his ceasing to hold office or employment or from the suspension of his right to exercise his Options or his Options ceasing to be valid.

- 14.2 Unless otherwise agreed in writing by the ESOS Committee at its sole and absolute discretion, upon the resignation/cessation of the Grantee from his employment or directorship with the DXN Group (as the case may be), an Option shall lapse forthwith on the date the Grantee tenders his resignation. Any Option which lapses upon the resignation/cessation of the Grantee from his employment or directorship with the DXN Group (as the case may be), shall become available to be offered to other Eligible Persons, at the discretion of the ESOS Committee.
- 14.3 An Option shall immediately become void and of no further force and effect upon the Grantee being adjudicated a bankrupt.
- 14.4 In the event of the liquidation of the Company, all unexercised Options shall lapse.
- 14.5 Where a Grantee dies before the expiry of the Exercise Period, the whole or any part of the Options held by the Grantee that are unexercised may be exercised by the legal representatives of the Grantee in accordance with the terms and/or conditions as set out by the ESOS Committee **PROVIDED ALWAYS THAT** no Option shall be exercised after the expiry of the Exercise Period.

15. ALTERATION OF SHARE CAPITAL DURING THE OPTION PERIOD

- 15.1 Subject to By-Law 15.3 hereof, in the event of any alteration in the capital structure of the Company during the Option Period, whether by way of a rights issue, bonus issue or other capitalisation issue, consolidation or subdivision of DXN Shares, reduction of capital or any other variation of capital, the Company shall cause such adjustments to be made to:
 - (i) the number of Options granted to a Grantee (excluding Options already exercised);
 - (ii) the Exercise Price;

ANNEXURE D: BY-LAWS GOVERNING THE ESOS (Cont'd)

- (iii) the number of Options and/or Exercise Price comprised in an Offer which is open for acceptance (but has yet to be accepted in accordance with the terms and conditions of the Offer and the ESOS),

for purposes of ensuring that the capital outlay to be incurred by a Grantee in subscribing for the same proportion of the issued capital of the Company as that to which he was entitled prior to the event giving rise to such adjustment (i.e. not taking into account Options already exercised) shall remain unaffected.

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

- (i) any adjustment to the Exercise Price shall be rounded up to the nearest one (1) sen; and
- (ii) in determining a Grantee's entitlement to subscribe for DXN Shares, any fractional entitlements will be disregarded.

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

- (i) an issue of new DXN Shares or other securities convertible into DXN Shares or rights to acquire or subscribe for DXN Shares in consideration or part consideration for an acquisition of any other securities, assets or business;
- (ii) a special issue of new DXN Shares approved by the relevant governmental authorities;
- (iii) a private placement/restricted issue of new DXN Shares by the Company;
- (iv) an issue of new DXN Shares arising from the exercise of any conversion rights attached to securities convertible to DXN Shares or upon exercise of any other rights including warrants and/or convertible loan stocks (if any) issued by the Company;
- (v) an issue of new DXN Shares upon the exercise of Options pursuant to the ESOS;
- (vi) an issue of further Options to Eligible Persons under these By-Laws; and
- (vii) a share buy-back arrangement by the Company, pursuant to Section 127 of the Act. In this event, the following provisions shall apply:
 - (a) if the number of DXN Shares in respect of the Options granted by the Company as at the date of designation of the DXN Shares so purchased as treasury shares or cancellation of such Shares is greater than five per centum (5%) of the total number of issued Shares of the Company after such designation or cancellation, the ESOS Committee shall not make any further Offers; and
 - (b) if the number of DXN Shares in respect of the Options granted by the Company as at the date of designation of the DXN Shares so purchased as treasury shares or cancellation of such Shares is less than five per centum (5%) of the total number of issued Shares of the Company after such designation or cancellation, the ESOS Committee may make further Offers only until the total number of new DXN Shares to be issued pursuant to the Options granted by the Company is equivalent to five per centum (5%) of the total number of issued Shares of the Company after such designation or cancellation.

