

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, solicitor, accountant, bank manager or other professional adviser immediately.

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DAGANG NeXCHANGE BERHAD

Registration No.: 197001000738 (10039-P)
(Incorporated in Malaysia under the Companies Act 1965
and deemed registered under the Companies Act 2016)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

- I. **PROPOSED TERMINATION OF THE EXISTING EMPLOYEES' SHARE OPTION SCHEME ("ESOS") OF DAGANG NeXCHANGE BERHAD ("DNeX" OR THE "COMPANY") ("PROPOSED TERMINATION OF EXISTING ESOS"); AND**
- II. **PROPOSED ESTABLISHMENT OF A NEW ESOS OF UP TO 5% OF THE TOTAL NUMBER OF ISSUED SHARES OF DNeX (EXCLUDING TREASURY SHARES, IF ANY) AT ANY POINT IN TIME OVER THE DURATION OF THE NEW ESOS FOR THE ELIGIBLE DIRECTORS AND EMPLOYEES OF DNeX AND ITS SUBSIDIARIES (EXCLUDING DORMANT SUBSIDIARIES)("PROPOSED NEW ESOS")**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser



UOB KAY HIAN SECURITIES (M) SDN BHD

Registration No. 199001003423 (194990-K)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting ("**EGM**") of DNeX, which is scheduled to be conducted virtually at the broadcast venue at the Multipurpose Hall, Level 3A, Dagang Net Tower, Block 10 (A & B) Corporate Park, Star Central, Lingkaran Cyberpoint Timur, Cyber 12, 63000 Cyberjaya, Selangor, Malaysia on Thursday, 1 April 2021 at 2.00 p.m., or at any adjournment thereof, together with the Form of Proxy, are enclosed.

As a member of DNeX, you are entitled to attend, participate and vote at the EGM. You may appoint a proxy or proxies to attend, participate and vote on your behalf. If you wish to do so, the completed and signed Form of Proxy should be lodged at the office of the Share Registrar, Mega Corporate Services Sdn Bhd at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia, not less than twenty-four (24) hours before the time appointed for holding the EGM or any adjournment thereof. The lodging of the Form of Proxy shall not preclude you from attending, participating and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Wednesday, 31 March 2021 at 2.00 p.m.

Date and time of the EGM : Thursday, 1 April 2021 at 2.00 p.m.

This Circular is dated 15 March 2021

DEFINITIONS

For purposes of this Circular, except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

"Act"	:	The Companies Act 2016
"Board"	:	The Board of Directors
"Bursa Depository"	:	Bursa Malaysia Depository Sdn Bhd [198701006854 (165570-W)]
"Bursa Securities"	:	Bursa Malaysia Securities Berhad [200301033577 (635998-W)]
"CDS"	:	Central Depository System governed under the Securities Industry (Central Depositories) Act 1991
"Circular"	:	This circular dated 15 March 2021 in relation to the Proposals
"Convertible Securities"	:	Collectively, the Warrants and Existing ESOS Options
"Director(s)"	:	The director(s) of DNeX and any other person that falls within the meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets And Services Act 2007
"DNeX" or the "Company"	:	Dagang NeXchange Berhad [197001000738 (10039-P)]
"DNeX Group" or the "Group"	:	Collectively, DNeX and its subsidiaries
"DNeX Share(s)" or "Share(s)"	:	Ordinary share(s) in and issued by DNeX
"Effective Date"	:	The implementation date of the Proposed New ESOS, which is also a date on which all relevant requirements of Chapter 6 of the Listing Requirements are fully complied with, including the approvals and/or conditions referred to in New ESOS By-Laws having been obtained and/or complied with
"EGM"	:	Extraordinary general meeting of DNeX
"Eligible Person(s)"	:	Directors and/or employees of DNeX and its subsidiaries, (excluding dormant subsidiaries), who meet the criteria of eligibility for participation in the Proposed New ESOS as indicated in the New ESOS By-Laws
"EPS"/ "(LPS)"	:	Earnings/ (loss) per share
"ESOS"	:	Employees' share option scheme
"ESOS Committee"	:	The committee appointed and authorised from time to time by the Board, responsible for implementing, allocating and administering the Proposed New ESOS
"Existing ESOS"	:	The Company's existing ESOS, implemented on 14 September 2016, for the issuance of up to 5% of the total number of issued shares (excluding treasury shares, if any) of DNeX to the eligible executive Directors and employees. The Existing ESOS is effective for a period of 5 years from 25 August 2016 and shall expire on 24 August 2021 in accordance with the Existing ESOS By-Laws
"Existing ESOS By-Laws"	:	Existing by-laws governing the Existing ESOS

DEFINITIONS (CONT'D)

"Existing Options"	ESOS	: Existing ESOS options that had been or may be granted pursuant to the Existing ESOS. As at the LPD, the Company has 7,311,114 outstanding Existing ESOS Options offered to the eligible Directors and employees of DNeX Group, and which remain unexercised
"FPE"		: Financial period ended/ ending
"FYE"		: Financial year ended/ ending
"General Placement"	Mandate	: DNeX had on 28 July 2020 obtained the approval from Bursa Securities for the listing and quotation of up to 496,080,980 placement shares to be issued pursuant to a general mandate placement exercise
"Listing Requirements"		: Main Market Listing Requirements of Bursa Securities
"LPD"		: 4 March 2021, being the latest practicable date prior to the printing and despatch of this Circular
"Market Day(s)"		: Any day from Monday to Friday (including both days) on which Bursa Securities is open for trading of securities
"Maximum Scenario"		: Assuming the full exercise of Convertible Securities and the full issuance of Remaining Placement Shares prior to the implementation of the Proposed New ESOS
"MFRS 2"		: Malaysian Financial Reporting Standard 2 on Share-based Payment as issued by the Malaysian Accounting Standard Board
"Minimum Scenario"		: Assuming none of the Convertible Securities and Remaining Placement Shares are exercised or issued prior to the implementation of the Proposed New ESOS
"NA"		: Net assets
"New ESOS"		: New ESOS pursuant to the Proposed New ESOS
"New ESOS By-Law(s)"		: The rules, terms and conditions of and governing the Proposed New ESOS (as modified, varied and/or amended from time to time), a draft of which is enclosed in Appendix I of this Circular
"New ESOS Effective Date"		: The implementation date of the Proposed New ESOS, which is also a date on which all relevant requirements of Chapter 6 of the Listing Requirements are fully complied with, including the approvals and/or conditions referred to in New ESOS By-Laws having been obtained and/or complied with
"New ESOS Options"		: New ESOS options to be granted pursuant to the Proposed New ESOS, comprising the right of an Eligible Person to subscribe for new DNeX Shares at the subscription price under the New ESOS
"Proposals"		: Collectively, the Proposed Termination of Existing ESOS and the Proposed New ESOS
"Proposed New ESOS"		: Proposed establishment of the Company's new ESOS of up to 5% of the total number of issued shares of DNeX (excluding treasury shares, if any) at any point in time over the duration of the New ESOS to the Eligible Persons
"Proposed Termination of Existing ESOS"		: Proposed termination of the Company's Existing ESOS

DEFINITIONS (CONT'D)

- "Record of Depositors" : A record of securities holders established by Bursa Depository under Chapter 24 of the Rules of Bursa Depository, as issued pursuant to Securities Industries (Central Depository) Act, 1991
- "Remaining Placement Share(s)" : Up to 98,462,980 remaining placement shares which may be placed out pursuant to the General Mandate Placement within the prescribed timeframe as permitted under the Listing Requirements
- "RM" : Ringgit Malaysia
- "UOBKH" or the "Adviser" : UOB Kay Hian Securities (M) Sdn Bhd [199001003423 (194990-K)]
- "VWAP" : Volume weighted average market price
- "Warrant(s)" : 711,396,809 outstanding warrants 2016/2021 in the Company as at the LPD. The Warrants are constituted by the deed poll dated 15 June 2016 and each Warrant carries the entitlement to subscribe for 1 new DNeX Share during the 5-year exercise period up to 30 July 2021 at an exercise price of RM0.50 per Warrant

All references to "our Company" and "DNeX" in this Circular are to DNeX. All references to "DNeX Group", "our Group", "we", "us", "our" or "ourselves" in this Circular are to DNeX and its subsidiaries as a whole, save for where the context otherwise requires. Reference to "member(s)", "you" or "your" are to the shareholders of the Company.

Words denoting or incorporating the singular shall, where applicable, include the plural and vice versa. Words denoting or incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Circular to any law is a reference to that law as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

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TABLE OF CONTENTS

	PAGE
EXECUTIVE SUMMARY	v
LETTER TO THE SHAREHOLDERS OF DN_eX IN RELATION TO THE PROPOSALS CONTAINING:-	
1. INTRODUCTION	1
2. DETAILS OF THE PROPOSALS	2
3. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSALS	7
4. EFFECTS OF THE PROPOSALS	9
5. HISTORICAL SHARE PRICES	13
6. APPROVALS REQUIRED/ OBTAINED	14
7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/ OR PERSONS CONNECTED WITH THEM	14
8. ESTIMATED TIMEFRAME FOR COMPLETION AND TENTATIVE TIMETABLE FOR IMPLEMENTATION	15
9. PROPOSALS ANNOUNCED BUT PENDING COMPLETION	16
10. DIRECTORS' STATEMENT AND RECOMMENDATION	16
11. EGM	17
12. FURTHER INFORMATION	17
APPENDICES	
I. DRAFT NEW ESOS BY-LAWS FOR THE PROPOSED NEW ESOS	18
II. FURTHER INFORMATION	44
NOTICE OF EGM	ENCLOSED
FORM OF PROXY	ENCLOSED

EXECUTIVE SUMMARY

This Executive Summary highlights only the salient information of the Proposals. You are advised to read this Circular in its entirety for further details and not to rely solely on this Executive Summary in arriving at a decision on the Proposals before voting at the forthcoming EGM.

Key information	Description	Reference to Circular
Summary of the Proposals	<ul style="list-style-type: none"> ➤ We proposed to undertake the following:- <ul style="list-style-type: none"> (i) termination of Existing ESOS; and (ii) an establishment of New ESOS of up to 5% of the total number of issued Shares (excluding treasury shares) at any point in time over the duration of the New ESOS to Eligible Persons. 	Section 2
Rationale and justifications for the Proposals	<ul style="list-style-type: none"> ➤ <u>Proposed Termination of Existing ESOS</u> <p>The Existing ESOS is intended to be replaced with the Proposed New ESOS, which would:-</p> <ul style="list-style-type: none"> (i) provide DNeX Group a fresh 5-year duration in respect of the Proposed New ESOS; (ii) allow DNeX Group to cater for the implementation of no-par value regime under the Act which came into effect on 31 January 2017; (iii) allow DNeX Group to extend the New ESOS Options to a larger pool of eligible persons including the executive Directors, non-executive Directors and employees of DNeX Group; and (iv) facilitate the Group's long-term reward strategy and total compensation package to be more competitive and sustainable which in turn serves to align their interests with the long-term growth objectives of DNeX Group. ➤ <u>Proposed New ESOS</u> <p>The Proposed New ESOS is expected to achieve the following objectives:-</p> <ul style="list-style-type: none"> (i) To recognise the contribution of the Eligible Persons whose services are valued and considered vital to the operations and continued growth of the Group; (ii) To motivate the Eligible Persons towards improved performance through greater productivity and loyalty; (iii) To inculcate a greater sense of belonging and dedication as the Eligible Persons are given the opportunity to participate directly in the equity of DNeX; and (iv) To reward the Eligible Persons by allowing them to participate in the Group's profitability and eventually realise any potential capital gains arising from possible appreciation in the value of DNeX Shares, upon exercising of the New ESOS Options. 	Section 3
Conditionality	<ul style="list-style-type: none"> ➤ The Proposed New ESOS is conditional upon the Proposed Termination of Existing ESOS, but not vice versa. ➤ The Proposals are not conditional upon any other proposals undertaken or to be undertaken by us. 	Section 6

EXECUTIVE SUMMARY (CONT'D)

Key information	Description	Reference to Circular
Approvals required	<ul style="list-style-type: none"> ➤ According to the Existing ESOS By-Laws 21.1, neither Bursa Securities' approval nor your approval is required for the Proposed Termination of Existing ESOS. ➤ The Proposed New ESOS is subject to the following approvals being obtained:- <ul style="list-style-type: none"> (i) Bursa Securities, which was obtained on 25 February 2021, the details of which are set out in Section 6 of this Circular; (ii) Our shareholders at the forthcoming EGM; and (iii) Any other relevant authority and/or third parties, if required. 	Section 6
Interested parties and any conflict of interest from the Proposals	<ul style="list-style-type: none"> ➤ None of our Directors and/or major shareholders, chief executive of DNeX and/or persons connected with them have any interest, directly or indirectly, in the Proposals. Notwithstanding the above, all of our Directors are eligible to participate in the Proposed New ESOS, and are therefore deemed interested to the extent of their respective proposed allocation under the Proposed New ESOS. Accordingly, all of our Directors will abstain and will continue to abstain from deliberating and voting for the Proposed New ESOS at the relevant Board meeting(s), and will undertake to ensure that person(s) connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in DNeX, if any, on the resolutions pertaining to the Proposed New ESOS at the forthcoming EGM. ➤ UOBKH has no conflicts of interest or potential conflicts of interest arising from its role as the Adviser for the Proposals. 	Section 7 and Section 3 of Appendix II
Board's recommendation	<ul style="list-style-type: none"> ➤ Our Board recommends that you VOTE IN FAVOUR for the resolutions pertaining to the Proposed New ESOS, which will be tabled at the forthcoming EGM, the details of which are set out in the cover page of this Circular and the Notice of EGM as enclosed. 	Section 10

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DAGANG NeXCHANGE BERHAD

Registration No.: 197001000738 (10039-P)
(Incorporated in Malaysia under the Companies Act 1965
and deemed registered under the Companies Act 2016)

Registered Office

Dagang Net Tower
Block 10 (A & B) Corporate Park
Star Central, Lingkaran Cyberpoint Timur
Cyber 12, 63000 Cyberjaya
Selangor

15 March 2021

Board of Directors

Tan Sri Abd Rahman bin Mamat (*Chairman/Independent Non-Executive Director*)
Rosli bin Abdullah (*Senior Independent Non-Executive Director*)
Ang Hsin Hsien (*Non-Independent Non-Executive Director*)
Datuk Johar bin Che Mat (*Independent Non-Executive Director*)
Mohd Azhar bin Mohd Yusof (*Executive Director*)
Zainal 'Abidin bin Abd Jalil (*Executive Director*)
Dato' Sri Syed Zainal Abidin bin Syed Mohamed Tahir (*Group Managing Director*)

To: Our shareholders

Dear Sir/ Madam,

- I. PROPOSED TERMINATION OF EXISTING ESOS; AND**
- II. PROPOSED NEW ESOS**

1. INTRODUCTION

On 8 February 2021, UOBKH had, on behalf of the Board, announced that DNeX proposed to undertake the following:-

- (i) Proposed Termination of Existing ESOS; and
- (ii) Proposed New ESOS.

