
4. RESTRUCTURING SCHEME OF NCK

4.1 BACKGROUND INFORMATION

NCK was incorporated in Malaysia on 27 December 1984 under the Companies Act as a private limited company under the name of Ng Choo Kwan Corporation (Butterworth) Sdn Bhd. On 25 July 1990, NCK changed its name to NCK Concrete Product Sdn Bhd. It was subsequently converted to a public company on 2 November 1991 and assumed the name of NCK Concrete Product Berhad. On 6 February 1992, NCK changed its name to NCK Corporation Berhad and was listed on the Main Board of the MSEC on 10 March 1993.

NCK is principally an investment holding company whose subsidiary companies are involved in the manufacturing, trading and distribution of building materials and hardware products, construction, provision of specialist materials and soil protection works, manufacturing and retailing of aluminum products, manufacturing and marketing of wire products, supply and installation of air-conditioners and other electrical products, rental of machinery and site equipment and trading, property development and the manufacturing, trading and wholesale in pave blocks, cement and bricks.

The financial crisis that swept across South East Asia in mid-1997 and subsequent rise in interest rates adversely affected the financial performance of the NCK Group. The NCK Group has been recording losses since the financial year ended 30 June 1998. On 26 February 2001, NCK announced that NCK Group has been regarded as an affected listed issuer under the aforesaid PN No.4/2001. Subsequently, the trading of NCK' shares on the Main Board of the MSEC was suspended on 16 April 2001.

On 16 April 2001, Danaharta appointed Dato' Nordin bin Baharuddin, Mr Adam Primus Varghese bin Abdullah and Ms Wong Lai Wah all of Messrs Ernst & Young as SA for NCK pursuant to the Pengurusan Danaharta Nasional Berhad Act, 1998. On 11 October 2001, Danaharta further appointed the abovenamed Dato' Nordin bin Baharuddin, Mr Adam Primus Varghese bin Abdullah and Ms Wong Lai Wah as SA for the five (5) subsidiary companies of NCK, of which the SA for these five (5) subsidiary companies have been released from their appointment with effect from 23 January 2003, 30 June 2003 and 4 July 2003 respectively pursuant to Section 28 (2) of the Pengurusan Danaharta Nasional Berhad Act 1998 as these companies were proposed to be wound up voluntarily by way of a creditors' voluntary liquidation.

The primary objective of the SA is to formulate a Workout Proposal, taking into consideration the interests of the creditors and also the shareholders. Messrs. Ferrier Hodgson MH Sdn Bhd was appointed as the independent adviser to review the reasonableness of the Workout Proposal prepared by the SA. On 25 July 2002, the SA submitted the Workout Proposal to Danaharta and on 13 August 2002, the Workout Proposal was approved by Danaharta.

On 16 January 2002, Alliance, on behalf of NCK, announced that NCK (a company listed on the Main Board of the MSEC) had entered into a conditional Transfer of Listing Status Agreement with APB, EJ and the shareholders of AMC, Benmarl and Prescan to transfer the listing status of NCK on the Main Board of the MSEC to APB.

On 6 June 2002, Alliance, on behalf of NCK, announced that NCK had entered into a Supplementary Transfer of Listing Status Agreement with APB, EJ and the shareholders of AMC, Benmarl and Prescan and/or their nominee for APB.

On 26 June 2002, Alliance, on behalf of NCK, announced that NCK had entered into a Second Supplementary Transfer of Listing Status Agreement with APB, EJ and the shareholders of AMC, Benmarl and Prescan and/or their nominee for APB.

On 31 October 2003, Alliance gave notice to the Special Administrators of NCK of withdrawal of its services to NCK and consequently, of termination of its appointment as the advising merchant banker to NCK for the Restructuring Scheme, with immediate effect.

On 3 November 2003, OSK was appointed by the SA of NCK as the adviser to the Company for the Restructuring Scheme to replace Alliance, which resigned as adviser to the Restructuring Scheme.

4. RESTRUCTURING SCHEME OF NCK (Cont'd)

On 15 December 2003, OSK, on behalf of NCK, announced that NCK had entered into a Third Supplementary Transfer of Listing Status Agreement with APB, EJ and the shareholders of AMC, Benmarl and Prescan and/or their nominee for APB (the "Proposers"), whereby the Proposers mutually agreed to issue and transfer additional 1,300,000 new APB Shares to NCK, its assigns and/or creditors agents due to the delay in the completion of the Restructuring Scheme from the last extension period granted till 31 August 2003 by the SA and the SA is agreeable to grant the extension period for the implementation of the Restructuring Scheme to 31 March 2004 pursuant to the Workout Proposal dated 25 July 2002 ("Shares Compensation"). In addition, the Proposers shall purchase 6,300,000 APB Shares (5,000,000 APB Shares from original Workout Proposal plus the above mentioned additional 1,300,000 new APB Shares to be issued and transferred in relation to the Shares Compensation) immediately upon the listing of APB Shares on the MSEB, which shall occur no later than 31 March 2004 or such other extended date to be determined by the SA at their absolute discretion. Upon execution of the Third Supplementary Transfer of Listing Status Agreement, the Put and Call Option Agreement as mentioned in Section 4.2.5.1 shall be deemed cancelled and of no further effect.