ANNEXURE D: BY-LAWS GOVERNING THE ESOS (Cont'd)

- 15.4 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Division 7 of the Act, By-Law 15.1 hereof shall be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which By-Law 15.1 hereof is applicable, but By-Law 15.1 hereof shall not be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which By-Law 15.1 hereof is not applicable as described in By-Law 15.3 hereof.
- 15.5 In the event the court sanctions a compromise or arrangement between the Company and its members proposed for the purposes of, or in connection with, a scheme for reconstruction of the Company under Section 366 of the Act or its amalgamation with any other company or companies under Section 366 of the Act, any Options should remain exercisable by the Grantee at any time and from time to time in the period commencing with the date upon which the compromise or arrangement is sanctioned by the court and ending with the date upon which it becomes effective or within the Exercise Period, whichever expires first. Upon the compromise or arrangement becoming effective, all Options, to the extent unexercised shall automatically lapse and shall become null and void.
- 15.6 An adjustment pursuant to By-Law 15.1 hereof shall be made according to the following terms:
- (i) in the case of a rights issue, bonus issue or other capitalisation issue, on the Market Day immediately following the Entitlement Date in respect of such issue; or
 - (ii) in the case of a consolidation or subdivision of DXN Shares or reduction of capital, on the Market Day immediately following the date such consolidation, subdivision or reduction shall become effective.

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

All adjustments other than a bonus issue must be confirmed in writing by an approved company auditor of the Company or such other persons as allowed by Bursa Securities (who shall act as an expert and not as an arbitrator), to be in his/her opinion fair and reasonable. For the purpose of these By-Laws, an approved company auditor shall have the meaning given in Section 2(1) of the Act.

- 15.7 All adjustments made pursuant to By-Law 15 shall be final and binding.
- 15.8 The Company shall ensure that any adjustments made must be in compliance with the provisions for adjustment as provided in By-Law 15.9 hereof.

ANNEXURE D: BY-LAWS GOVERNING THE ESOS (Cont'd)

15.9 In addition to By-Law 15.1 hereof and not in derogation thereof, the Exercise Price and the number of Options so far unexercised shall from time to time be adjusted, calculated or determined by the ESOS Committee and certified by an approved company auditor of the Company or such other persons as allowed by Bursa Securities in accordance with the following relevant provisions in consultation with the Adviser and/or the external auditor:

- (i) If and whenever a consolidation or subdivision or conversion of DXN Share occurs, the Exercise Price and/or the additional number of Options to be issued shall be adjusted, calculated or determined in accordance with the following manner:

$$\text{New Exercise Price} = S \times \left[\frac{A}{B} \right]$$

$$\text{Number of additional Options} = T \times \left[\frac{B}{A} \right] - T$$

Where:

S = existing Exercise Price;

A = the aggregate number of DXN Shares immediately before such consolidation, subdivision or conversion;

B = the aggregate number of DXN Shares after such consolidation, subdivision or conversion; and

T = existing number of Options held.

Each such adjustment will be effective from the close of business on the Market Day immediately following the date on which the consolidation or subdivision or conversion becomes effective (being the date when the DXN Shares are traded on Bursa Securities), or such period as may be prescribed by Bursa Securities.

- (ii) If and whenever the Company shall make any issue of DXN Shares to ordinary shareholders by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature and including any, where applicable, share premium account and capital redemption reserve fund), the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = S \times \left[\frac{A}{A + B} \right]$$

ANNEXURE D: BY-LAWS GOVERNING THE ESOS (Cont'd)

and the number of additional Options to be issued shall be calculated as follows:

$$\text{Number of additional Options} = T \times \left[\frac{A + B}{A} \right] - T$$

Where:

A = the aggregate number of issued DXN Shares immediately before such bonus issue or capitalisation issue;

B = the aggregate number of new DXN Shares to be issued pursuant to any allotment to ordinary shareholders of the Company by way of bonus issue or capitalisation of profits or reserves of the Company (whether of a capital or income nature and including any share premium account and capital redemption reserve fund);

S = as S in By-Law 15.9(i) hereof; and

T = as T in By-Law 15.9(i) hereof.