On 25 February 2021, UOBKH had, on behalf of our Board, announced that Bursa Securities had vide its letter dated 25 February 2021, resolved to approve the listing and quotation for such number of DNeX Shares, representing up to 5% of the total number of issued Shares (excluding treasury shares, if any) to be issued pursuant to the Proposed New ESOS on the Main Market of Bursa Securities, subject to the conditions as disclosed in **Section 6** of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSALS, AS WELL AS TO SET OUT THE RECOMMENDATION OF OUR BOARD, AND TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTIONS PERTAINING TO THE PROPOSED NEW ESOS TO BE TABLED AT THE EGM. THE NOTICE OF EGM AND THE FORM OF PROXY ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE ORDINARY RESOLUTIONS TO GIVE EFFECT TO THE PROPOSED NEW ESOS TO BE TABLED AT THE EGM.

2. DETAILS OF THE PROPOSALS

2.1 PROPOSED TERMINATION OF EXISTING ESOS

On 14 September 2016, DNeX had implemented the Existing ESOS to issue up to 5% of the total number of issued shares (excluding treasury shares, if any) of DNeX. The Existing ESOS is effective for a period of 5 years from 25 August 2016 and shall expire on 24 August 2021 in accordance with the Existing ESOS By-Laws. The Board proposes to terminate the Existing ESOS and replace it with the Proposed New ESOS.

According to the Existing ESOS By-Laws 21.1, the Company may at any time during the duration of the Existing ESOS, terminate the Existing ESOS and shall immediately announce to Bursa Securities the:-

- (i) effective date of termination of the Existing ESOS;
- (ii) number of ESOS options exercised or DNeX Shares vested; and
- (iii) reasons for termination of the Existing ESOS.

Since the Existing ESOS Effective Date up to the LPD, the Company granted a total of 38,891,900 Existing ESOS Options to its eligible executive Directors and employees. A total of 25,198,986 Existing ESOS Options granted have been exercised, whilst 6,381,800 Existing ESOS Options granted had lapsed/ forfeited due to the retirement and/or termination of the existing appointment and/or employment, thereby resulting in 7,311,114 remaining Existing ESOS Options granted but yet to be exercised as at the LPD.

The Company does not intend to grant any further Existing ESOS Options between the date of the announcement pertaining to the Proposals dated 8 February 2021 and until the termination of the Existing ESOS.

For shareholders information, our Board had, on 9 March 2021, announced the effective date of the termination of the Existing ESOS, being 8 March 2021, in accordance with the terms of the Existing ESOS By-Laws.

2.2 PROPOSED NEW ESOS

The Proposed New ESOS involves the granting of new options to subscribe for DNeX Shares to the Eligible Persons to subscribe for new DNeX Shares at specified price to be determined in the manner set out in **Section 2.2.5** of this Circular.

The Proposed New ESOS will be administered by the ESOS Committee. The ESOS Committee will have the absolute discretion in administering the Proposed New ESOS as it may deem fit, in accordance with the provisions set out in the New ESOS By-Laws. The decision as to whether or not to stagger the allocation of the New ESOS Options over the duration of the Proposed New ESOS as well as for the granting of New ESOS Options, shall be determined by the ESOS Committee at a later date.

The salient features of the Proposed New ESOS are set out below:-

2.2.1 Maximum number of DNeX Shares available under the Proposed New ESOS

The maximum number of new DNeX Shares, which may be allotted pursuant to the Proposed New ESOS shall not exceed in aggregate 5% of the total number of issued shares of the Company (excluding treasury shares, if any) at any point in time over the duration of the New ESOS.

2.2.2 Basis of allotment and maximum allowable allotment

The maximum number of new DNeX Shares that may be offered to an Eligible Person under the Proposed New ESOS shall be determined at the sole and absolute discretion of the ESOS Committee after taking into consideration, amongst other relevant factors, the Eligible Person's performance, seniority, number of years in service and such other factors that the ESOS Committee may deem relevant in its discretion and shall be subject to the following:-

- (i) that the number of New ESOS Options made available under the Proposed New ESOS shall not exceed the amount stipulated in **Section 2.2.1** of this Circular;
- (ii) the allocation to any individual Eligible Person, who either individually or collectively, through persons connected with him/ her, holds 20% or more of the total number of issued shares of DNeX (excluding treasury shares, if any), must not exceed 10% of the total number of new DNeX Shares to be issued under the Proposed New ESOS;
- (iii) the executive Directors, non-executive Directors and senior management of DNeX Group (excluding dormant subsidiaries) do not participate in the deliberation or discussion of their own allocation of New ESOS Options as well as allocation to persons connected with them, if any; and
- (iv) that at any one time over the duration of the New ESOS, not more than 50% of the total number of New ESOS Options available under the Proposed New ESOS could be allocated, in aggregate to the executive Directors, non-executive Directors and senior management of the Group who are Eligible Persons.

The aforesaid maximum allocation to the executive Directors, non-executive Directors and senior management of the Group was determined after taking into consideration, the number of Eligible Persons falling within the grading of executive Directors, non-executive Directors and senior management of the Group, as well as their position, seniority, length of service, performance and contribution to DNeX Group,

provided always that it is in accordance with any prevailing requirements issued by Bursa Securities, Listing Requirements or any other relevant authorities as amended from time to time.

In the event that any Eligible Person is a member of the ESOS Committee, such Eligible Person shall not participate in the deliberation or discussion of their own allocation of the New ESOS Options or persons connected with them.

The ESOS Committee has the discretion to determine whether the ESOS Options are subject to any vesting period and if so, the vesting conditions and whether such vesting conditions are subject to performance target. As at the date of this Circular, we have yet to determine any specific performance targets, which are required to be achieved before the exercise of New ESOS Options by an Eligible Person. The ESOS Committee has the discretion to determine whether the Eligible Person is required to achieve any specific performance target(s) before he/ she may exercise the New ESOS Options granted to him/ her. Any such performance target(s) if set, shall be stated in the offer letter to the Eligible Person.

2.2.3 Eligibility

Subject to the discretion of the ESOS Committee, only the Eligible Persons who fulfil the following conditions as at the date on which an offer is made by the ESOS Committee in writing ("**Date of Offer**") shall be eligible to participate in the Proposed New ESOS:-

- (a) in respect of an employee, the employee must fulfil the following conditions:-
 - (i) the employee shall have attained the age of 18 years on the Date of Offer and neither an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (ii) the employee is employed on a full-time basis and is on the payroll of any company within the Group and his/ her employment has been confirmed or such employee is serving in a specific designation under an employment contract for a fixed duration of not less than 1 year;
 - (iii) the employee is not a participant of any other ESOS implemented by any company within the Group which is in force for the time being; and
 - (iv) the employee has fulfilled any other eligibility criteria and/or falls within such grade/category as may be determined by the ESOS Committee at its sole discretion from time to time.
- (b) in respect of a Director, the Director must fulfil the following conditions:-
 - (i) the Director shall have attained the age of 18 years on the Date of Offer and neither an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (ii) the Director has been appointed as a Director of the Company or any company in the Group, which is not dormant;
 - (iii) the Director is not a participant of any other ESOS implemented by any company within the Group which is in force for the time being; and
 - (iv) the Director has fulfilled any other eligibility criteria and/or falls within such grade/category as may be determined by the ESOS Committee at its sole discretion from time to time.
- (c) Provided that nothing herein shall invalidate any selection of any Eligible Person which may have been made by the Board on or prior to the New ESOS Effective Date.

The executive Directors and non-executive Directors are eligible to participate in the Proposed New ESOS, such entitlement under the ESOS must have been approved by the shareholders of the Company in a general meeting.

The ESOS Committee may, in its absolute discretion, waive any of the conditions of eligibility as set out above. The eligibility and number of New ESOS Options to be offered to an Eligible Person under the Proposed New 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.

2.2.4 Duration

The Proposed New ESOS, when implemented, shall be in force for a period of 5 years from the Effective Date, which will be the date when all relevant requirements under the Listing Requirements are complied with, including:-

- (i) approval from Bursa Securities for the listing and quotation for the new DNeX Shares to be issued pursuant to the exercise of the New ESOS Options granted under the Proposed New ESOS;
- (ii) procurement of shareholders' approval for the Proposed New ESOS at the EGM;
- (iii) submission of the final copy of the New ESOS 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;
- (iv) approvals of any other relevant regulatory authorities, where applicable; and
- (v) fulfilment of all applicable conditions attached to any of the above approvals (if any).

On or before the expiry of the above initial 5-year period, the Proposed New ESOS may be extended by the Board at its absolute discretion, without having to obtain approval from the Company's shareholders, for a further period of up to 5 years, but will not in aggregate exceed 10 years from the New ESOS Effective Date or such longer period as may be allowed by the relevant authorities. Any renewal of the Proposed New ESOS shall be determined at the discretion of our Board upon the recommendation of the ESOS Committee.

Subject to compliance with the requirements of Bursa Securities and any other relevant authorities, the Proposed New ESOS may be terminated by the ESOS Committee at any time before the expiry date without obtaining approval from or the consent of the Eligible Persons who have yet to exercise their New ESOS Options, or from the Company's shareholders; provided that DNeX makes an announcement immediately to Bursa Securities regarding:-

- (i) the effective date of termination of the New ESOS ("**Termination Date**");
- (ii) the number of New ESOS Options exercised or DNeX Shares vested; and
- (iii) the reasons and justification for termination of the New ESOS.

With effect from the Termination Date, no further New ESOS Options shall be offered by the ESOS Committee. Any outstanding New ESOS Options which were offered but not accepted, and any outstanding New ESOS Options which were not exercised, shall automatically lapse on the termination of the New ESOS.

2.2.5 Basis of determining the subscription price

Subject to any adjustments made under the New ESOS By-Laws and pursuant to the Listing Requirements, the subscription price shall be based on the 5-day VWAP of DNeX Shares immediately preceding the Date of Offer, with a discount of not more than 10% or such other percentage of discount as may be permitted by any prevailing guideline issued by Bursa Securities and/or any other relevant authorities as amended from time to time, as determined by the Board upon recommendation of the ESOS Committee which shall be binding and conclusive.

2.2.6 Ranking of the New ESOS Options and new DNeX Shares to be issued arising from the exercise of the New ESOS Options

The New ESOS Options will not carry any voting rights or rights to participate in any form of distributions or further offer of securities in DNeX until and unless they are exercised into new DNeX Shares.

The new DNeX Shares to be allotted and issued upon the exercise of the New ESOS Options will, upon allotment, issuance and full payment, rank equally in all respects with the existing DNeX Shares, save and except that the new DNeX Shares will not be entitled to any dividends, rights, allotments and/or any other forms of distribution where the entitlement date precedes the relevant date of allotment and issuance of the new DNeX Shares. The new DNeX Shares will be subject to all provision in the Constitution of the Company and Listing Requirements, if any.

2.2.7 Holding of DNeX Shares

Pursuant to Paragraph 8.20 of the Listing Requirements, an eligible Director who is a non-executive Director of DNeX and/or any of its subsidiaries, which are not dormant, shall not sell, transfer or assign the DNeX Shares obtained through the exercise of the New ESOS Options offered to him/ her within 1 year from the Date of Offer.

Save for the non-executive Directors, the new DNeX Shares allotted and issued to the grantees pursuant to the exercise of the New ESOS Options will not be subject to any holding period or restriction on transfer, disposal and/or assignment.

2.2.8 Listing and quotation for the new DNeX Shares to be issued arising from the exercise of the New ESOS Options

Bursa Securities had vide its letter dated 25 February 2021, approved the listing and quotation for such number of new DNeX Shares, representing up to 5% of the total number of DNeX Shares (excluding treasury shares, if any) to be issued arising from the exercise of the New ESOS Options on the Main Market of Bursa Securities, subject to the conditions as disclosed in **Section 6** of this Circular.

2.2.9 Utilisation of proceeds

The actual amount of proceeds to be raised from the Proposed New ESOS will depend on the number of New ESOS Options granted and exercised at the relevant point of time and the subscription price payable upon the exercise of the New ESOS Options.

The proceeds arising from the exercise of the New ESOS Options will be utilised for the working capital requirements of DNeX Group, as and when received, within the tenure of the New ESOS. As such, the exact timeframe for utilisation of the proceeds is not determinable at this juncture. On a best estimate basis, our Board envisages that the timeframe for the utilisation of the proceeds is within 12 months from the receipt of the aforesaid proceeds. Pending utilisation of the proceeds arising from the exercise of the New ESOS Options for the above purposes, the proceeds will be placed in deposits with licensed financial institutions or short-term money market instruments. The interests derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used as additional general working capital for DNeX Group.

The proceeds for working capital will be utilised to finance the Group's day-to-day operations, amongst others, payment to suppliers/ trade creditors of the Group, general administrative and daily operational expenses such as staff-related costs, utilities, statutory payments and any other overhead expenditures. For information purposes, the total trade creditors of the Group as at the LPD stood at RM12.47 million and the average turnover period for trade payables is 89 days.

The estimated expenses in relation to the Proposals are approximately RM150,000, which would be funded via internally generated funds of DNeX Group.

3. RATIONALE AND JUSTIFICATION FOR THE PROPOSALS

3.1 Proposed Termination of Existing ESOS

As mentioned in **Section 2.1** of this Circular, the Company has a total of 7,311,114 outstanding Existing ESOS Options granted but yet to be exercised as at the LPD, which represents approximately 0.34% of the total number of the issued DNeX Shares as at the LPD. These options will be expiring on 24 August 2021 in conjunction with the expiry of the Existing ESOS, with approximately less than 6 months remaining from the LPD.

The Existing ESOS is intended to be replaced with the Proposed New ESOS, which would:-

- (i) provide DNeX Group a fresh 5-year duration in respect of the Proposed New ESOS, as compared to the Existing ESOS which has approximately less than 6 months remaining to expiry from the LPD;
- (ii) allow DNeX Group to cater for the implementation of no-par value regime under the Act which came into effect on 31 January 2017;
- (iii) allow DNeX Group to extend the New ESOS Options to a larger pool of eligible persons including the executive Directors, non-executive Directors and employees of DNeX Group, as compared to the Existing ESOS in which the Existing ESOS Options were extended to the executive Directors and employees only. The Proposed New ESOS is also extended to the non-executive Directors in recognition of their contributions toward the Company as well as to incentivise them in continuing, to preserve the interests of the Group to contribute to the success and long-term growth of the Group, and at the same time, serves as an alternate form of remuneration package in the form of shares which in turn may preserve the cash flow requirements of the Group. Please refer to **Section 3.2** of this Circular for further details on the rationale for extending the Proposed New ESOS to the non-executive Directors; and

- (iv) facilitate the Group's long-term reward strategy and total compensation package to be more competitive and sustainable, by providing the right remuneration, benefits, and career development or progressive opportunities to its Eligible Persons, which in turn serves to align their interests with the long-term growth objectives of DNeX Group.

In accordance with Existing ESOS By-Laws, subject to compliance with the requirements of the relevant authorities, the Company may establish a new ESOS after the expiry of the Existing ESOS or if the Existing ESOS has been terminated within the duration of the Existing ESOS.

As such, DNeX proposes to terminate the Existing ESOS in conjunction with undertaking the Proposed New ESOS.

3.2 Proposed New ESOS

The Proposed New ESOS will be implemented and executed in accordance with the Act. The Proposed New ESOS will enable DNeX to grant New ESOS Options to Eligible Persons in replacement of the Existing ESOS which will be terminated under the Proposed Termination of Existing ESOS.

