

## **NAM FATT CORPORATION BERHAD ("NAM FATT" OR "COMPANY")**

### **HEADS OF AGREEMENT IN RELATION TO THE PROPOSED REGULARISATION PLAN OF NAM FATT**

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#### **1. INTRODUCTION**

M&A Securities Sdn Bhd on behalf of the Board of Directors ("Board") of Nam Fatt wishes to announce that the Company had on 31 March 2011 entered into a heads of agreement ("Heads of Agreement") with Tan Sri Datuk Ta Kin Yan ("White Knight") to undertake a series of proposals with the ultimate aim of regularising the financial condition of the Company ("Proposed Regularisation Plan"). The White Knight will participate in the proposed regularisation of Nam Fatt subject to the terms and conditions of the Heads of Agreement and the terms and conditions of a definitive agreement to be agreed and executed between the Company and the White Knight ("Definitive Agreement").

#### **2. SALIENT TERMS OF THE HEADS OF AGREEMENT**

2.1 The Proposed Regularisation Plan is expected to comprise the following:-

(a) Proposed Scheme of Compromise:

The Company and three (3) other subsidiary companies of Nam Fatt, namely Nam Fatt Construction Sdn Bhd, Maddusalat Berhad and NF Energy Sdn Bhd ("Scheme Companies") are desirous of proposing a Scheme of Compromise under section 176 of the Companies Act, 1965 ("Act") with its scheme creditors in order to settle the liabilities of the Scheme Companies ("Proposed Scheme of Compromise").

(b) Proposed Reverse Take-over Exercise encompassing:

(i) a private limited company ("Newco") will be incorporated to facilitate the proposed regularisation exercise of Nam Fatt;

(ii) the Company will undertake a proposed scheme of arrangement with its shareholders under section 176 and/or 178 of the Act or by way of a proposed acquisition by Newco of the entire issued and paid-up share capital of Nam Fatt to be satisfied by the issuance of ordinary shares of RM1.00 each in Newco ("Newco Shares") to shareholders of Nam Fatt on the basis of provisionally one (1) Newco Share for every ten (10) Nam Fatt Shares;

(iii) Newco will undertake a proposed acquisition of certain profitable subsidiaries/businesses/assets of Nam Fatt ("Proposed Acquisition of Certain Nam Fatt Assets");

(iv) NewCo will undertake the proposed acquisition of the following assets/business from the White Knight and/or the relevant parties (which is to be procured by the White Knight) to be satisfied by the issuance of Newco Shares to the White Knight and/or the relevant parties ("Proposed Acquisition of White Knight Assets"):-

- (ai) Intergold Entity (M) Sdn Bhd;
- (aaii) Summer Paradise Sdn Bhd;
- (aaiii) Alpha Deluxe Sdn Bhd;
- (aaiiv) Panoramic Image Sdn Bhd;
- (aav) Goldawn Sdn Bhd;

- (avi) Oakleaf Club Berhad;
- (avii) Golden MIG Sdn Bhd;
- (aviii) Virtual Merchants Sdn Bhd;
- (aix) Hotel Sentral (KL) Sdn Bhd;
- (ax) Intershine Leisure Sdn Bhd;
- (axi) Olden Goldies (M) Sdn Bhd;
- (axii) Trans Penang Inns Sdn Bhd;
- (axiii) Waz Lian Holdings Sdn Bhd;
- (axiv) Cash Mint (M) Sdn Bhd;
- (axv) Citraplus Sdn Bhd;
- (axvi) Sejagat Emas (M) Sdn Bhd;
- (axvii) Redang Aquatic Adventure Sdn Bhd;
- (axviii) Redang Beach Resort Sdn Bhd.

The abovementioned assets/business are principally involved in property development and related businesses.

- (v) White Knight will undertake a proposed offer for sale of part of its shares in Newco;
- (vi) NewCo will undertake a proposed public offering of Newco Shares; and
- (vii) the proposed transfer of the listing status of Nam Fatt to Newco and the listing of and quotation for the entire issued and paid-up share capital of Newco on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") and the consecutive proposed delisting of Nam Fatt from the Official List of the Main Market of Bursa Securities.

2.2 The other salient terms of the Heads of Agreement include the following:-

- (a) White Knight covenants to procure all the necessary consents, authorization and agreements in writing of relevant parties pursuant to the Proposed Acquisition of White Knight Assets which is required to give effect the Heads of Agreement and the implementation thereof.
- (b) The Proposed Reverse Take-over Exercise shall be inter-conditional to each other, save and except for the Proposed Acquisition of Certain Nam Fatt Assets, which is optional.
- (c) The liabilities of Nam Fatt will be separately addressed under the Proposed Scheme of Compromise.
- (d) The Proposed Reverse Take-over Exercise is conditional upon obtaining all necessary approvals/ consents/ waivers from the following within nine (9) months from the date of the Definitive Agreement or such other period as may be mutually agreed ("Unconditional Date"):-
  - (i) All relevant regulatory authorities;
  - (ii) The court, (where required, if any);
  - (iii) The shareholders of Nam Fatt and NewCo, if required; and
  - (iv) The creditors of Nam Fatt, if required;
- (e) Completion of the Proposed Reverse Take-over Exercise shall take place on or before the expiry of six (6) months from the Unconditional Date or such other period as may be mutually agreed.

- (f) The parties shall execute a Definitive Agreement for the purpose of implementing the Proposed Reverse Take-over Exercise within three (3) months from the date of the Heads of Agreement or such further period as may be mutually agreed in writing between the parties ("Due Diligence Period").
- (g) The parties hereby agree that the due diligence exercise shall be carried out by the respective parties within a period of two (2) months from the date of the Heads of Agreement.

### **3. RATIONALE FOR THE HEADS OF AGREEMENT**

The main objective of the Heads of Agreement is to set out the understanding of the parties on the terms and conditions of the Proposed Regularisation Plan and to bind the parties herein to and ultimately implement the Proposed Regularisation Plan to return Nam Fatt to a better financial standing and profitability, thereby benefiting all stakeholders of the Company.

### **4. EFFECTS OF THE PROPOSED REGULARISATION PLAN**

The effects of the Proposed Regularisation Plan can only be determined upon the finalisation of the Proposed Regularisation Plan and a detailed announcement will be made upon the execution of the Definitive Agreement.

### **5. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST**

None of the directors and major shareholders of the Company as well as persons connected with them have any interest, direct and/or indirect, in the Proposed Regularisation Plan, other than their interests as shareholders in Nam Fatt.

### **6. DIRECTORS' STATEMENT**

The Board is of the opinion that the Proposed Regularisation Plan, if implemented, will be in the best and long term interest of the Company.

### **7. ADVISER**

The Company had appointed M&A Securities as Principal Adviser for the Proposed Regularisation Plan.

### **8. DOCUMENT AVAILABLE FOR INSPECTION**

The Heads of Agreement can be inspected at the registered office of Nam Fatt at 40B, Persiaran Sultan Ibrahim, 41300 Klang, Selangor Darul Ehsan during normal business hours from Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this announcement.

A detailed announcement on the Proposed Regularisation Plan will be made upon the execution of the Definitive Agreement(s).

This announcement is dated 31 March 2011.