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

(iii) If and whenever the Company shall make:

- (a) a Capital Distribution (as defined below) to ordinary shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets); or
- (b) any offer or invitation to its ordinary shareholders whereunder they may acquire or subscribe for DXN Shares by way of rights; or
- (c) any offer or invitation to its ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into DXN Shares or securities with rights to acquire or subscribe for DXN Shares,

then and in respect of each such case, the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = S \times \left[\frac{C - D}{C} \right]$$

and in respect of the case referred to in By-Law 15.9(iii)(b) and (iii)(c) hereof, the number of additional Options to be issued shall be calculated as follows:

$$\text{Number of additional Options} = T \times \left[\frac{C}{C - D^*} \right] - T$$

ANNEXURE D: BY-LAWS GOVERNING THE ESOS (Cont'd)

Where:

- S = as S in By-Law 15.9(i) hereof;
- T = as T in By-Law 15.9(i) hereof;
- C = the prevailing market price of each Share at the close of business on the Market Day immediately preceding the date on which the Capital Distribution or, as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing any such announcement) immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation;
- D = (A) in the case of an offer or invitation to acquire or subscribe for DXN Shares by way of rights under By-Law 15.9(iii)(b) hereof or for securities convertible into DXN Shares or securities with rights to acquire or subscribe for DXN Shares under By-Law 15.9(iii)(c) hereof, the value of rights attributable to one (1) DXN Share (as defined below); or
- (B) in the case of any other transaction falling within By-Law 15.9(iii) hereof, the fair market value, as determined by the Company with concurrence of the external auditors for the time being of the Company, of that portion of the Capital Distribution attributable to one (1) DXN Share.

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

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

Where:

- C = as C in By-Law 15.9(iii) hereof;
- E = the subscription price for one (1) additional DXN Share under the terms of such offer or invitation or subscription price for one (1) additional DXN Share upon conversion of the convertible securities or exercise of such rights to acquire or subscribe for one (1) DXN Share under the offer or invitation;
- F = the necessary number of DXN Shares to hold in order to be offered or invited to acquire or subscribe for one (1) additional DXN Share or security convertible into rights to acquire or subscribe for one (1) additional DXN Share; and
- D* = the value of rights attributable to one (1) DXN Share (as defined below).

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

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

ANNEXURE D: BY-LAWS GOVERNING THE ESOS (Cont'd)

Where:

C = as C in By-Law 15.9(iii) hereof;

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

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

For the purpose of By-Law 15.9(iii) hereof, "Capital Distribution" shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of DXN Shares (not falling under By-Law 15.9(ii) hereof) or other securities issued by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account or capital redemption reserve fund).

Any dividend charged or provided for in the accounts of any period shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders of DXN as shown in the audited consolidated profit and loss accounts of the Company.

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

- (iv) If and whenever the Company makes an allotment to its ordinary shareholders as provided in By-Law 15.9(ii) hereof and also makes an offer or invitation to its ordinary shareholders as provided in By-Law 15.9(iii)(b) or (c) hereof and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = S \times \left[\frac{(G \times C) + (H \times I)}{(G + H + B) \times C} \right]$$

and where the Company makes an allotment to its ordinary shareholders as provided in By-Law 15.9(ii) hereof and also makes an offer or invitation to its ordinary shareholders as provided in By-Law 15.9(iii)(b) hereof and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the number of additional Options to be issued shall be calculated in the following manner:

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

B = as B in By-Law 15.9(ii) hereof;

C = as C in By-Law 15.9(iii) hereof;

G = the aggregate number of issued DXN Shares on the Entitlement Date;

ANNEXURE D: BY-LAWS GOVERNING THE ESOS (Cont'd)

- H = the aggregate number of new DXN Shares under an offer or invitation to acquire or subscribe for DXN Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into DXN Shares or rights to acquire or subscribe for DXN Shares, as the case may be;
- H* = the aggregate number of new DXN Shares under an offer or invitation to acquire or subscribe for DXN Shares by way of rights;
- I = the subscription price of one (1) additional DXN Share under an offer or invitation to acquire or subscribe for DXN Shares or the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional DXN Share, as the case may be;
- I* = the subscription price of one (1) additional DXN Share under the offer or invitation to acquire or subscribe for DXN Shares;
- S = as S in By-Law 15.9(i) hereof; and
- T = as T in By-Law 15.9(i) hereof.