The Proposed New ESOS is expected to achieve the following objectives:-

- (i) To recognise the contribution of the Eligible Persons whose services are valued and considered vital to the operations and continued growth of the Group;
- (ii) To motivate the Eligible Persons towards improved performance through greater productivity and loyalty;
- (iii) To inculcate a greater sense of belonging and dedication as the Eligible Persons are given the opportunity to participate directly in the equity of DNeX; and
- (iv) To reward the Eligible Persons by allowing them to participate in the Group's profitability and eventually realise any potential capital gains arising from possible appreciation in the value of DNeX Shares, upon exercising of the New ESOS Options.

The Proposed New ESOS is also extended to the non-executive Directors after having taken into the following considerations:-

- (a) to recognise their contributions toward the Company. Notwithstanding that they are not involved in the day-to-day business operations of DNeX, they are from time to time consulted on corporate governance matters and to provide independent oversight on amongst others, areas such as risk management, financial reporting and audit functions, remuneration system, internal control, and the strategic direction of the Company;
- (b) to promote active participation, albeit in the capacities of the non-executive Directors, in the evaluation of the Group's strategic initiatives, and to motivate the non-executive Directors in promoting the interests of the Group by enabling them to participate in the success and long-term growth of the Group;
- (c) enables DNeX Group to retain flexibility in facilitating its remuneration package, which allows the Group to provide an incentive in the form of shares as an alternative to paying fees in cash which may in turn preserve the internal cash flows for the Group's existing business and/or other working capital requirements; and
- (d) to attract and retain qualified and experienced personnel from different professional backgrounds to join DNeX as non-executive Directors.

4. EFFECTS OF THE PROPOSALS

As at the LPD, the total issued share capital of DNeX was RM448,207,987 comprising 2,155,708,478 DNeX Shares.

As at the LPD, DNeX has the following convertible securities:-

- (i) 711,396,809 Warrants; and
- (ii) 7,311,114 Existing ESOS Options.

In addition, DNeX had on 28 July 2020 obtained the approval from Bursa Securities for the listing and quotation of up to 496,080,980 placement shares to be issued pursuant to a General Mandate Placement. As at the LPD, DNeX has placed out an aggregate number of 397,618,000 DNeX Shares, raising a total gross proceeds of approximately RM93.87 million, further details are set out below:-

Listing Date	Issue Price RM	Shares	Proceeds raised RM
30 October 2020	0.1701	10,000,000	1,701,000
24 November 2020	0.1843	140,000,000	25,802,000
5 February 2021	0.2010	80,000,000	16,080,000
16 February 2021	0.3000	167,618,000	50,285,400
Total		397,618,000	93,868,400

As at the LPD, DNeX still has up to 98,462,980 Remaining Placement Shares to be placed out within the prescribed timeframe prior to the implementation of the Proposals.

For avoidance of doubt, the Proposed Termination of Existing ESOS will not have any effect on the issued share capital, NA and gearing, substantial shareholder's shareholdings, earnings and EPS and convertible securities of DNeX.

4.1 Issued share capital

As at the LPD, no treasury shares were held by the Company. The pro forma effects of the Proposed New ESOS on the issued share capital of the Company are set out below:-

	<-- Minimum Scenario -->		<-- Maximum Scenario -->	
	No. of Shares (^{'000})	RM ^{'000}	No. of Shares (^{'000})	RM ^{'000}
Issued share capital as at the LPD	2,155,708	448,208	2,155,708	448,208
Assuming the full exercise of Warrants	-	-	711,397	361,389 ^{*1}
Assuming the full exercise of Existing ESOS Options	-	-	7,311	2,618 ^{*2}
Assuming the full issuance of Remaining Placement Shares	-	-	98,463	61,047 ^{*3}
	2,155,708	448,208	2,972,879	873,262
Assuming full exercise of the New ESOS Options	107,785 ^{*4}	66,827 ^{*4}	148,644 ^{*4}	92,159 ^{*4}
Enlarged issued share capital	2,263,493	515,035	3,121,523	965,421

Notes:-

^{*1} Computed based on the exercise price of RM0.50 per Warrant and after accounting for the reversal of warrant reserve of approximately RM5.69 million.

^{*2} Computed based on the exercise price of RM0.245 per ESOS Option and after accounting for the reversal of share option reserve of approximately RM0.83 million.

^{*3} Computed based on the indicative issue price of RM0.62 per Remaining Placement Share, which represents a discount of 9.59% to the 5-day VWAP of DNeX Shares up to and including the LPD of RM0.6858 per DNeX Share.

^{*4} Assuming the New ESOS Options are exercised into new DNeX Shares at the indicative subscription price of RM0.62 each, which represents a discount of 9.59% to the 5-day VWAP of DNeX Shares up to and including the LPD of RM0.6858 per DNeX Share.

4.2 NA per Share and gearing level

The effects of the Proposed New ESOS on the Group's NA would depend on factors such as the number of New ESOS Options granted and the fair value of the New ESOS Options after considering, inter alia, the subscription price of the New ESOS Options as well as any vesting conditions. Whilst the granting of the New ESOS Options under the Proposed New ESOS is expected to result in recognition of a charge in the statement of comprehensive income of the Group pursuant to the MFRS 2 as issued by the Malaysian Accounting Standards Board, the recognition of such MFRS 2 charge would not affect the NA of the Group as the corresponding amount will be classified as an equity compensation reserve which forms part of the shareholders' equity.

If none of the granted New ESOS Options are exercised within the duration of the Proposed New ESOS, the amount outstanding in the said equity reserve would be transferred into the Company's retained earnings. On the other hand, if the granted New ESOS Options are exercised, the amount outstanding in the said equity reserve would be transferred into the share capital account of the Company.

The Proposed New ESOS will not have any immediate effect on the consolidated NA per Share until such time when the New ESOS Options granted under the Proposed New ESOS are exercised. The consolidated NA per Share following the exercise of the New ESOS Options will increase if the subscription price of the New ESOS Options exceeds the consolidated NA per Share at the point of exercise of the New ESOS Options and conversely will decrease if the subscription price of the New ESOS Options is below the consolidated NA per Share at the point of the exercise of the New ESOS Options.

The Proposed New ESOS is not expected to have an immediate effect on the Group's gearing level until such time when the New ESOS Options granted are exercised. The effect on the gearing will depend on the change in the NA, which in turn will depend on the actual number of new Shares to be issued as well as the subscription price of the New ESOS Options payable upon the exercise of the New ESOS Options.

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4.3 Substantial shareholding structure

The Proposed New ESOS is not expected to have any immediate effect on the shareholdings of the Company's substantial shareholder until such time when the New ESOS Options are exercised into the new DNeX Shares. Any potential effect on the shareholdings of the Company's substantial shareholder would depend on the number of new DNeX Shares to be issued pursuant to the exercise of the New ESOS Options at the relevant point in time.

The pro forma effects of the Proposed New ESOS on the substantial shareholder's shareholdings of the Company are set out below:-

Minimum Scenario

Substantial shareholder	Shareholdings as at the LPD		After the Proposed New ESOS and assuming full exercise of the New ESOS Options	
	Direct	Indirect	Direct	Indirect
	No. of Shares	%	No. of Shares	%
Zainal 'Abidin bin Abd Jalil	-	-	363,676,000 ^{*1}	16.87
			-	-
			363,676,000 ^{*1}	16.07

Note:-

^{*1} Deemed interested by virtue of his shareholding in Arcadia Acres Sdn Bhd and the shareholding of his spouse in DNeX pursuant to Sections 8(4) and 59(1)(c) of the Act, respectively.

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Maximum Scenario

		I		Assuming full exercise of Convertible Securities and full issuance of Remaining Placement Shares				
Substantial shareholder	Shareholdings as at the LPD		Direct----->		Indirect----->			
	No. of Shares	%	No. of Shares	%	No. of Shares	%		
Zainal 'Abidin bin Abd Jalil	-	-	363,676,000 ^{*1}	16.87	-	-	363,676,000 ^{*1}	12.23

II

After I and after the Proposed New ESOS and assuming full exercise of the New ESOS Options

Substantial shareholder	Direct----->		Indirect----->	
	No. of Shares	%	No. of Shares	%
Zainal 'Abidin bin Abd Jalil	-	-	363,676,000 ^{*1}	11.65

Note:-

^{*1} Deemed interested by virtue of his shareholding in Arcadia Acres Sdn Bhd and the shareholding of his spouse in DNeX pursuant to Sections 8(4) and 59(1)(c) of the Act, respectively.

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4.4 Earnings and EPS

The Proposed New ESOS is not expected to have any immediate material effect on the earnings of the Group for the financial year ended 30 June 2021, save for the possible impact of the MFRS 2 upon granting of the New ESOS Options. However, any potential effect on the EPS of the Group in the future would depend on the impact of MFRS 2, the number of the New ESOS Options exercised as well as the utilisation of the proceeds arising therefrom.

Under the MFRS 2, the potential cost arising from the issuance of the New ESOS Options, which is measured by the fair value of the New ESOS Options after taking into account, inter-alia, the number of the New ESOS Options granted and vested and the subscription price, will need to be measured at the grant date and to be recognised as an expense over the vesting period, and therefore may affect the future earnings of the Group, the quantum of which can be determined only at the grant date. However, the estimated cost does not represent a cash outflow by the Company as it is merely an accounting treatment.

The Company has taken note of the potential impact of MFRS 2 on the Group's future earnings and shall take into consideration such impact in the allocation and granting of the New ESOS Options to the Eligible Persons.

However, the EPS of the Group will be diluted because of the Company's enlarged issued share capital arising from the issuance of the new DNeX Shares if and when the New ESOS Options are exercised in the future.

The effects of any exercise of the New ESOS Options on the EPS of the Group would depend on the returns to be generated by the Group from utilisation of the proceeds from the exercise of the New ESOS Options.

4.5 Convertible securities

As at the LPD, save for the outstanding Warrants and Existing ESOS Options, the Company does not have any other existing convertible securities.

Pursuant to the terms and conditions governing the Convertible Securities, no adjustments will be made to the exercise price and the number of Convertible Securities pursuant to the Proposed New ESOS.

5. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of DNeX Shares as traded on Bursa Securities for the past 12 months from March 2020 to February 2021 are set out below:-

	High RM	Low RM
2020		
March	0.2300	0.0700
April	0.1850	0.1050
May	0.2150	0.1550
June	0.2050	0.1600
July	0.2900	0.1750
August	0.2950	0.2250
September	0.2450	0.1750
October	0.2500	0.1750
November	0.2500	0.1700
December	0.2400	0.2100
2021		
January	0.3150	0.1900
February	0.8400	0.2650

Last transacted market price of DNeX Shares as at 5 February 2021 (being the latest trading day prior to the announcement on the Proposals) RM0.28

Last transacted market price as at LPD (being the LPD prior to the printing of this Circular) RM0.64

(Source: Bloomberg)

6. APPROVALS REQUIRED/ OBTAINED

The Proposed New ESOS is subject to the following approvals being obtained:-

- (i) Bursa Securities, for the listing and quotation for such number of DNeX Shares, representing up to 5% of the total number of issued Shares (excluding treasury shares, if any) to be issued pursuant to the Proposed New ESOS on the Main Market of Bursa Securities, the approval of which has been obtained on 25 February 2021 subject to the following conditions:-

Conditions	Status of compliance
a. UOBKH is required to submit a confirmation to Bursa Securities of full compliance of the Proposed New ESOS pursuant to Paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation together with a certified true copy of the resolution passed by the shareholders in general meeting; and	To be complied
b. DNeX is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the Proposed New ESOS, as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied

- (ii) The shareholders of DNeX for the Proposed New ESOS at the EGM; and

- (iii) Any other relevant authority, if required.

For the avoidance of doubt, according to the Existing ESOS By-Laws 21.1, the Proposed Termination of Existing ESOS is neither subject to any approvals from Bursa Securities nor shareholders of DNeX. The Proposed New ESOS is conditional upon the Proposed Termination of Existing ESOS, but not vice versa.

The Proposals are not conditional upon any other proposals undertaken or to be undertaken by us.

7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/ OR PERSONS CONNECTED TO THEM

All the Directors are eligible to participate in the Proposed New ESOS, and are therefore deemed interested to the extent of their respective proposed allocation and allocations to persons connected to them under the Proposed New ESOS, if any. Notwithstanding that, all the Directors have deliberated on the Proposed New ESOS, and have agreed to present the Proposed New ESOS to the shareholders of the Company for their consideration and approval.

All the Directors have and will continue to abstain from all Board deliberations and voting in respect of their respective proposed allocation, and the proposed allocations of persons connected to them under the Proposed New ESOS, if any, at the relevant Board meetings. The Directors who are deemed persons connected to Eligible Persons under the Proposed New ESOS, if any, have and will continue to abstain from all Board deliberations and voting in respect of the proposed allocations of persons connected to them under the Proposed New ESOS, if any, at the relevant Board meetings.

All the Directors will abstain from voting in respect of their direct and/or indirect shareholdings, if any, at the forthcoming EGM in respect of the ordinary resolutions to be tabled for their respective proposed allocation as well as the proposed allocations to the persons connected to them, if any, under the Proposed New ESOS to be tabled at the forthcoming EGM.

All the Directors will undertake to ensure that persons connected to them, if any, will abstain from voting in respect of their direct and/or indirect shareholdings, if any, on the ordinary resolutions pertaining to their respective proposed allocation, and the proposed allocations to the persons connected to them, if any, to be tabled at the forthcoming EGM.

The direct and indirect shareholdings of the Directors in DNeX as at the LPD are as follows:-

Directors	Shareholdings as at the LPD			
	<-----Direct----->		<-----Indirect----->	
	No. of Shares	% ^{*1}	No. of Shares	% ^{*1}
Tan Sri Abd Rahman bin Mamat	-	-	-	-
Dato' Sri Syed Zainal Abidin bin Syed Mohamed Tahir	-	-	-	-
Mohd Azhar bin Mohd Yusof	-	-	-	-
Rosli bin Abdullah	-	-	-	-
Ang Hsin Hsien	-	-	-	-
Datuk Johar bin Che Mat	-	-	5,000 ^{*2}	*
Zainal 'Abidin bin Abd Jalil	-	-	363,676,000 ^{*3}	16.87

Notes:-

* *Negligible*

^{*1} *Computed based on 2,155,708,478 DNeX Shares in issue as at the LPD.*

^{*2} *The Shares are held under Maybank Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Johar bin Che Mat).*

^{*3} *Deemed interested by virtue of his shareholding in Arcadia Acres Sdn Bhd and the shareholding of his spouse in DNeX pursuant to Section 8(4) and 59(11)(c) of the Act, respectively.*

Save as disclosed above, none of the Directors and/or major shareholders, chief executive of DNeX and/or persons connected with them have any interest, whether direct or indirect, in the Proposals.

8. ESTIMATED TIMEFRAME FOR COMPLETION AND TENTATIVE TIMETABLE FOR IMPLEMENTATION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposals are expected to be implemented by the second quarter of 2021.

9. PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals and as disclosed below, our Board is not aware of any other outstanding proposals, which have been announced but not yet completed as at the LPD:-

- (i) DNeX had on 28 July 2020 obtained the approval from Bursa Securities for the listing and quotation of up to 496,080,980 placement shares to be issued pursuant to the General Mandate Placement. For information purposes, on 5 February 2021, UOBKH had, on behalf of DNeX, submitted an application to Bursa Securities to seek for an extension of time for DNeX to complete the implementation of the General Mandate Placement. Subsequently, Bursa Securities had vide its letter dated 10 February 2021, resolved to grant the Company an extension of time until 16 August 2021 to complete the implementation of the General Mandate Placement. As at the LPD, DNeX is in the midst of identifying third party placee(s) for the Remaining Placement Shares;
- (ii) DNeX had on 22 January 2021 entered into a share sale and purchase agreement with a group of vendors for the proposed acquisition of the 60% issued share capital in PING Petroleum Limited for a purchase consideration of USD78,000,000 to be satisfied via a combination of cash consideration, issuance of DNeX Shares, and issuance of new redeemable non-convertible preference shares in DNeX Energy Sdn Bhd (being its wholly-owned subsidiary) ("**Proposed Acquisition**"). As at the LPD, the application in relation to the Proposed Acquisition is now pending submission to Bursa Securities; and
- (iii) On 8 February 2021, DNeX had announced that Khazanah Nasional Berhad ("**Khazanah**") had on 5 February 2021 informed DNeX and its strategic partner ("**Consortium**") that it has accepted the bid by the Consortium led by DNeX for the proposed sale of the entire issued share capital of SilTerra Malaysia Sdn Bhd by Khazanah. As at the LPD, the transaction is subject to the signing of a definitive agreement.

10. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board (except for the Directors who have abstained from expressing any opinion in respect of their respective allocations as well as the allocations to persons connected with them, if any), having considered all aspects of the Proposals and the proposed allocation of the New ESOS Options under the Proposed New ESOS to the Directors and chief executive of DNeX and persons connected to them, if any, including the rationale and justification and the effects of the Proposals, is of the opinion that the Proposals, including the said proposed allocations, is in the best interest of the Company.

Accordingly, our Board recommends that you **VOTE IN FAVOUR** of the resolutions pertaining to the Proposed New ESOS at the forthcoming EGM.

However, in view that all Directors are eligible to participate in the Proposed New ESOS, they have abstained and will continue to abstain from deliberating and making any recommendations at all relevant Board meetings on the resolutions pertaining to their respective allocations as well as allocations to person(s) connected to them, if any, under the Proposed New ESOS. They will also abstain and ensure that person(s) connected to them, if any, abstain from voting in respect of their direct and/or indirect interests in DNeX, on the resolutions pertaining to their respective allocations as well as allocations to person(s) connected to them, if any, under the Proposed New ESOS at the forthcoming EGM. Where the resolutions are not related to their respective allocations or to the person(s) connected to them, if any, the Directors, after having considered all aspects of the Proposed New ESOS, are of the opinion that the Proposed New ESOS is in the best interest of our Group and recommend that you **VOTE IN FAVOUR** of the resolutions pertaining to the Proposed New ESOS at the forthcoming EGM.

11. EGM

The EGM, the notice of which is enclosed in this Circular, which will be conducted virtually at the broadcast venue at the Multipurpose Hall, Level 3A, Dagang Net Tower, Block 10 (A & B) Corporate Park, Star Central, Lingkaran Cyberpoint Timur, Cyber 12, 63000 Cyberjaya, Selangor, Malaysia on Thursday, 1 April 2021 at 2.00 p.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the resolutions to give effect to the Proposed New ESOS.

If you are unable to attend, participate and vote in person at the EGM, you are requested to complete, sign and return the enclosed Form of Proxy in accordance with the instructions contained therein, to be deposited at the office of the Share Registrar, Mega Corporate Services Sdn Bhd at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia not less than twenty-four (24) hours before the time appointed for holding the EGM or any adjournment thereof. The lodging of the Form of Proxy shall not preclude you from participating and voting in person at the forthcoming EGM should you subsequently wish to do so.

12. FURTHER INFORMATION

Shareholders are advised to refer to the appendices set out in this Circular for further information.

Yours faithfully,
For and on behalf of the Board
DAGANG NeXCHANGE BERHAD

TAN SRI ABD RAHMAN BIN MAMAT
Chairman/ Independent Non-Executive Director

**DAGANG NeXCHANGE BERHAD
BY-LAWS FOR THE EMPLOYEES' SHARE OPTION SCHEME**

1. DEFINITIONS AND INTERPRETATIONS

1.1 In these By-Laws, unless otherwise specified, the following definitions shall, where the context so admits, be deemed to have the following meanings:-

"Act"	:	Companies Act 2016 and any amendments made thereto from time to time
"Adviser"	:	A person who is permitted to carry on the regulated activity of advising corporate finance under the Capital Markets and Services Act 2007 to act as a Principal Adviser as defined in the Securities Commission Malaysia's Licensing Handbook
"Auditor"	:	An approved company auditor (as defined in Section 263 of the Act) of the Company for the time being or such other external auditors as may be nominated by the Board
"Board"	:	The Board of Directors of the Company
"Bursa Depository"	:	Bursa Malaysia Depository Sdn. Bhd. [Registration No. 198701006854 (165570-W)]
"Bursa Securities"	:	Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)]
"By-Laws"	:	The terms and conditions governing the Scheme, as may be amended, modified and/or supplemented from time to time and to be adopted pursuant to By-Law 17
"CDS"	:	A Central Depository System governed under the Central Depositories Act
"CDS Account"	:	An account established by Bursa Depository for a depositor for the recording of deposit of securities and dealings in such securities by that depositor of securities
"Central Depositories Act"	:	Securities Industry (Central Depositories) Act 1991
"Company" or "DNeX"	:	Dagang NeXchange Berhad [Registration No. 197001000738 (10039-P)]
"Constitution"	:	Constitution of the Company
"Corporation"	:	Shall have the same meaning ascribed to it in Section 3 of the Act
"Date of Allocation"	:	A date to be determined by the ESOS Committee to be the date on which a Selected Person is deemed eligible to participate in the Scheme
"Date of Expiry"	:	The last day of an Option Period

APPENDIX I – DRAFT NEW ESOS BY-LAWS FOR THE PROPOSED NEW ESOS (CONT'D)

"Date of Offer"	:	The date of the Offer Letter, as described in By-Law 5.3, being the date on which a Selected Person is deemed to have been notified of an Offer by the ESOS Committee
"Director"	:	A natural person who holds a directorship in an executive or a non-executive capacity in any company within the Group
"Disciplinary Proceedings"	:	Means proceedings instituted against a Selected Person for any alleged negligence, misbehaviour, misconduct, fraud, financial misstatement, reputational damage and/or any other act of the Selected Person deemed to be unacceptable by DNeX or any of its subsidiaries in the course of that Selected Person's employment, whether or not such proceedings may give rise to a dismissal or termination of the contract of service of such Selected Person
"Duration of the Scheme"	:	The duration of the Scheme as defined in By-Law 21 and includes any extension or renewal thereof
"Effective Date"	:	The date of commencement of the Scheme, being the date of full compliance with all the relevant requirements as stated in By-Law 21
"Eligible Person"	:	Any Director or Employee of DNeX Group who meet the eligibility criteria to participate in the Scheme as set out in By-Law 3.1
"Employee"	:	Any person who is employed by any Corporation of the Group and is on the payroll of the Group including any Director of the DNeX Group
"Entitlement Date"	:	The date as of the close of business on which, shareholders whose names must appear in the record of depositors of the Company maintained at Bursa Depository in order to participate in any dividend, right, allotment and/or any other forms of distribution
"ESOS Committee"	:	The committee comprising such persons as may be duly appointed and authorised by the Board, to administer the Scheme in accordance with the provisions of By-Law 16
"ESOS Option"	:	The right of a Grantee to subscribe for new Shares at the Subscription Price and where the context so requires, means any part of the ESOS Option as shall remain unexercised
"Grantee"	:	A Selected Person who has accepted the Offer in accordance with the provisions of By-Law 6
"Group" or "DNeX Group"	:	The Company and its subsidiaries incorporated in Malaysia as defined in Section 4 of the Act (excluding subsidiaries which are dormant) and any subsidiary incorporated or acquired at any time during the Duration of the Scheme and where the context so requires, any one of them
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities

APPENDIX I – DRAFT NEW ESOS BY-LAWS FOR THE PROPOSED NEW ESOS (CONT'D)

"Market Day"	:	Any day between Monday and Friday, including both days, which is a trading day on Bursa Securities
"Maximum Allowable Allotment"	:	Shall have the same meaning as ascribed to it in By-Law 4.1(b)
"Notice of Exercise"	:	Shall have the same meaning as ascribed to it in By-Law 9.3
"Offer"	:	An offer of ESOS Options made by the ESOS Committee as set out in By-Law 5 to a Selected Person
"Offer Letter"	:	Shall have the same meaning as ascribed to it in By-Law 5.3
"Offeror"	:	Shall have the same meaning as ascribed to it in By-Law 13(a)
"Option Period"	:	The period during which an ESOS Option may be exercised as may be specified in the Offer
"Persons Connected"	:	Has the same meaning as that assigned to "Person Connected" in paragraph 1.01 of the Listing Requirements
"Rules of Bursa Depository"	:	The rules of Bursa Depository, as issued pursuant to the Central Depositories Act
"Scheme"	:	DNeX Group Employee Share Option Scheme established by the By-Laws hereto for the grant of ESOS Options to Selected Person to subscribe for new Shares
"Selected Person"	:	An Eligible Person to whom an Offer is being made pursuant to By-Law 5
"Share(s)"	:	Ordinary share(s) of RM1.00 each in the Company
"Subscription Price"	:	The price at which the Grantee shall be entitled to subscribe for a new Share as set out in By-Law 7

1.2 In these By-Laws:-

- (a) any reference to a statutory provision shall include any subsidiary legislation made from time to time under that provision and any Listing Requirements, policies and/or guidelines of Bursa Securities and/or other relevant authorities respectively (in each case, whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed to by Bursa Securities and/or other relevant authorities);
- (b) 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 ESOS Options offered and accepted prior to the Date of Expiry and shall include also any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly replaced;
- (c) words importing the singular meaning where the context so admits include the plural meaning and vice versa;
- (d) words of the masculine gender include the feminine gender and all such words shall be construed interchangeably in that manner;

- (e) any liberty or power which may be exercised or any determination which may be made hereunder by the Board or the ESOS Committee may be exercised at the Board's or ESOS Committee's discretion and the ESOS Committee shall not be under any obligation to give any reasons thereof, except as may be required by the relevant authorities;
- (f) 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 PROVIDED ALWAYS if such date shall fall beyond the Duration of the Scheme, then the stipulated day shall be taken to be the preceding Market Day;
- (g) headings in these By-Laws are for convenience only and shall not be taken into account in the interpretation of these By-Laws; and
- (h) a "day" or "month" means a calendar day or calendar month.

2. MAXIMUM NUMBER OF NEW SHARES AVAILABLE UNDER THE SCHEME

- 2.1 Subject to By-Law 2.2, the maximum number of new Shares to be allotted and/or issued pursuant to the exercise of the ESOS Options that may be granted under the Scheme shall not exceed in aggregate five percent (5%) of the prevailing issued share capital of the Company (excluding treasury shares) at any point in time when an Offer is made throughout the Duration of the Scheme. The Company will for the Duration of the Scheme make available sufficient number of new Shares in the unissued share capital of the Company to satisfy all subsisting ESOS Options which may be exercisable from time to time.
- 2.2 Notwithstanding the provisions of By-Law 2.1 or any other provision herein contained, in the event the maximum number of new Shares comprised in the ESOS Options granted under the Scheme exceeds the aggregate of five percent (5%) of the prevailing issued share capital of the Company (excluding treasury shares) as a result of the Company purchasing, cancelling or reducing its own Shares in accordance with the provisions of Section 127 of the Act or any other corporate proposal and thereby diminishing its issued share capital, then such ESOS Options granted prior to the adjustment of the issued share capital of the Company shall remain valid and exercisable in accordance with the provisions of the Scheme. However in such a situation, the Company shall not make any more new Offers until the total number of Shares under the subsisting ESOS Options including Shares that have been issued under the Scheme falls below five percent (5%) of the Company's issued share capital (excluding treasury shares).

3. ELIGIBILITY

- 3.1 Subject to the discretion of the ESOS Committee, only the Eligible Persons who fulfil the following conditions shall be eligible to participate in the Scheme and qualify for selection by the ESOS Committee:
 - (a) in respect of an Employee, the Employee must fulfil the following conditions at the Date of Allocation (where applicable):
 - (i) the Employee shall have attained the age of eighteen (18) years and neither an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (ii) the Employee is employed on a full time basis and is on the payroll of any Corporation within the DNeX Group and his/her employment has been confirmed or the Employee is serving in a specific designation under an employment contract for a fixed duration of not less than one (1) year;
 - (iii) the Employee is not a participant of any other employee share option scheme implemented by any Corporation within the DNeX Group which is in force for the time being; and

APPENDIX I – DRAFT NEW ESOS BY-LAWS FOR THE PROPOSED NEW ESOS (CONT'D)

- (iv) the Employee has fulfilled any other eligibility criteria and/or falls within such grade/category as may be determined by the ESOS Committee at its sole discretion from time to time.
 - (b) in respect of a Director, the Director must fulfil the following conditions at the Date of Allocation (where applicable):
 - (i) the Director shall have attained the age of eighteen (18) years and neither an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (ii) the Director has been appointed as a Director of DNeX or any Corporation in the Group, which is not dormant;
 - (iii) the Director is not a participant of any other employee share option scheme implemented by any Corporation within the DNeX Group which is in force for the time being; and
 - (iv) the Director has fulfilled any other eligibility criteria and/or falls within such grade/category as may be determined by the ESOS Committee at its sole discretion from time to time.
 - (c) in respect of Eligible Persons who are not Malaysian citizens, such Eligible Person having obtained the required approvals from the relevant authorities (if required), subject to compliance with the By-Laws, as applicable.
- 3.2 Nothing herein shall invalidate any selection of any Eligible Person which may have been made by the Board on or prior to the Effective Date. For the avoidance of doubt, the ESOS Committee may determine any other eligibility criteria and/or waive any of the conditions of eligibility as set out in By-Law 3.1, for purposes of selecting an Eligible Person at any time and from time to time, in the ESOS Committee's discretion.
- 3.3 The selection of any Eligible Person for participation in the Scheme and the number of ESOS Options to be offered to an Eligible Person under the Scheme shall be made by the ESOS Committee at its sole and absolute discretion and the decision of the ESOS Committee shall be final and binding.
- 3.4 Notwithstanding anything set out in these By-Laws and subject to the Listing Requirements, no Offers may be granted to any person who is a director, a major shareholder, chief executive of the Company, or a Person Connected with a director, major shareholder or chief executive of the Company, unless the specific grant of that Offer to that person shall have previously been approved by the shareholders of the Company in a general meeting.
- 3.5 Eligibility, however, does not confer on an Eligible Person a claim or right to participate in the Scheme unless the ESOS Committee has made an offer to the Eligible Person under By-Law 5 and the Eligible Person has accepted the Offer in accordance with the terms of the Offer and the Scheme.
- 3.6 The ESOS Committee may in its discretion revoke or suspend the nomination of any Eligible Person at any time and from time to time, whereupon such Eligible Person shall henceforth cease to be eligible for any Offers under this Scheme.