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

- (v) If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for DXN Shares as provided in By-Law 15.9(iii)(b) hereof together with an offer or invitation to acquire or subscribe for securities convertible into DXN Shares or rights to acquire or subscribe for DXN Shares as provided in By-Law 15.9(iii)(c) hereof, the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = S \times \left[\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C} \right]$$

and the number of additional Options to be issued shall be calculated in the following manner:

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

Where:

- C = as C in By-Law 15.9(iii) hereof;
- G = as G in By-Law 15.9(iv) hereof;
- H = as H in By-Law 15.9(iv) hereof;
- H* = as H* in By-Law 15.9(iv) hereof;
- I = as I in By-Law 15.9(iv) hereof;
- I* = as I* in By-Law 15.9(iv) hereof;

ANNEXURE D: BY-LAWS GOVERNING THE ESOS (Cont'd)

- J = the aggregate number of DXN Shares to be issued to its ordinary shareholders upon conversion of such securities or exercise of such rights to subscribe for DXN Shares by the ordinary shareholders;
- K = the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional DXN Share;
- S = as S in By-Law 15.9(i) hereof; and
- T = as T in By-Law 15.9(i) hereof.

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

- (vi) If and whenever the Company makes an allotment to its ordinary shareholders as provided in By-Law 15.9(ii) hereof and also makes an offer or invitation to acquire or subscribe for DXN Shares to its ordinary shareholders as provided in By-Law 15.9(iii)(b) hereof, together with rights to acquire or subscribe for securities convertible into DXN Shares or with rights to acquire or subscribe for DXN Shares as provided in By-Law 15.9(iii)(c) hereof, and the Entitlement Date for the purpose of allotment is also the Entitlement Date for the purpose of the offer or invitation, the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = S \times \left[\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J + B) \times C} \right]$$

and the number of additional Options to be issued shall be calculated in the following manner:

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

Where:

- B = as B in By-Law 15.9(ii) hereof;
- C = as C in By-Law 15.9(iii) hereof;
- G = as G in By-Law 15.9(iv) hereof;
- H = as H in By- Law 15.9(iv) hereof;
- H* = as H* in By- Law 15.9(iv) hereof;
- I = as I in By- Law 15.9(iv) hereof;
- I* = as I* in By- Law 15.9(iv) hereof;
- J = as J in By- Law 15.9(v) hereof;
- K = as K in By- Law 15.9(v) hereof;
- S = as S in By- Law 15.9(i) hereof; and
- T = as T in By- Law 15.9(i) hereof.

ANNEXURE D: BY-LAWS GOVERNING THE ESOS (Cont'd)

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

- (vii) If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders of DXN and requiring an adjustment under By-Laws 15.9(iii)(b), (iii)(c), (iv), (v) or (vi) hereof), the Company shall issue either any DXN Shares or any securities convertible into DXN Shares or any rights to acquire or subscribe for DXN Shares, and in any such case, the Total Effective Consideration per DXN Share (as defined below) is less than ninety per cent (90%) of the Average Price for one (1) Share (as defined below) or, as the case may be, the price at which the DXN Shares will be issued and/or transferred upon conversion of such securities or exercise of such rights is determined, the Exercise Price shall be adjusted in the following manner:

$$\text{New Exercise Price} = S \times \left[\frac{L + M}{L + N} \right]$$

Where:

- L = the number of DXN Shares in issue at the close of business on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;
- M = the number of DXN Shares which the Total Effective Consideration (as defined below) would have purchased at the Average Price (as defined below) (exclusive of expenses);
- N = the aggregate number of DXN Shares so issued or, in the case of securities convertible into DXN Shares or rights to acquire or subscribe for DXN Shares, the maximum number (assuming no adjustment of such rights) of DXN Shares issuable upon full conversion of such securities or the exercise in full of such rights; and
- S = as S in By-Law 15.9(i) hereof.

For the purpose of By-Law 15.9(vii), the "Total Effective Consideration" shall be determined by the Board with the concurrence of an external auditor of the Company and shall be:

- (a) in the case of the issue of DXN Shares, the aggregate consideration receivable by the Company on payment in full for such DXN 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 any); or
- (c) in the case of the issue by the Company of securities with rights to acquire or subscribe for DXN 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;

ANNEXURE D: BY-LAWS GOVERNING THE ESOS (Cont'd)

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

For the purpose of By-Law 15.9(vii), the Average Price of a DXN Share shall be the average price of one (1) DXN Share as derived from the last dealt prices for one (1) or more board lots of DXN Shares as quoted on Bursa Securities on the Market Days comprised in the period used as a basis upon which the issue price of such DXN Shares is determined.

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

For the purposes of By-Law 15.9(iii), (iv), (v) and (vi) the current market price in relation to one (1) existing DXN Shares for any relevant day shall be the volume weighted average market price for the five (5) consecutive Market Days before such date or during such other period as may be determined in accordance with any guidelines issued, from time to time, by the relevant authorities.

- (viii) The foregoing provisions on adjustment of the Exercise Price shall be subject to the following:
- (a) On any such adjustment the resultant Exercise Price shall be rounded up to the nearest one (1) sen and in no event shall any adjustment involve an increase in the Exercise Price or reduce the number of Options so far as unexercised to which the Grantee is already entitled to;
 - (b) No adjustment shall be made to the Exercise Price in any case in which the amount by which the same would be reduced in accordance with the foregoing provisions of "would be less than one (1) sen" or the number of Options so far as unexercised is less than one (1) Option and any adjustment that would otherwise be required then to be made will not be carried forward;
 - (c) If an event giving rise to any such adjustment shall be capable of falling within any two (2) or more of paragraphs (i) to (ii) of By-Law 15.1 hereof (both inclusive) or if such event is capable of giving rise to more than one (1) adjustment, the adjustment shall be made in such manner as the Directors of the Company and the external auditor of the Company may agree;
 - (d) If for any reason an event giving rise to an adjustment to the Exercise Price and/or the number of Options so far as unexercised to which a Grantee may be entitled to is cancelled, revoked or not completed, the adjustment shall not be required to be made or shall be reversed with effect from such date and in such manner as the Directors of the Company and the external auditor of the Company may agree;

ANNEXURE D: BY-LAWS GOVERNING THE ESOS (Cont'd)

- (e) In any circumstances where the Board considers that adjustments to the Exercise Price and/or the number of Options so far as unexercised as provided for hereunder should be made or should not be made or should be calculated on a different basis or different date, the Company may appoint the external auditors of the Company or the Adviser to consider whether for any reasons whatsoever (to the extent permissible by the Listing Requirements or any other relevant regulations) the adjustment calculation or determination to be made (or the absence of an adjustment calculation or determination) is appropriate or inappropriate as the case may be. If such external auditor or Adviser shall consider the adjustment calculation or determination to be inappropriate, the adjustment shall be modified or nullified (or an adjustment calculation or determination made even though not required to be made) in such manner as may be considered by such external auditors or Adviser to be appropriate;
- (f) If the Board and the external auditors of the Company or Adviser are unable to agree upon any adjustment required under these provisions, the Boards shall refer the adjustment to the decision of another external auditor or Adviser; and
- (g) In making adjustments hereunder, the other external auditor or Adviser (as the case may be) shall be deemed to be acting as experts and not as arbitrators and, in the absence of manifest error, their decisions shall be conclusive and binding on all person having an interest in the Options.

16. LISTING AND QUOTATION OF NEW SHARES

If at the time of allotment of the new DXN Shares pursuant to the exercise of the Options, the then existing issued Shares of the Company are quoted on Bursa Securities, the Company shall make an application to Bursa Securities within eight (8) Market Days after the receipt of the notice of exercise and remittance from the Grantee or such other period as may be prescribed by Bursa Securities, for the listing and quotation of such new DXN Shares and use its best endeavours to obtain such approval unless a blanket approval for the listing and quotation of the new DXN Shares arising from the ESOS has been obtained.

17. RETENTION PERIOD

The new DXN Shares to be allotted and issued to the Grantees pursuant to the exercise of the Options under the ESOS may be dealt with or disposed of by such Grantees who will not be subject to any retention period.

18. ADMINISTRATION

- 18.1 This ESOS shall be administered by the ESOS Committee comprising such number of Directors and/or Senior Management personnel as shall be appointed by the Board from time to time. The ESOS Committee shall, subject to these By-Laws administer the ESOS and regulate the ESOS Committee's own proceedings in such manner as it shall think fit.

ANNEXURE D: BY-LAWS GOVERNING THE ESOS (Cont'd)

- 18.2 Without limiting the generality of By-Law 18.1 hereof, the ESOS Committee may, for the purpose of administering the ESOS, do all acts and things, rectify any errors in its Offers, recommend to the Board to establish, amend and revoke rules and regulations relating to the ESOS and its administration, execute all documents and delegate any of its powers and duties relating to the ESOS as it may in its discretion consider to be necessary or desirable for giving effect to the ESOS.
- 18.3 The Board shall have power at any time and from time to time to rescind the appointment of any person in the ESOS Committee as it shall deem fit and may appoint replacement members to the ESOS Committee.
- 18.4 The Board shall have the power to determine all matters pertaining to the ESOS Committee, including without limitation setting the terms of reference for the ESOS Committee, composition, duties, powers and limitations. The Board is entitled at any time and from time to time to change the terms of reference of the ESOS Committee.