4. BASIS OF ALLOTMENT AND MAXIMUM ALLOWABLE ALLOTMENT OF SHARES

- 4.1 Subject to any adjustments which may be made under By-Law 14, the aggregate number of new Shares comprised in the ESOS Options to be offered and allotted to an Eligible Person in accordance with the Scheme shall be determined at the sole and absolute discretion of the ESOS Committee after taking into consideration, amongst other factors, the Selected Person's performance, seniority, the number of years in service and such other factors that the ESOS Committee may deem relevant in its discretion, subject to the following:-

APPENDIX I – DRAFT NEW ESOS BY-LAWS FOR THE PROPOSED NEW ESOS (CONT'D)

- (a) that the number of ESOS Options made available under the Scheme shall not exceed the amount stipulated in By-Law 2.1;
- (b) the allocation to any individual Selected Person who, either singly or collectively through Persons Connected with him, holds twenty per cent (20%) or more in the issued share capital of the Company (excluding treasury shares, if any), does not exceed ten percent (10%) of the total number of Shares available under the Scheme at any point in time when an Offer is made ("**Maximum Allowable Allotment**");
- (c) the Directors and Employees of the Group do not participate in the voting, deliberation or discussion of their own allocations of ESOS Options as well as allocation to Persons Connected with them, if any, under the Scheme; and
- (d) that at any one time during the Option Period, not more than 50% of the total number of ESOS Options available under the Scheme could be allocated, in aggregate to the Directors and senior management of the Group who are Selected Persons,

provided always that it is in compliance with the Listing Requirements, any prevailing guidelines, rules, regulations or requirements as amended from time to time issued by any other relevant regulatory authorities.

- 4.2 At the time the Offer is made in accordance with By-Law 5, the ESOS Committee shall set out, among others, the basis of allocation, identifying the category or grade of the Employee and the Maximum Allowable Allotment for the Selected Person.
- 4.3 Any Selected Person who holds more than one position within the Group and by holding such positions such Selected Person is in more than one category, such Selected Person shall only be entitled to the Maximum Allowable Allotment of any one category. The ESOS Committee shall be entitled at its discretion to determine the applicable category.
- 4.4 In the event that a Selected Person is promoted, the Maximum Allowable Allotment corresponding to the category of Employee which such Selected Person falls within as at the Date of Allocation, subject always to the maximum number of Shares as stipulated under By-Law 2.1.
- 4.5 The ESOS Committee may at its sole and absolute discretion decide whether the granting of the ESOS Options to the Eligible Person will be based on staggered granting over the Duration of the ESOS or in one (1) single grant, and/or whether the ESOS Options are subject to any vesting period, and if so, to determine the vesting conditions for the ESOS Options, of which such determination will be carried out at a later date after the establishment of the Scheme and the formation of the ESOS Committee.

5. OFFER

- 5.1 Subject to and in accordance with the provisions of these By-Laws, the ESOS Committee may at its discretion at any time from the Effective Date offer ESOS Options to a Selected Person after taking into consideration such criteria as the ESOS Committee deems fit, including but not limited to the Selected Person's position, contribution, job performance, duration of service and potential for future development.
- 5.2 The actual number of new Shares which may be offered to a Selected Person shall be at the discretion of the ESOS Committee but shall not be more than the Maximum Allowable Allotment as set out in By-Law 4.
- 5.3 The ESOS Committee will in its offer document ("**Offer Letter**") to a Selected Person state, inter alia, the number of Shares that can be subscribed under the Offer, the Subscription Price determined in accordance with the provisions of By-Law 7, the closing date for acceptance of the Offer and the manner and conditions of exercise of the ESOS Options. The Offer shall automatically lapse and thereafter be rendered null and void in the event of the death of the Selected Person or the Selected Person ceasing to be an Eligible Person for any reason whatsoever prior to the acceptance of the Offer by the Selected Person in the manner set out in By-Law 6 hereof.

APPENDIX I – DRAFT NEW ESOS BY-LAWS FOR THE PROPOSED NEW ESOS (CONT'D)

- 5.4 Nothing herein shall prevent the ESOS Committee from making more than one Offer during the Duration of the Scheme to a Selected Person provided always that the total aggregate number of ESOS Options offered to any Selected Person including ESOS Options which have been exercised, if any, shall not exceed the Maximum Allowable Allotment. Each Offer made to any Selected Person by the ESOS Committee shall be separate and independent from any previous or later Offer made by the ESOS Committee to that Selected Person.
- 5.5 The Company shall keep and maintain at its expense a register of Grantees as required under Section 129 of the Act.
- 5.6 The Company shall, on the date of the Offer, announce the following to Bursa Securities upon the ESOS Options offered under the Scheme:
- (a) Date of Offer;
 - (b) Subscription Price of ESOS Options offered;
 - (c) number of ESOS Options offered;
 - (d) market price of its securities on the Date of Offer;
 - (e) number of ESOS Options offered to each Director, if any; and
 - (f) vesting period of the ESOS Options offered.
- 5.7 An Offer shall be made in writing and in any manner as the ESOS Committee shall determine and may be made upon such terms and conditions as the ESOS Committee may decide from time to time. Nothing herein shall require any Offer made to be the same as or similar to other Offers previously or subsequently made whether to the same or a different Selected Person.
- 5.8 The ESOS Committee may at its discretion decide whether the allocation of the ESOS Options shall be staggered over the Duration of the Scheme.

6. ACCEPTANCE OF OFFER

- 6.1 An Offer made by the ESOS Committee under By-Law 5 shall be valid for a period of twenty one (21) calendar days from the Date of Offer and may be accepted within this prescribed period by the Selected Person by a notice (in a format to be prescribed by the ESOS Committee) to the ESOS Committee of such acceptance accompanied by a payment to the Company of a nominal non-refundable sum of Ringgit Malaysia One (RM1.00) as consideration for the grant of the ESOS Option.
- 6.2 If the Offer is not accepted in the manner aforesaid within the prescribed period of twenty one (21) calendar days from the Date of Offer, such Offer shall upon the expiry of the said prescribed period, automatically lapse and be null and void and be of no further force and effect, and the new Shares comprised in the ESOS Options may at the discretion of the ESOS Committee be re-offered to Eligible Persons.

7. SUBSCRIPTION PRICE

- 7.1 Subject to any adjustments made under these By-Laws and pursuant to the Listing Requirements, the price at which the Grantee is entitled to subscribe for each new Share shall be determined by the Board upon recommendation of the ESOS Committee based on the five (5) day weighted average market price of Shares immediately preceding the Date of Offer of the ESOS Option, with a potential discount of not more than ten percent (10%) or such lower or higher limit in accordance with any prevailing guidelines, rules or regulations issued by Bursa Securities or any other relevant authorities as may be amended from time to time during the Duration of the Scheme.

APPENDIX I – DRAFT NEW ESOS BY-LAWS FOR THE PROPOSED NEW ESOS (CONT'D)

7.2 The Subscription Price as determined by the Board shall be conclusive and binding on the Grantees.

8. NON-ASSIGNABLE

An ESOS Option is personal to the Grantee. Save and except as provided in By-Law 19.4, an ESOS Option cannot be assigned, encumbered, transferred or otherwise disposed of in any manner whatsoever.

9. EXERCISE OF ESOS OPTION

9.1 An ESOS Option granted to a Grantee under the Scheme, subject to the provisions of By-Law 19, is exercisable by that Grantee during his lifetime within the Option Period. All unexercised ESOS Options shall become null and void after the Date of Expiry.

9.2 Upon acceptance of an Offer, the Grantee may during the Option Period exercise his ESOS Options at such time and in such manner and subject to such conditions as stipulated in the Offer Letter.

9.3 The Grantee shall notify the Company of his intention to exercise an ESOS Option in such form and manner as the ESOS Committee may prescribe or approve ("**Notice of Exercise**"). The Grantee shall, simultaneously with his exercise of the ESOS Option (or within such period as the ESOS Committee may prescribe), forward to the Company a remittance for the full amount of the subscription monies for the new Shares in respect of which the Notice of Exercise is given. An ESOS Option may be exercised in such manner and subject to such conditions as stipulated in the Offer Letter in respect of such lesser number of new Shares as the Grantee may decide to exercise. Such partial exercise of an ESOS Option shall not preclude the Grantee from exercising the ESOS Option as to the balance of any new Shares, if any, which he is entitled to subscribe under the Scheme.

9.4 The Grantee shall provide all information as required in the Notice of Exercise and the Company shall within eight (8) Market Days or such period as Bursa Securities may prescribe after the receipt of a valid Notice of Exercise and remittance from the Grantee allot and despatch the notice of allotment for the relevant number of Shares to the Grantee upon and subject to the provisions of the Constitution, the Central Depositories Act and the Rules of Bursa Depository. No physical share certificates will be delivered to the Grantee.

9.5 Any failure to comply with the foregoing provisions and/or to provide all information as required in the Notice of Exercise or inaccuracy in the information provided shall result in the Notice of Exercise being rejected. The ESOS Committee shall inform the Grantee of the rejection of the Notice of Exercise within fourteen (14) calendar days from the date of rejection and the Grantee shall then be deemed not to have exercised his ESOS Options.

9.6 Notwithstanding anything to the contrary herein contained in these By-Laws, the ESOS Committee shall have the right at its discretion by notice to that effect:-

- (a) to suspend the right of any Grantee who is found to have contravened the written policies and guidelines of the Group and/or the terms and conditions of the Grantee's employment (whether or not such contravention may give rise to a Disciplinary Proceeding being instituted) to exercise his ESOS Option. In addition to this right of suspension, the ESOS Committee may impose such terms and conditions as the ESOS Committee shall deem appropriate in its discretion, on the right of exercise of his ESOS Option having regard to the nature of the contravention provided always that in the event such contravention results in the dismissal or termination of service of such Grantee, the ESOS Option shall immediately cease and become null and void without notice, upon pronouncement of the dismissal or termination of service of such Grantee; or

APPENDIX I – DRAFT NEW ESOS BY-LAWS FOR THE PROPOSED NEW ESOS (CONT'D)

- (b) to suspend the right of any Grantee who is being subjected to Disciplinary Proceedings (whether or not such Disciplinary Proceedings may give rise to a dismissal or termination of service of such Grantee) to exercise his ESOS Option 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 in its discretion, on the right of exercise of his ESOS Option having regard to the nature of the charges made or brought against such Grantee, provided always that:-
- (i) in the event such Grantee is found not guilty of the charges which gave rise to such Disciplinary Proceedings, the ESOS Committee shall reinstate the right of such Grantee to exercise his ESOS Option; or
 - (ii) in the event such Grantee is found guilty resulting in the dismissal or termination of service of such Grantee, the ESOS Option shall immediately cease and become null and void without notice, upon pronouncement of the dismissal or termination of service of such Grantee; or
 - (iii) in the event such Grantee is found guilty but no dismissal or termination of service is recommended, the ESOS Committee shall have the right to determine at its discretion whether or not the Grantee may continue to exercise his ESOS Option and if so, to impose such terms and conditions or make such downward adjustment to the number of ESOS Options as it deems appropriate, on such exercise.

Nothing herein shall prevent the ESOS Committee (but the ESOS Committee shall not be obliged to do so) from making a fresh Offer to such Selected Person in the event that such disciplinary actions are not found against him or if such disciplinary actions are withdrawn.

- 9.7 Each ESOS Option shall be subject to the condition that no new Shares shall be issued to the Grantee pursuant to the exercise of the ESOS Option if such issue shall be contrary to any laws, rules and/or regulations of any regulatory body or authorities which may be in force during the Option Period.

10. RIGHTS OF A GRANTEE

- 10.1 The unexercised ESOS Options shall not carry any right to attend or vote at any general meeting of the Company.
- 10.2 A Grantee shall not be entitled to any dividend, right, allotment or any other forms of distribution on his unexercised ESOS Options.

11. RIGHTS ATTACHING TO NEW SHARES

- 11.1 The new Shares to be allotted and issued upon the exercise of the ESOS Options will, upon allotment, issuance and full payment, rank equally in all respects with the existing Shares, save and except that the new Shares will not be entitled to any dividends, rights, allotments and/or any other forms of distributions where the Entitlement Date precedes the relevant date of allotment and issuance and/or transfer (as the case may be) of the said Shares and are subject to all provision in the Constitution and Listing Requirements, if any.
- 11.2 The Grantees will not be entitled to any dividends, rights, allotments and/or any other forms of distributions until and unless such Grantees exercise their ESOS Options into new Shares and such new Shares are credited into the Grantees' respective CDS Accounts.
- 11.3 The new Shares allotted and credited into the CDS Accounts would also carry rights to vote at any general meeting of the Company provided that the shareholder is registered on the Entitlement Date as at the close of business to be entitled to attend and vote at the general meeting.

APPENDIX I – DRAFT NEW ESOS BY-LAWS FOR THE PROPOSED NEW ESOS (CONT'D)

- 11.4 The new Shares shall be subjected to all the provisions of the Constitution of the Company in relation to their issuance and allotment, transfer, transmission or otherwise.

12. RETENTION PERIOD

- 12.1 The new Shares to be issued and allotted to a Grantee pursuant to the exercise of an ESOS Option under the Scheme will not be subject to any retention period or restriction on transfer, disposal and/or assignment. However, the Grantees are encouraged to hold the Shares as a long-term investment and not for any speculative and/or realisation of immediate gain.
- 12.2 Notwithstanding the above, a non-executive Director must not sell, transfer or assign Shares obtained through the exercise of ESOS Options within one (1) year from the Date of Offer.

13. TAKEOVER AND COMPULSORY ACQUISITION

In the event of:-

- (a) a takeover offer being made for the Company through a general offer to acquire the whole of the issued share capital of the Company (or such part thereof not at the time owned by the person making the general offer ("**Offeror**") or any persons acting in concert with the Offeror); or
- (b) the Offeror becoming entitled or bound to exercise the right of compulsory acquisition of Shares under the provisions of any statutes, rules and/or regulations applicable at that point of time and gives notice to the Company that it intends to exercise such right on a specific date,

the ESOS Committee may at its discretion to the extent permitted by law allow the exercise of any unexercised ESOS Options (or any part thereof) by the Grantee at any time subject to such terms and conditions as may be prescribed notwithstanding that:-

- (aa) the date on which the Grantee becomes entitled to exercise the ESOS Options or any part thereof is not due or has not occurred; and/or
- (bb) the Option Period has not commenced; and/or
- (cc) other terms and conditions set out in the Offer have not been fulfilled/satisfied.

14. ALTERATION OF SHARE CAPITAL AND ADJUSTMENT

- 14.1 In the event of any alteration in the capital structure of the Company during the Option Period, whether by way of capitalisation of profits or reserves, rights issues, subdivision or consolidation of shares or capital reduction or any other variation of capital, the Company shall have the absolute discretion and accordingly assess the practicality of complying with the requirement to cause such corresponding adjustments (if any) to be made to:-

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

provided always that:-

- (i) on any such adjustment the resultant Subscription Price, if not an integral multiple of one (1) sen shall be rounded down to the nearest one (1) sen and in no event shall any adjustment involve an increase in the Subscription Price or reduce the number of ESOS Options that a Grantee is already entitled to;

APPENDIX I – DRAFT NEW ESOS BY-LAWS FOR THE PROPOSED NEW ESOS (CONT'D)

- (ii) upon any adjustment being made pursuant to these By-Laws, 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 or personal representatives where applicable) in writing informing him of the adjusted Subscription Price thereafter in effect and/or the revised number of new Shares thereafter to be issued on the exercise of the ESOS Option;
- (iii) in determining a Grantee's entitlement to subscribe for new Shares, any fractional entitlement will be disregarded; and
- (iv) if fraction arises upon calculation of the adjusted number of Shares under ESOS Option, the adjusted number so calculated shall be rounded down to the nearest whole number.

Any adjustments to the Subscription Price and/or the number of new Shares comprised in the ESOS Options so far as unexercised other than bonus issue, must be confirmed in writing by the external auditors of the Company or the Company's Adviser.

Should there be other circumstances which give rise to a consideration for adjustments to the Subscription Price or the number of new Shares in favour of all 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.

14.2 In addition to By-Law 14.1 and not in derogation thereof, the Subscription Price and the number of new Shares relating to the ESOS Options so far as unexercised shall from time to time be adjusted in accordance with the following relevant provisions in consultation with an Auditor and/or Adviser of the Company:-

- (a) if and whenever a Share by reason of any consolidation or subdivision or conversion shall have a different share value, the Subscription Price shall be adjusted and the additional number of new Shares relating to the ESOS Option to be issued shall be calculated in accordance with the following formula:-

$$\text{New Subscription Price} = S \times \left(\frac{\text{Revised Share value for each Share}}{\text{Original Share value for each Share}} \right)$$

Where S = existing Subscription Price

$$\text{Number of Additional Shares} = T \times \left(\frac{\text{Original Share value for each Share}}{\text{Revised Share value for each Share}} \right) - T$$

Where T = existing number of Shares relating to the ESOS Option

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

APPENDIX I – DRAFT NEW ESOS BY-LAWS FOR THE PROPOSED NEW ESOS (CONT'D)

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

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

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

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

where:

- A = the aggregate number of issued and fully paid-up Shares on the entitlement date (namely the date as at the close of business on which shareholders must be registered in order to be entitled to any dividends, rights, allotments or other distributions) immediately before such bonus issue or capitalisation issue;
- B = the aggregate number of new Shares to be issued pursuant to any allotment to ordinary shareholders credited as fully paid by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account and capital redemption reserve fund); and
- T = existing number of Shares relating to the ESOS Option.

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

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

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

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

APPENDIX I – DRAFT NEW ESOS BY-LAWS FOR THE PROPOSED NEW ESOS (CONT'D)

and in respect of the case referred to in By-Law 14.2(c)(ii) hereof, the number of additional new Shares comprised in the ESOS Option to be issued shall be calculated as follows:-

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

where:

- T = existing number of Shares relating to the ESOS Option;
- C = the current 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 (falling any such announcement) immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation; and
- D = (aa) in the case of an offer or invitation to acquire or subscribe for new Shares by way of rights under By-Law 14.2(c)(ii) above or for securities convertible into Shares or securities with rights to acquire or subscribe for new Shares under By-Law 14.2(c)(iii) above, the value of rights attributable to one (1) Share (as defined below); or
- (bb) in the case of any other transaction falling within By-Law 14.2(c) hereof, the fair market value, as determined by an Auditor and/or Adviser of the Company, of that portion of the Capital Distribution attributable to one (1) Share.

For the purpose of definition (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 subscription price for one (1) additional Share under the terms of such offer or invitation or subscription price for one (1) additional Share upon conversion of the convertible securities or exercise of such rights to acquire or subscribe for one (1) Share under the offer or invitation;
- F = the number of existing 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 rights to acquire or subscribe for one (1) additional Share; and
- D* = the value of rights attributable to one (1) Share (as defined below).

APPENDIX I – DRAFT NEW ESOS BY-LAWS FOR THE PROPOSED NEW ESOS (CONT'D)

For the purpose of definition D* above, the "value of 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 subscription price for one (1) additional Share under the terms of such offer or invitation; and
- F* = the number of existing 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 By-Law 14.2(c) hereof, "Capital Distribution" shall (without prejudice to the generality of that expression) include distributions in cash or specie (other than dividends) or by way of issue of new Shares (other than an issue falling under By-Law 14.2(b) hereof) or other securities credited as fully or partly paid up by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account or capital redemption reserve fund).

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

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

- (d) If and whenever the Company makes an allotment to its ordinary shareholders as provided in By-Law 14.2(b) above and also makes an offer or invitation to its ordinary shareholders as provided in By-Law 14.2(c)(ii) or (iii) above and the entitlement date for the purpose of the allotment is also the book closure date for the purpose of the offer or invitation, the Subscription Price shall be adjusted by multiplying it by the following fraction:-

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

and where the Company makes an allotment to its ordinary shareholders as provided in By-Law 14.2(b) above and also makes an offer or invitation to its ordinary shareholders as provided in By-Law 14.2(c)(ii) above and the entitlement date for the purpose of the allotment is also the book closure date for the purpose of the offer or invitation, the number of additional new Shares relating to the ESOS Option to be issued shall be calculated as follows:-

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

- B = as B above; and
- C = as C above;
- G = the aggregate number of issue and fully paid-up Shares on the book closure date

APPENDIX I – DRAFT NEW ESOS BY-LAWS FOR THE PROPOSED NEW ESOS (CONT'D)

- 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 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 subscription 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 subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares;
- T = as T above.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day immediately following the book closure date for such issue.

- (e) If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Shares as provided in By-Law 14.2(c)(ii) above together with an offer or invitation to acquire or subscribe for securities convertible into Shares or rights to acquire or subscribe for securities convertible into Shares or security with rights to acquire or subscribe for Shares as provided in By-Law 14.2(c)(iii) above, the Subscription 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 additional Shares comprised in the ESOS Option to be issued shall be calculated as follows:-

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

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 ordinary shareholders upon conversion of such securities or exercise of such rights to subscribe for Shares by the ordinary shareholders;

APPENDIX I – DRAFT NEW ESOS BY-LAWS FOR THE PROPOSED NEW ESOS (CONT'D)

K = the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Share; and

T = as T above.

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

- (f) If and whenever the Company makes an allotment to its ordinary shareholders as provided in By-Law 14.2(b) above and also makes an offer or invitation to its ordinary shareholders to acquire or subscribe for Shares as provided in By-Law 14.2(c)(ii) above, together with rights to acquire or subscribe for securities convertible into Shares or with rights to acquire or subscribe for Shares as provided in By-Law 14.2(c)(iii) above, and the entitlement date for the purpose of the allotment is also the book closure for the purpose of offer or invitation, the Subscription Price shall be adjusted by multiplying it by the following fraction:-

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

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

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

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;

K = as K above; and

T = as T above.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day immediately following the book closure date for the above transaction.

APPENDIX I – DRAFT NEW ESOS BY-LAWS FOR THE PROPOSED NEW ESOS (CONT'D)

- (g) If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders and requiring an adjustment under By-Laws 14.2(c)(ii), (c)(iii), (d), (e) or (f) above), the Company shall issue either any Shares or any securities convertible into Shares or any 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 percent (90%) of the Average Price for one (1) Share (as defined below) or, as the case may be, the price at which the Shares will be issued upon conversion of such securities or exercise of such rights is determined, the Subscription Price shall be adjusted by multiplying it by the following fraction:-

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

where:

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

For the purpose of this By-Law 14.2(g), the "Total Effective Consideration" shall be determined by the Board with the concurrence of an auditor and/or Adviser of the Company shall be:-

- (a) in the case of the issue of Shares, 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 any); 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 the issue thereof, and the "Total Effective Consideration per Share" shall be the Total Effective Consideration divided by the number of new Shares issued as aforesaid or, in the case of securities convertible into new Shares, by the maximum number of Shares issuable on full conversion of such securities or on exercise in full of such rights.

For the purpose of this By-Law 14.2(g), the Average Price of a Share shall be the average market price of one (1) Share as derived from the last dealt prices for one (1) or more board lots of the Shares as quoted on the Bursa Securities on the Market Days comprised in the period used as a basis upon which the issue price of such Shares is determined.

APPENDIX I – DRAFT NEW ESOS BY-LAWS FOR THE PROPOSED NEW ESOS (CONT'D)

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

- 14.3 The provisions of this By-Law shall not apply where the alteration in the capital structure of the Company arises from:-
- (a) the issue of securities as consideration for an acquisition;
 - (b) a special issue of new Shares to Bumiputera parties approved 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 special issue, private placement or restricted issue of new Shares by the Company;
 - (d) a share buy-back arrangement by the Company and the cancellation of all or a portion of the Shares pursuant to the relevant provision of the Act;
 - (e) an issue of new Shares arising from the exercise of any conversion rights attached to securities convertible to new Shares or upon exercise of any other rights including warrants (if any) issued by the Company;
 - (f) an issue of new Shares upon the exercise of ESOS Options pursuant to the Scheme;
 - (g) an issue by the Company of Shares or of securities convertible into Shares or securities with rights to acquire or subscribe for Shares to its officers, including directors, or employees of the Company or any of its subsidiaries pursuant to purchase or option schemes approved by the Shareholders in general meeting; and
 - (h) any issue of Shares by the Company (other than bonus and rights issue) pursuant to a dividend reinvestment scheme undertaken in accordance with the Listing Requirements or for any purpose whatsoever where the aggregate issues of which in any twelve (12) months do not exceed ten percent (10%) of the outstanding issued share capital of the Company pursuant to the provision of Section 75 of the Act.
- 14.4 Upon any adjustment being made, the ESOS Committee shall give notice in writing within thirty (30) days from the date of adjustment to the Grantee, or his legal or personal representatives where the Grantee is deceased, to inform him of the adjustment and the event giving rise thereto.
- 14.5 The decision of the ESOS Committee as to whether any adjustment shall be made or not made to the Subscription Price and/or the number of new Shares comprised in the ESOS Option or any portion thereof pursuant to this By-Law 14 is final, binding and conclusive.

15. LISTING AND QUOTATION OF SHARES

- 15.1 The new Shares to be allotted to the Grantee will not be listed or quoted on Bursa Securities until the ESOS Option is exercised in accordance with the provisions of By-Law 9 whereupon the Company shall:-
- (a) issue and/or allot the new Shares;
 - (b) despatch a notice of allotment to the Grantee; and
 - (c) apply for the quotation of such new Shares,

APPENDIX I – DRAFT NEW ESOS BY-LAWS FOR THE PROPOSED NEW ESOS (CONT'D)

within eight (8) Market Days after the receipt of the Notice of Exercise and remittance from the Grantee.

- 15.2 The Company and the ESOS Committee shall not under any circumstances be held liable for any costs, losses and damages whatsoever and however relating to the delay on the part of the Company in allotting and issuing the new Shares or in procuring the Bursa Securities to list and quote the new Shares for which the Grantee is entitled to subscribe.

16. ADMINISTRATION OF THE SCHEME

- 16.1 The ESOS Committee shall implement and administer the Scheme in such manner as it shall in its discretion deem fit. The ESOS Committee shall comprise such persons duly appointed and authorised by the Board from time to time and shall be vested with such powers and duties as are conferred upon it by the Board including but not limited to the powers to:-

- (a) subject to the provisions of the Scheme, do all such acts and things and enter into and/or cause the Company to enter into any transactions, agreements, deeds and documents, arrangements or undertakings construe and interpret the Scheme and ESOS Options granted under it, to define the terms therein and to recommend to the Board to establish, amend and revoke guidelines, rules and regulations or impose or waive any terms and conditions for the implementation and administration of the Scheme and to give effect to the provisions of the Scheme and/or to enhance the benefit of the Offers to the Selected Persons as the ESOS Committee in its discretion deems fit, necessary and/or expedient for the implementation and administration of the Scheme. The ESOS Committee in the exercise of this power may correct any defect, supply any omission, or reconcile any inconsistency in the Scheme or in any agreement providing for an ESOS Option in a manner and to the extent it shall deem necessary to expedite and make the Scheme fully effective; and
- (b) determine all questions of policy and expediency that may arise in the administration of the Scheme and generally exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interests of the Company.

- 16.2 The Board shall have power from time to time to:-

- (a) approve, rescind and/or revoke the appointment of any person in the ESOS Committee and appoint his replacement where the Board deems fit;
- (b) assume and/or exercise or execute any of the powers and authorities conferred upon the ESOS Committee pursuant to these By-Laws; and
- (c) amend, modify or vary the terms of reference of the ESOS Committee.

17. AMENDMENT AND/OR MODIFICATION TO THE BY-LAWS

- 17.1 The ESOS Committee may recommend to the Board who shall have the power at any time and from time to time by resolution to amend and/or modify all or any part of the By-Laws and the Board shall have the power by resolution to add, amend or modify and/or delete all or any of the By-Laws under such recommendation.

- 17.2 The approval of the shareholders of the Company in general meeting shall not be required in respect of additions, amendments to, or deletions of these By-Laws except that subject to any applicable laws, no addition, amendment or deletion shall be made to these By-Laws without the prior approval of the Company's shareholders in a general meeting which would:-

- (a) prejudice any rights which have accrued to any Grantee without his prior consent; or
- (b) increase the number of new Shares available under the Scheme beyond the maximum imposed by By-Law 2.1; or

- (c) alter any matter which are required to be contained in the By-Laws by virtue of Appendix 6E of the Listing Requirements to the advantage of the Selected Persons.

The ESOS Committee shall within ten (10) Market Days of any modification and/or amendment made pursuant to this By-Law notify the Grantee in writing of any modification and/or amendment made pursuant to this By-Law.

- 17.3 Upon amending and/or modifying all or any of the provisions of the Scheme, the Company shall submit to the Bursa Securities no later than five (5) Market Days after the effective date of the amendment to the By-Laws, a letter confirming that the said amendment and/or modification complies with the Listing Requirements and Rules of Bursa Depository.

18. DIVESTMENT FROM AND TRANSFER TO/FROM THE GROUP

- 18.1 If the Grantee who was in the employment of a Corporation in the Group which was subsequently divested wholly, or in part, from the Group resulting in that Corporation ceasing to be a subsidiary, unless approved by the ESOS Committee in writing, the ESOS Options unexercised on the date of such Corporation ceasing to be a subsidiary, shall be null and void and be of no further force and effect. Such Grantee shall not be eligible to participate for further ESOS Option under the Scheme.

- 18.2 In the event that the Grantee is transferred from the Group to any associated corporations of the Group (which definition shall be that which is adopted by the Malaysian Accounting Standards Board) or to any related corporations (as defined in Section 7 of the Act) of the Corporation which have an existing share issuance scheme in which the Grantee will be entitled to participate, unless approved by the ESOS Committee in writing, the ESOS Options unexercised on the date of such Grantee's transfer shall be null and void and be of no effect.

If the associated corporation does not have an existing share issuance scheme in which the Grantee will be entitled to participate, the ESOS Committee shall have the absolute discretion to determine whether the ESOS Options unexercised by the Grantee will continue to be capable of exercise and the period in which it is capable of being exercised.

- 18.3 In the event that:

- (a) an employee who was employed in a corporation which is related to the Company pursuant to Section 7 of the Act (that is to say, a corporation which does not fall within the definition of the "Group") and is subsequently transferred from such corporation to any Corporation within the Group; or
- (b) an employee who was in the employment of a corporation which subsequently becomes a member of the Group as a result of a restructuring or acquisition exercise or otherwise involving the Company and/or any Corporation within the Group with any of the first mentioned corporation stated in (a) above;

(the first abovementioned corporation in (a) and (b) herein are referred to as the "**Previous Company**"), such an employee of the Previous Company will be eligible to participate in this Scheme for its remaining Option Period, if the affected employee becomes an Eligible Person within the meaning under the By-Laws.

For the avoidance of doubt, in the event of any acquisition or incorporation of any corporation into the Group pursuant to subsection (b) above as a subsidiary in Section 4 of the Act or any other statutory regulation in place thereof during the Option Period, the Scheme shall apply to the employees of such corporation on the date such corporation becomes a subsidiary of the Group (provided that such subsidiary is not dormant) falling within the meaning of the expression of Eligible Person under By-Law 1 and the provisions of the By-Laws shall apply.