19. AMENDMENT AND/OR MODIFICATION TO THE SCHEME

- 19.1 Subject to the compliance with the Listing Requirements and any laws and/or regulations of other relevant authorities, the ESOS Committee may at any time and from time to time recommend to the Board any additions or amendments to or deletions of these By-Laws as it shall in its discretion think fit and the Board shall have the power by resolution to add, amend or delete all or any of these By-Laws upon such recommendation **PROVIDED ALWAYS THAT** no additions or amendments to or deletions of these By-Laws shall be made which will:
- (i) prejudice any rights then accrued to any Grantee without the prior consent or sanction of that Grantee; or
 - (ii) increase the number of DXN Shares available under the ESOS beyond the maximum imposed by By-Law 4.2 hereof; or
 - (iii) alter to the advantage of any Eligible Person in respect of any matters which are required to be contained in these By-Laws by virtue of Appendix 6E of the Listing Requirements, without the prior approval of the Company's shareholders in a general meeting unless allowed otherwise by the provisions of the Listing Requirements.
- 19.2 Any amendments/modifications to these By-Laws shall not contravene any of the provisions of the guidelines on employees' share option schemes as stipulated under the Listing Requirements and/or by any other relevant regulatory authority in relation to ESOS.
- 19.3 Upon amending and/or modifying all or any of the provisions of the ESOS, the Company shall within five (5) Market Days, submit a confirmation letter to Bursa Securities for the amendments made, that the said amendment and/or modification complies and does not contravene any of the provisions of the Listing Requirements pertaining to ESOS pursuant to Paragraph 2.12 of the Listing Requirements. In such event, the ESOS Committee shall furnish a written notification to all Grantees and the Company shall make all necessary announcements to Bursa Securities in respect of such amendments and/or modifications.

ANNEXURE D: BY-LAWS GOVERNING THE ESOS (Cont'd)

20. DISPUTES

In the event of any dispute or difference arising between the ESOS Committee and an Eligible Person or a 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 (without the obligation to give any reason thereof) to the Eligible Person or the Grantee, as the case may be **PROVIDED ALWAYS THAT** where the dispute or difference is raised by a member of the ESOS Committee, the said member shall abstain from voting in respect of the decision of the ESOS Committee in that instance. The said decision shall be final and binding on the parties unless the Eligible Person or the Grantee, as the case may be, shall dispute the same by written notice to the ESOS Committee within fourteen (14) calendar days of the receipt of the written decision, in which case such dispute or difference shall be referred to the decision of the Board, whose decision shall be final and binding in all respects.

21. SCHEME NOT A TERM OF EMPLOYMENT

The ESOS shall not form part of or constitute or in any way be construed as a term or condition of employment of any employee. The ESOS shall not confer or be construed to confer on an Eligible Person any special rights or privileges over the Eligible Person's terms and conditions of employment in the DXN Group under which the Eligible Person is employed or any rights additional to any compensation or damages that the Eligible Person may be normally entitled to arising from the cessation of such employment.

22. COSTS AND EXPENSES

All fees, costs and expenses incurred in relation to the administration and management of the ESOS including but not limited to the fees, costs and expenses relating to the allotment and issuance of new DXN Shares pursuant to the exercise of the Options shall be borne by the Company. Notwithstanding this, the Grantee shall bear any fees, costs (including any taxes and stamp duty) and expenses incurred in relation to his/ her acceptance and exercise of the Options (including all brokerage fees, commission and such other incidental costs arising from the sale of the Shares).

23. CONSTITUTION

Notwithstanding the terms and conditions contained in these By-Laws, if a situation of conflict should arise between these By-Laws and the Constitution of the Company, the provisions of the Constitution of the Company shall prevail at all times save and except where such provisions of the By-Laws are included pursuant to the Listing Requirements in which event such provisions of the By-Laws shall prevail.

24. INSPECTION OF AUDITED FINANCIAL STATEMENTS

All Grantees are entitled to inspect the latest audited financial statements of the Company during the normal business hours on any working day at the registered office of the Company.