A Corporation shall be deemed to be divested from the Group or disposed from the Group in the event that the effective interest of the Company in such corporation is reduced from fifty percent (50%) and above to less than fifty percent (50%) so that such Corporation would no longer be a subsidiary of the Company pursuant to Section 4 of the Act.

19. TERMINATION OF ESOS OPTIONS

19.1 In the event of cessation or termination of employment or appointment of a Grantee with the Group for whatever reason, including but not limited to the receipt of a letter of termination or serving of a notice of resignation by the Grantees, prior to the exercise of his ESOS Options or prior to full exercise of his ESOS Options, as the case may be, such ESOS Option shall cease immediately and become null and void on the date of such cessation or termination without any claim against the Company provided always that, subject to the approval of the ESOS Committee in its discretion, where the Grantee ceases his employment or appointment with the Group by reason of:-

- (a) his retirement at or after attaining normal retirement age under the Group's retirement policy; or
- (b) retirement before that age; or
- (c) ill-health, injury, physical or mental disability; or
- (d) redundancy or retrenchment, pursuant to the acceptance by that Grantee of a voluntary separation scheme offered by the Group; or
- (e) non-renewal of fixed term contract, not due to a breach of contract on the part of the Grantee; or
- (f) transfer to an associate of the Group (which definition shall be that which is adopted by the Malaysian Accounting Standards Board); or
- (g) divestment of any Corporation from the Group; and/or
- (h) any other reasons which are acceptable to the ESOS Committee,

a Grantee may exercise his unexercised ESOS Options for such period as may be determined by the ESOS Committee within the relevant Option Period provided always that such exercise shall always be subject to any restriction in the Offer Letter on the maximum percentage of the Grantee's ESOS Options that may be exercisable within each year of the Scheme (unless otherwise approved by the ESOS Committee). All unexercised or partially exercised ESOS Options of such Grantee shall become null and void after the expiry of such period.

19.2 If a Grantee ceases his employment or appointment with the Group by reason of his resignation his remaining unexercised ESOS Options shall cease with immediate effect and become null and void on the effective date of such cessation. For the avoidance of any doubt, the date of acceptance of a Grantee's resignation by the Group, shall be deemed to be the effective date when a Grantee ceases his employment or appointment with the Group.

19.3 An ESOS Option shall immediately become void and be of no further force and effect upon the Grantee being adjudicated a bankrupt.

19.4 In the event where a Grantee dies before the expiration of the Option Period and at the time of his death held unexercised ESOS Options, such unexercised ESOS Options may be exercised by the legal or personal representative(s) of the Grantee after the date of his death provided that such exercise shall be no later than twenty four (24) months thereafter unless otherwise approved by the ESOS Committee provided always that such exercise shall always be subject to any restriction in the Offer Letter on the maximum percentage of the Grantee's ESOS Options that may be exercisable within each year of the Scheme (unless otherwise approved by the ESOS Committee) and provided further that no ESOS Option shall be exercised after the expiry of the Option Period. All ESOS Options remaining unexercised thereafter shall automatically lapse and become null and void.

APPENDIX I – DRAFT NEW ESOS BY-LAWS FOR THE PROPOSED NEW ESOS (CONT'D)

- 19.5 Any ESOS Option that has lapsed and become null and void pursuant to this By-Law 19 shall at the discretion of the ESOS Committee be re-allocated to other Eligible Person.

20. LIQUIDATION OF THE COMPANY

- 20.1 Upon the receipt of a court order of the winding-up of the Company, all Offers shall be deemed revoked and be null and void and all unexercised or partially exercised ESOS Options shall lapse and be null and void and of no further force and effect, and this Scheme shall terminate.
- 20.2 Notwithstanding the above, the ESOS Committee will consider, to the extent permitted by law, whether or not to allow exercise of any unexercised or partially exercised ESOS Options subject to such terms and conditions as may be prescribed and will take into account all circumstances on case-to-case basis, including (but not limited to) the contributions of the Selected Persons.

21. DURATION OF THE SCHEME

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

- (i) submission of the final copy of the By-Laws to Bursa Securities;
- (ii) receipt of approval-in-principle for the issuance, and listing and quotation for the Shares to be issued under the Scheme from Bursa Securities;
- (iii) procurement of shareholders' approval for the Scheme;
- (iv) receipt of approval of any other relevant authorities, where applicable; and
- (v) fulfilment of all conditions attached to the above approvals, if any.

On or before the expiry of the Scheme, the Board shall have the absolute discretion, without having to obtain sanction, approval or authorisation of the Company's shareholders in a general meeting, to extend the duration of the Scheme upon recommendation of the ESOS Committee, provided that the initial period of the Scheme and such extension of the Scheme made pursuant to this By-Law shall not in aggregate exceed the duration of ten (10) years from the Effective Date. In the event the Scheme is extended in accordance with this provision, the ESOS Committee shall furnish a written notification to all Grantees and the Company shall make necessary announcements to Bursa Securities prior to the proposed extension of the Scheme.

22. TERMINATION OF THE SCHEME

- 22.1 Subject to compliance with the Listing Requirements, guidelines or directives issued by Bursa Securities and/or any other relevant authorities, the Company may at any time during the Duration of the Scheme terminate the Scheme and shall immediately announce to Bursa Securities the:-

- (a) effective date of termination of the Scheme;
- (b) number of ESOS Options exercised or Shares vested; and
- (c) reasons for termination of the Scheme,

whereupon all Offers shall be deemed revoked and be null and void and any unexercised ESOS Options shall be deemed to cease to be capable of being exercised and be null and void.

APPENDIX I – DRAFT NEW ESOS BY-LAWS FOR THE PROPOSED NEW ESOS (CONT'D)

22.2 Notwithstanding the above, the Company may implement more than one (1) scheme provided that the aggregate number of Shares available under all the schemes implemented by the Company is not more than fifteen percent (15%) of its issued share capital (excluding treasury shares) at any one time or such lower or higher limit in accordance with any prevailing guideline issued by Bursa Securities or any other relevant authorities amended from time to time.

23. DISPUTES OR DIFFERENCES

In case any dispute or difference shall arise between the Board and/or ESOS Committee, and an Eligible Person, Selected Person and/or Grantee as to any provisions contained in these By-Laws, the Board and/or the ESOS Committee shall determine such dispute or difference by a decision given to the Eligible Person, Selected Person and/or Grantee. The said decision shall be final and binding on the parties unless the Eligible Person, Selected Person and/or Grantee within fourteen (14) calendar days of the receipt thereof by a notice to the Board and/or the ESOS Committee, disputes the same in which case such dispute or difference shall be referred to the decision of the Adviser and/or Auditor (as selected by the Board and/or ESOS Committee at its absolute discretion) (acting as experts and not as arbitrators) whose decision shall be final and binding in all respects. The Board and the ESOS Committee shall not be required to furnish any reasons for any decision or determination made by it except as may be required by the relevant authorities. Notwithstanding anything herein to the contrary, any costs and expenses incurred in relation to any dispute or difference or appeal brought by any party to the ESOS Committee shall be borne by such party.

24. COSTS AND EXPENSES

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

25. SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC.

25.1 Notwithstanding the maximum percentage of the Grantee's ESOS Options that may be exercisable within each year of the Scheme as set out in the Offer Letter and subject to the discretion of the ESOS Committee, in the event of the court sanctioning a compromise or arrangement between DNeX and its members proposed for the purpose of, or in connection with, a scheme of arrangement and reconstruction of DNeX under Section 366 of the Act or its amalgamation with any other company or companies under Section 370 of the Act or the Company decides to merge with other company or companies, a Grantee may exercise in full or in part any ESOS Option to which the Grantee is entitled commencing from the date upon which the compromise or arrangement is sanctioned by the court and ending with the date upon which it becomes effective, provided always that no ESOS Option shall be exercised after the expiry of the Option Period.

25.2 Upon the compromise or arrangement becoming effective, all ESOS Options remaining unexercised thereafter shall automatically lapse and become null and void.

26. DISCLAIMER OF LIABILITY

Notwithstanding any provisions contained herein and subject to the Act, the Company, the Board and the ESOS Committee shall not under any circumstances and in any event be held liable to any person for any cost, charges, losses, expenses, damages or liabilities whatsoever arising, including but not limited to any delay on the part of the Company in issuing and/or transferring the Shares or in procuring Bursa Securities to list the new Shares subscribed for by a Grantee.

27. SCHEME NOT A TERM OF EMPLOYMENT

This Scheme does not form part of or constitute, nor shall this Scheme in any way be construed as, a term or condition of employment of any employee within the Group. This Scheme shall not confer or be construed to confer, on any employee within the Group, any special right, benefit or privilege over and above the employee's terms and conditions of employment under which the employee is employed, nor any rights in addition to compensation or damages that the employee may be entitled to arising from the cessation of such employment for any reason whatsoever.

28. NO COMPENSATION

28.1 Notwithstanding any provisions of these By-Laws:-

- (a) this Scheme shall not form part of any contract of employment between any Corporation of the Group and any Employee or Director of the Group and the rights of any Grantee under the terms of his office and employment with the Company or any Corporation of the Group shall not be affected by his participation in the Scheme or afford such Grantee any additional rights to compensation or damages in consequence of the termination of such office or employment for any reason;
- (b) this Scheme shall not confer on any person any legal or equitable rights (other than those constituting the ESOS Option themselves) against the Company or any Corporation of the Group or any members of the ESOS Committee directly or indirectly or give rise to any cause of action at law or in equity against the Company or the Group; and
- (c) 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 Scheme which he might otherwise have enjoyed whether such compensation is claimed by way of damages for wrongful dismissal, breach of contract or by way of compensation for loss of office.

28.2 No Employees and Directors (including Eligible Person, Selected Person or Grantee) or their legal or personal representatives shall bring any claim, action or proceedings against the Board, the Company or the ESOS Committee or any party for compensation, loss or damages whatsoever and howsoever arising including but not limited to the suspension of their rights to exercise their ESOS Options or their ESOS Options ceasing to be valid pursuant to the provisions of these By-Laws.

29. CONSTITUTION

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

30. TAXES

For the avoidance of doubt, all other costs, fees, levies, charges and/or taxes (including without limitation income tax) that are incurred by an allottee of the Shares, pursuant or relating to the grant of the Offers and exercise of the ESOS Options, and any holding or dealing of such ESOS Options (such as (but not limited to) brokerage commissions and stamp duty) shall be borne by that allottee for his own account, and the Company shall not be liable for any one or more of such costs, fees, levies, charges and/or taxes.

31. 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.

32. GOVERNING LAW AND JURISDICTION

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

32.2 In order to facilitate the making of any Offer under this Scheme, the ESOS Committee may provide for such special terms to the Selected Persons who are employed by any Corporation in the Group in a particular jurisdiction or who are nationals of any particular jurisdiction, that is outside Malaysia, as the ESOS Committee may consider necessary or appropriate for the purposes of complying with differences in local law, tax, policy or custom of that jurisdiction. The ESOS Committee may further approve such supplements to or amendments, restatements or alternative versions of the Scheme as it may consider necessary or appropriate for such purposes without thereby affecting the terms of the Scheme 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 Scheme. No such special terms, supplements, amendments or restatements, however, shall include any provisions that are inconsistent with the terms of this Scheme, as then in effect, unless this Scheme has been amended to eliminate such inconsistency. Notwithstanding the above, any Offer made to such Selected Persons pursuant to the Scheme shall be valid strictly in Malaysia only unless specifically mentioned otherwise by the ESOS Committee in the Offer.

32.3 No action has been or will be taken by the Company to make the Offer valid in any country or jurisdiction other than Malaysia or to ensure compliance of the Offer with all applicable laws and regulations in any other country or jurisdiction other than Malaysia. No action has or will be taken also by the Company to ensure compliance by the Selected Persons to whom the Offer is granted, with all applicable laws and regulations in such other country or jurisdiction in which they will be granted the Offers.

32.4 Any Selected Person to whom the Offer is granted is required to ensure that they comply with all applicable laws and regulations in each country or jurisdiction in or from which they are granted the Offers. By participating in the Scheme, each Selected Person has represented, warranted and agreed that they have and will continue to observe all applicable laws and regulations in the jurisdiction in which they will be granted the Offers.

33. INSPECTION OF THE AUDITED ACCOUNTS

To the extent permitted by the Listing Requirements and prevailing laws and guidelines issued by the relevant authorities, all Grantees shall be entitled to inspect a copy of the latest audited financial statements of the Company, which shall be made available on the Bursa Securities' website as well as the Company's website.

34. NOTICE

Any notice which under the Scheme is required to be given or served upon a Selected Person or Grantee shall be in writing and be deemed to be sufficiently given or served either delivered by hand or sent to the Selected Person or Grantee at his place of employment or at the last known address known by the Company as being his address or by electronic mail.

35. ERRORS AND OMISSIONS

If in consequences of an error or omission, the ESOS Committee discovers or determines that:

- (a) an Eligible Person who was selected as a Selected Person has not been given the opportunity to participate in the Scheme on any occasion;
- (b) an Eligible Person was erroneously selected as a Selected Person; or
- (c) the number of ESOS Options granted to any Selected Person or Shares allotted to any Grantee on any occasion is found to be incorrect,

and such error or omission cannot be corrected, the ESOS Committee may do all such acts and things to rectify such error or omission including, but not limited to, all acts and things to ensure that the Eligible Person is given the opportunity to participate in the Scheme and/or to withdraw the Offer given to the Employee or Director who was erroneously selected as a Selected Person and/or to ensure that the Selected Person is given the correct number of ESOS Options or credited with the correct number of Shares to which he is entitled.

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APPENDIX II – FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Board, and the Directors collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or no other facts, the omission of which would make any statement in this Circular false or misleading.

2. CONSENT

UOBKH, being the Adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

3. DECLARATION OF CONFLICT OF INTERESTS

UOBKH has given their written confirmation that there is no situation of conflict of interests that exists or is likely to exist in relation to its role as the Adviser to DNeX for the Proposals.

4. MATERIAL LITIGATION

As at the LPD, DNeX Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board is not aware and has no knowledge of any proceedings pending or threatened against DNeX Group, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of DNeX Group.

5. MATERIAL COMMITMENTS

Save as disclosed below and as at the LPD, the Board is not aware of any material commitments incurred or known to be incurred by DNeX Group that has not been provided for which, upon becoming enforceable, may have a material impact on the financial results/ position of DNeX Group:-

	RM'mil
Capital commitments in respect of purchase of property, plant & equipment	
- Authorised but not contracted for	20.19
	<u>20.19</u>

6. CONTINGENT LIABILITIES

Save as disclosed below and as at the LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred by the DNeX Group which, upon becoming enforceable, may have a material impact on the financial results/ position of the DNeX Group:-

On 10 July 2018, Dagang Net Technologies Sdn Bhd ("**Dagang Net**"), a wholly-owned subsidiary of the Company received a notice of proposed decision ("**Proposed Decision**") from the Malaysia Competition Commission ("**MyCC**") pursuant to Section 36 of the Competition Act 2010 [Act 712] ("**Competition Act**"). The Proposed Decision by MyCC is pursuant to the investigation on alleged infringement by Dagang Net of one of the prohibitions under Part 1 of the Competition Act. MyCC issued the Proposed Decision under Section 36 of the Act against Dagang Net for engaging in conduct which amounts to an abuse of its dominant position in breach of Section 10(1) read with Section 10(2)(c) and Section 10(3) of the Competition Act. In its Proposed Decision, MyCC proposed to impose a financial penalty of RM17,397,695.30 and remedial action by Dagang Net.

The oral representations were heard before a panel appointed by MyCC on 16 January 2019, 25 April 2019, and 29 July 2019.

APPENDIX II - FURTHER INFORMATION (CONT'D)

On 26 February 2021, MyCC imposed a financial penalty totalling RM10,302,475.98 against Dagang Net for the abuse of its dominant position by engaging in exclusive dealing, after considering its oral and written representations as well as the impact of the current economic situation and the presence of mitigation and aggravating factors ("**Decision**"). In the Decision, MyCC also directs Dagang Net to cease and to refrain in the future, from engaging in exclusive dealing that may disrupt competition in the provision of trade facilitation services. The MYCC further directs that the directors and senior management executives of Dagang Net to enrol in competition law compliance training at their own expense.

MyCC did not find any infringement in respect of the allegation on refusal to supply electronic mailboxes to end users of unauthorised software providers. In view of the foregoing, MyCC had inter alia imposed the Decision. This is a reduction from the financial penalty imposed by MyCC through its earlier Proposed Decision.

Dagang Net has instructed its solicitors to: (i) appeal against the Decision where the appeal will be heard before the Competition Appeal Tribunal ("**CAT**"); and (ii) file an appeal to stay the execution of the penalties imposed on Dagang Net pending the disposal of the appeal.

Dagang Net's solicitors are of the view that Dagang Net has a fair chance of success in overturning the Decision at the CAT.

In the event Dagang Net is unsuccessful in its appeal, Dagang Net may apply for judicial review at the High Court of Malaya.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at Dagang Net Tower, Block 10 (A & B) Corporate Park, Star Central, Lingkaran Cyberpoint Timur, Cyber 12, 63000 Cyberjaya, Selangor, Malaysia during the normal business hours from Monday to Friday (except public holidays) from the date hereof up to the time stipulated for the holding of the EGM:-

- (i) Our Constitution;
- (ii) Audited consolidated financial statements of our Group for the past 2 years up to the FYE 31 December 2019 and the latest unaudited 12-month FYE 31 December 2020;
- (iii) The draft New ESOS By-Laws; and
- (iv) The letter of consent and declaration of conflict of interests referred to in **Sections 2 and 3** above, respectively.

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DAGANG NeXCHANGE BERHAD

Registration No.: 197001000738 (10039-P)
(Incorporated in Malaysia under the Companies Act 1965
and deemed registered under the Companies Act 2016)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting ("**EGM**") of Dagang NeXchange Berhad ("**DNeX**" or the "**Company**") will be conducted virtually at the broadcast venue at the Multipurpose Hall, Level 3A, Dagang Net Tower, Block 10 (A & B) Corporate Park, Star Central, Lingkaran Cyberpoint Timur, Cyber 12, 63000 Cyberjaya, Selangor, Malaysia on Thursday, 1 April 2021 at 2.00 p.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications the following resolutions:-

ORDINARY RESOLUTION 1

PROPOSED ESTABLISHMENT OF A NEW EMPLOYEES' SHARE OPTION SCHEME ("ESOS") OF UP TO 5% OF THE TOTAL NUMBER OF ISSUED SHARES OF DNeX (EXCLUDING TREASURY SHARES, IF ANY) AT ANY POINT IN TIME OVER THE DURATION OF THE NEW ESOS ("ESOS PERIOD") FOR THE ELIGIBLE DIRECTORS AND EMPLOYEES OF DNeX AND ITS SUBSIDIARIES (EXCLUDING DORMANT SUBSIDIARIES) ("PROPOSED NEW ESOS")

"THAT subject to and conditional upon the approvals of all relevant regulatory authorities and/or parties being obtained for the Proposed New ESOS (if required), including the approval of Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing and quotation for the new ordinary shares in DNeX ("**DNeX Share(s)**") to be issued arising from the exercise of the options granted under the Proposed New ESOS ("**ESOS Option(s)**"), approval be and is hereby given for the Company to:-

- (a) establish, implement and administer the Proposed New ESOS, in accordance with the bylaws of the Proposed New ESOS ("**By-laws**"), a draft of which is set out in Appendix I of the Circular to the shareholders of the Company dated 15 March 2021 ("**Circular**"), to approve and adopt the By-laws and to give effect to the Proposed New ESOS, with full power for the Board of Directors of the Company ("**Board**") to assent to any conditions, variations, modifications and/or amendments as may be required by the relevant authorities;
- (b) make the necessary applications and do all things necessary at the appropriate time or times to Bursa Securities for the listing and quotation for the new DNeX Shares, which may from time to time be allotted and issued arising from the exercise of the ESOS Options;
- (c) allot and issue such number of new DNeX Shares from time to time as may be required arising from the exercise of the ESOS Options, PROVIDED THAT the total number of new DNeX Shares, which may be made available under the Proposed New ESOS, shall not in aggregate exceed 5% of the total number of issued shares of the Company (excluding treasury shares, if any) at any point in time during the duration of the Proposed New ESOS, AND THAT the new DNeX Shares to be issued upon the exercise of the New ESOS Options will, upon allotment, issuance and full payment, rank equally in all respects with the existing DNeX Shares, save and except that the new DNeX Shares will not be entitled to any dividends, rights, allotments and/or any other forms of distribution where the entitlement date precedes the relevant date of allotment and issuance of the new DNeX Shares pursuant to the Proposed New ESOS. The new DNeX Shares will be subject to all provision in the Constitution of the Company and Main Market Listing Requirements of Bursa Securities ("**Listing Requirements**");
- (d) modify and/or amend the Proposed New ESOS and/or the By-laws from time to time as may be required/ permitted by the relevant authorities or deemed necessary by the relevant authorities or the Board or the committee appointed and authorised from time to time by the Board, responsible for implementing, allocating and administering the Proposed New ESOS ("**ESOS Committee**"), provided that such modifications and/or amendments are permitted and effected in accordance with the provisions of the By-laws relating to modifications and/or amendments; and

- (e) do all such acts and things, take such steps, execute all such documents and enter into all such arrangements, agreements, deeds and/or undertakings with any party(ies) as the Board may deem fit, necessary, expedient and/or appropriate in order to finalise, implement and/or give full effect to the Proposed New ESOS and terms of the By-laws with full power for the Board to assent to any terms, conditions, modifications, variations and/or amendments as may be agreed to or required by any relevant authorities or as a consequence of any such requirement as may be deemed necessary and/or expedient and in the best interest of the Company."

ORDINARY RESOLUTIONS 2 TO 8

PROPOSED ALLOCATION OF ESOS OPTIONS TO THE DIRECTORS OF DNeX

"THAT, subject to and conditional upon the passing of the Ordinary Resolution 1 and the approvals of the relevant authorities for the Proposed New ESOS, including the approval from Bursa Securities for the listing and quotation for the new DNeX Shares to be issued arising from the exercise of the ESOS Options, having been obtained, approval be and is hereby given to the Board to authorise the ESOS Committee, at any time and from time to time throughout the duration of the Proposed New ESOS, to offer and grant to the following Directors of DNeX, ESOS Options to subscribe for new DNeX Shares under the Proposed New ESOS:-

(i)	Tan Sri Abd Rahman bin Mamat	Ordinary resolution 2
(ii)	Rosli bin Abdullah	Ordinary resolution 3
(iii)	Ang Hsin Hsien	Ordinary resolution 4
(iv)	Datuk Johar bin Che Mat	Ordinary resolution 5
(v)	Mohd Azhar bin Mohd Yusof	Ordinary resolution 6
(vi)	Zainal 'Abidin bin Abd Jalil	Ordinary resolution 7
(vii)	Dato' Sri Syed Zainal Abidin bin Syed Mohamed Tahir	Ordinary resolution 8

Provided always that:-

- (a) he/ she must not participate in the deliberation or discussions of his/ her own allocation;
- (b) the allocation to him/ her, who either individually or collectively, through persons connected with him/ her, holds 20% or more of the total number of issued shares of DNeX (excluding treasury shares, if any), must not exceed 10% of the total number of new DNeX Shares to be issued under the Proposed New ESOS; and
- (c) subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-laws of the Proposed New ESOS, the Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authority, as amended from time to time.

THAT at any one time during the ESOS Period, not more than 50% of the total number of New ESOS Options available under the Proposed New ESOS could be allocated, in aggregate to the executive Directors, non-executive Directors and senior management of DNeX and/or its subsidiary companies, other than subsidiary companies which are dormant, pursuant to the Proposed New ESOS.

AND THAT the Board is also authorised to allot and issue the corresponding number of new DNeX Shares arising from the exercise of the ESOS Options that may be granted to him/ her under the Proposed New ESOS."

By Order of the Board

KEH CHING TYNG (MAICSA 7050134) (SSM PC NO. 202008002616)

Company Secretary

Selangor

15 March 2021

Notes:-

1. A member of the Company entitled to attend, participate and vote at the EGM is entitled to appoint a proxy or proxies to attend, participate and vote on his/ her behalf.
2. Where a member appoints more than one proxy, the appointment shall be invalid unless he/ she specifies the proportions of shareholdings to be represented by each proxy.
3. The appointed proxy/ proxies must be at least 18 years of age.
4. Where a member is an authorised nominee, as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds which is credited with ordinary shares of the Company. Where an authorised nominee appoints more than one proxy, the appointment shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Exempt authorised nominee is advised to list down the name of proxies and the particulars of their National Registration Identity Card number (both new and old) and attach it to the Form of Proxy.
6. The Form of Proxy must be completed in writing under the hand of the appointer or of his/ her attorney duly authorised in writing, or if the appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. Any alteration to the instrument appointing a proxy, must be initialed by the appointer.
7. The completed Form of Proxy must be deposited at the office of the Share Registrar, Mega Corporate Services Sdn Bhd at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia, or by email to egm-support.DNEX@megacorp.com.my, not less than twenty-four (24) hours before the time appointed for the holding of the EGM.
8. This Form of Proxy, if submitted by a member, will not preclude that member from attending, participating and voting in person at the EGM should the member subsequently decide to do so.
9. For the purpose of determining whether a member is entitled to attend, participate and vote at the EGM, the Company shall be requesting the Record of Depositors as at 25 March 2021. Only depositors whose names appear in the Record of Depositors as at 25 March 2021 shall be entitled to attend, participate and vote at the EGM or appoint proxy/proxies on his/ her behalf.
10. Pursuant to paragraph 8.29A(1) of the Listing Requirements, voting at the EGM will be conducted by poll.

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FORM OF PROXY



DAGANG NeXCHANGE BERHAD

Registration No.: 197001000738 (10039-P)
(Incorporated in Malaysia under the Companies Act 1965
and deemed registered under the Companies Act 2016)

No. of Shares Held	
CDS Account No.	
Telephone No.	

*I/We _____
(Full name as per NRIC/Certificate of Incorporation in CAPITAL letters)

*Registration/Passport/NIIC no. (new) _____ (old) _____ of

(Full Address)

(Full Address)

with email address _____ mobile phone no. _____

being a member of **DAGANG NeXCHANGE BERHAD** hereby appoint:

Full Name (in CAPITAL letters):	NRIC/Passport No.:	Proportion of shareholdings to be represented by the proxy/proxies:	
		No. of Shares	%
Address:			
E-mail address:			
Mobile phone no.:			

*and/or

Full Name (in CAPITAL letters):	NRIC/Passport No.:	Proportion of shareholdings to be represented by the proxy/proxies:	
		No. of Shares	%
Address:			
E-mail address:			
Mobile phone no.:			

or failing him/ her, the Chairman of the Extraordinary General Meeting ("**EGM**") of the Company as my/our proxy to attend, participate and vote for my/our behalf at the EGM to be conducted virtually at the broadcast venue at the Multipurpose Hall, Level 3A, Dagang Net Tower, Block 10 (A & B) Corporate Park, Star Central, Lingkaran Cyberpoint Timur, Cyber 12, 63000 Cyberjaya, Selangor, Malaysia on Thursday, 1 April 2021 at 2.00 p.m., or at any adjournment thereof.

My/our proxy/proxies is/are to vote as indicated below.

(Please indicate with an "X" in the appropriate boxes how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he/she thinks fit, or at his/her discretion, abstain from voting.)

NO.	RESOLUTION	FOR	AGAINST
1.	PROPOSED NEW ESOS		
2.	PROPOSED ALLOCATION OF ESOS OPTIONS TO TAN SRI ABD RAHMAN BIN MAMAT		
3.	PROPOSED ALLOCATION OF ESOS OPTIONS TO ROSLI BIN ABDULLAH		
4.	PROPOSED ALLOCATION OF ESOS OPTIONS TO ANG HSIN HSIEN		
5.	PROPOSED ALLOCATION OF ESOS OPTIONS TO DATUK JOHAR BIN CHE MAT		
6.	PROPOSED ALLOCATION OF ESOS OPTIONS TO MOHD AZHAR BIN MOHD YUSOF		
7.	PROPOSED ALLOCATION OF ESOS OPTIONS TO ZAINAL 'ABIDIN BIN ABD JALIL		
8.	PROPOSED ALLOCATION OF ESOS OPTIONS TO DATO' SRI SYED ZAINAL ABIDIN BIN SYED MOHAMED TAHIR		



Dated this.....day of.....2021.

.....
Signature/ common seal of shareholder

Notes:-

1. *A member of the Company entitled to attend, participate and vote at the EGM is entitled to appoint a proxy or proxies to attend, participate and vote on his/ her behalf.*
2. *Where a member appoints more than one proxy, the appointment shall be invalid unless he/ she specifies the proportions of shareholdings to be represented by each proxy.*
3. *The appointed proxy/ proxies must be at least 18 years of age.*
4. *Where a member is an authorised nominee, as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds which is credited with ordinary shares of the Company. Where an authorised nominee appoints more than one proxy, the appointment shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.*
5. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Exempt authorised nominee is advised to list down the name of proxies and the particulars of their National Registration Identity Card number (both new and old) and attach it to the Form of Proxy.*
6. *The Form of Proxy must be completed in writing under the hand of the appointer or of his/ her attorney duly authorised in writing, or if the appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. Any alteration to the instrument appointing a proxy, must be initialed by the appointer.*
7. *The completed Form of Proxy must be deposited at the office of the Share Registrar, Mega Corporate Services Sdn Bhd at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia, or by email to egm-support.DNEX@megacorp.com.my, not less than twenty-four (24) hours before the time appointed for the holding of the EGM.*
8. *This Form of Proxy, if submitted by a member, will not preclude that member from attending, participating and voting in person at the EGM should the member subsequently decide to do so.*
9. *For the purpose of determining whether a member is entitled to attend, participate and vote at the EGM, the Company shall be requesting the Record of Depositors as at 25 March 2021. Only depositors whose names appear in the Record of Depositors as at 25 March 2021 shall be entitled to attend, participate and vote at the EGM or appoint proxy/proxies on his/ her behalf.*
10. *Pursuant to paragraph 8.29A(1) of the Listing Requirements, voting at the EGM will be conducted by poll.*

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PERSONAL DATA PRIVACY :

By submitting an instrument appointing a proxy(ies) and / or representative(s) to participate and vote at the Company's EGM and/or any adjournment thereof, a member of the Company:-

- (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**").
- (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and
- (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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AFFIX
STAMP

MEGA CORPORATE SERVICES SDN BHD

Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

2nd Fold Here

Fold This Flap For Sealing