25. TRANSFER FROM OTHER COMPANIES TO THE DXN GROUP

In the event that:

- (i) a director or employee who was employed in a company related to but not within the DXN Group and is subsequently transferred from such company to any company within the DXN Group; or

ANNEXURE D: BY-LAWS GOVERNING THE ESOS (Cont'd)

- (ii) a director or employee who was in the employment of a company which subsequently becomes a company within the DXN Group as a result of a restructuring exercise or otherwise involving DXN and/or any company within the DXN Group,

(the first mentioned company in (i) and (ii) above are hereinafter referred to as the “**Previous Company**”), such a director or employee of the Previous Company (“**the Affected Director/Employee**”), subject to By-Law 7 hereof, will:

- (i) be entitled to continue to exercise all such unexercised Option(s) which were granted to him/her under the Previous Company’s employees’ share option scheme (“**Previous Company’s ESOS**”) in accordance with the by-laws of the Previous Company’s ESOS but he shall not, upon such transfer or restructuring or divestment as the case may be, be eligible to participate for further options of such Previous Company’s ESOS; and/or
- (ii) be eligible to participate in the ESOS only for the remaining duration of the ESOS, subject to the ESOS Committee’s approval; and/or
- (iii) if the Affected Director/Employee had participated in the Previous Company’s ESOS, the number of DXN Shares to be offered to such Affected Director/Employee under the ESOS shall be subject to the sole and absolute discretion of the ESOS Committee.

26. DIVESTMENT FROM THE DXN GROUP

If a Grantee who was in the employment of a company in the DXN Group, which was subsequently divested wholly, or in part, from the DXN Group, resulting in such company no longer be a subsidiary of DXN pursuant to Section 4 of the Act, then such Grantee:

- (i) notwithstanding such divestment and subject to the provisions of By-Laws 11 and 14.2 hereof will be entitled to continue to exercise all such unexercised Options which were granted to him/her under the ESOS within a period of three (3) months from the date of completion of such divestment or within the Exercise Period, whichever ends earlier, failing which the right of such Grantee to subscribe for that number of the DXN Shares or any part thereof granted under such unexercised Options shall automatically lapse 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 ESOS.

For the avoidance of doubt, where the Grantee was in the employment of a company in the DXN Group and that company was subsequently partially divested but remained as a subsidiary of DXN pursuant to Section 4 of the Act, then such Grantee shall continue to be entitled to all his/ her rights in relation to the unexercised Options and he shall be eligible for further participation of the Options under the ESOS.

27. TAKE-OVER AND MERGERS

Notwithstanding By-Law 11 hereof and subject to the provisions of any applicable statutes, rules, regulations and/or conditions issued by the relevant regulatory authorities, in the event of:

- (i) a take-over offer being made for the Company, under the Rules on Take-overs, Mergers and Compulsory Acquisitions, to acquire the whole of the issued ordinary share capital of the Company (or such part thereof not at the time held by the person making the take-over offer (“**Offeror**”) or any persons acting in concert with the Offeror), any unexercised Options shall remain in force and be exercisable until the expiry of the Exercise Period applicable thereto; and

ANNEXURE D: BY-LAWS GOVERNING THE ESOS (Cont'd)

- (ii) the Offeror becoming entitled or bound to exercise the right of compulsory acquisition of new DXN Shares under the provisions of the Capital Markets and Services Act, 2007 (or other legislation applicable at the point of time), and gives notice to the Company and Grantee that it intends to exercise such right on a specific date, a Grantee will be entitled to exercise any unexercised Options from the date of service of the said notice until and inclusive of the date on which the right of compulsory acquisition is exercised **PROVIDED ALWAYS THAT** any Options to the extent unexercised after the date on which the right of compulsory acquisition is exercised shall lapse and immediately cease to have any effect.

28. SUBSEQUENT EMPLOYEES' SHARE OPTION SCHEMES

- 28.1 Subject to the approval of the relevant authorities and compliance with the requirements of the relevant authorities, the Company may establish a new employees' share option scheme after the Expiry Date if the ESOS is not renewed or after termination of the ESOS pursuant to By-Law 5.6 hereof. Where the ESOS has been renewed (in accordance with By-Law 5.3 hereof), a new employees' share option scheme may be established upon expiry of the renewed ESOS, if any.
- 28.2 The Company may establish more than one (1) employees' share option scheme during the duration of the ESOS as provided in By-Law 5.3 hereof provided always that the aggregate number of Shares available under all the employees' share option schemes does not exceed five per centum (5%) of the total number of issued Shares of the Company (excluding treasury shares) at any point in time or such other limit in accordance with any guidelines or regulations issued by Bursa Securities or any other relevant authorities as may be amended from time to time.

29. NO COMPENSATION

- 29.1 A Grantee who ceases to hold office or employment shall not be entitled to any compensation for the loss of any right or benefit or prospective right or benefit under the ESOS which he might otherwise have enjoyed whether such compensation is claimed by way of damages for wrongful dismissal or other breach of contract or by way of compensation for loss of office.
- 29.2 No Eligible Person or Grantee or legal personal representatives shall bring any claim, action or proceeding against the Company, the Board, 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 Options or his Options 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 19 hereof or termination of the ESOS in accordance with By-Law 5 hereof.

30. TAXES

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

31. WINDING UP

In the event of a members' voluntary winding-up and a resolution is passed for the winding-up or liquidation of the Company, all unexercised Options shall automatically lapse and be null and void and of no further force and effect from the date of the members' resolution for such winding-up or liquidation of the Company.

ANNEXURE D: BY-LAWS GOVERNING THE ESOS (Cont'd)

In the event a petition is presented in court for the winding-up or liquidation of the Company, all rights to exercise the Options shall automatically be suspended from the date of the presentation of the petition. If a court order for winding-up the Company pursuant to the petition for winding-up is made, all unexercised Options shall automatically lapse and be null and void and of no further force and effect from the date of the court order. Conversely, if the petition for winding-up is dismissed by the court, the right to exercise the Options shall accordingly be unsuspended.

32. RIGHTS OF A GRANTEE

The Options shall not carry any rights to vote at any general meeting of the Company. The Grantee shall not in any event be entitled to any dividends, rights or other entitlements on his unexercised Options.

33. SEVERABILITY

Any term, condition, stipulation or provision in these By-Laws which is illegal, void, prohibited or unenforceable shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability without invalidating the remaining provisions hereof, and any such illegality, voidness, prohibition or unenforceability shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation and provision herein contained.

34. GOVERNING LAW AND JURISDICTION

34.1 The ESOS shall be governed by and construed in accordance with the laws of Malaysia. The Grantee, by accepting the Options in accordance with these By-Laws and terms of the ESOS, irrevocably submits to the exclusive jurisdiction of the courts of Malaysia.

34.2 In order to facilitate the making of any Offer under the ESOS, the Board may provide for such special terms to the Eligible Person(s) who are employed by any corporation in the Group in a particular jurisdiction as the Board may consider necessary or appropriate for the purposes of complying with differences in local law, tax, policy or custom of that jurisdiction. The Board may further approve such supplements to or amendments, restatements or alternative versions of the ESOS as it may consider necessary or appropriate for such purposes without thereby affecting the terms of the ESOS as in effect for any other purpose, and the appropriate officer of the Company may certify any such document as having been approved and adopted in the same manner as the ESOS. No such special terms, supplements, amendments or restatements, however, shall include any provisions that are inconsistent with the terms of the ESOS, as then in effect, unless the ESOS has been amended to eliminate such inconsistency. Notwithstanding the above, any Offer made to such Eligible Person(s) pursuant to the ESOS shall be valid strictly in Malaysia only unless specifically mentioned otherwise by the ESOS Committee in the Offer.

35. NOTICE

35.1 Any notice or request which the Company is required to give, or may desire to give, to any Eligible Person or the Grantee pursuant to the ESOS shall be in writing and shall be deemed to be sufficiently given:

- (i) if it is sent by ordinary post by the Company to the Eligible Person or the Grantee at the last address known to the Company as being his address, such notice shall be deemed to have been received three (3) Market Days after posting; or

ANNEXURE D: BY-LAWS GOVERNING THE ESOS *(Cont'd)*

- (ii) if it is given by hand to the Eligible Person or the Grantee, such notice or request shall be deemed to have been received on the date of delivery; or
- (iii) if it is sent by electronic media, including but not limited to electronic mail, to the Eligible Person or the Grantee, such notice or request shall be deemed to have been received upon confirmation or notification received after the sending of notice or request by the Company.

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

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