4.2 RESTRUCTURING SCHEME

The restructuring scheme involves, *inter-alia*, the following:

4.2.1 Acquisition of NCK

The acquisition by APB of the entire issued and paid-up share capital of NCK comprising 37,360,005 NCK Shares for a purchase consideration of RM934,000 was fully satisfied by the issuance of 934,000 APB Shares at par to the NCK Shareholders. The basis for the share exchange for the NCK Shareholders was one (1) APB Share for every forty (40) NCK Shares held on the entitlement date. Fractional entitlements arising from the share exchange shall be disregarded. The Acquisition of NCK was completed on 30 March 2004.

The NCK Shares were acquired free from all charges, mortgages, pledges and all other encumbrances attaching thereto. There were no liabilities assumed by APB pursuant to the Acquisition of NCK.

The purchase consideration of RM934,000 for NCK was arrived at based on a proposal submitted by AMC via tender to the SA for the listing status of NCK on 16 May 2001, 11 June 2001, 9 July 2001 and 21 December 2001 respectively and agreed upon between AMC and the SA.

The 934,000 new APB Shares were issued on terms that they ranked *pari passu* in all respects with all other APB Shares in issue at the date of allotment and carry all rights to receive in full all dividends, rights, allotments and/or distributions declared or paid subsequent to the date of allotment thereof.

4.2.2 Acquisition of EJ

4.2.2.1 EJ Corporate Exercise

Prior to the Acquisition of EJ, EJ undertook the following corporate exercises:

- (i) renounceable rights issue of 4,700,000 new EJ Shares at par on the basis of 2,350,000 shares for every existing 1 share held, which represents an approximate ten percent (10%) of the total purchase consideration paid for the acquisition of EJ by APB. The renounceable rights issue was completed on 30 March 2004 with the full payment of the EJ Shares;
- (ii) acquisition of the entire equity interest in AMC comprising 3,000,000 AMC Shares from Yap Kow @ Yap Kim Fah, TTS Resources, Chi Hoo @ Chu Chi Hoo, Danau Restu, Aspirasi Jitu, Lim Hong Liang, Rare Prestige and Loh Siew Hooi for a purchase consideration of RM33,159,848 which was fully satisfied by the issuance of 33,159,848 new EJ Shares at par. The acquisition was made on a willing buyer willing seller basis with considerations given to the audited net tangible assets of AMC amounted to RM31,463,837 for the financial year ended 31 December 2001 and AMC's prospective earnings. The audited net tangible assets as at 31 December 2002 and as at 30 September 2003 of AMC amounted to RM43.09 million and RM45.04 million respectively. The acquisition of AMC was completed on 30 March 2004;

4. RESTRUCTURING SCHEME OF NCK (Cont'd)

- (iii) acquisition of the entire equity interest in Benmarl comprising 400,004 Benmarl Shares from Lim Lye Hock and Lim Hong Liang for a purchase consideration of RM5,444,764 which was fully satisfied by the issuance of 5,444,764 new EJ Shares at par. The acquisition was made on a willing buyer willing seller basis with considerations given to the audited net tangible assets of Benmarl amounted to RM2,938,225 for the financial year ended 31 December 2001 and Benmarl's prospective earnings. The audited net tangible assets as at 31 December 2002 and 30 September 2003 of Benmarl amounted to RM3.54 million and RM3.66 million respectively. The acquisition of Benmarl was completed on 30 March 2004; and
- (iv) acquisition of the entire equity interest in Prescan comprising 1,600,000 Prescan Shares from Cheong Boon Yu, Gan Chin Boon and Jaafar bin Padil for a purchase consideration of RM2,333,471 which was fully satisfied by the issuance of 2,333,471 new EJ Shares at par. The acquisition was made on a willing buyer willing seller basis with considerations given to the audited net tangible assets of Prescan amounted to RM2,821,787 for the financial year ended 31 December 2001 and Prescan prospective earnings. The audited net tangible assets as at 31 December 2002 and 30 September 2003 of Prescan amounted to RM3.32 million and RM3.68 million respectively. The acquisition of Prescan was completed on 30 March 2004.

The respective shareholdings of the shareholders of AMC, Benmarl and Prescan and the number of EJ Shares issued to them respectively as consideration were as follows:

	No. of shares	%	Purchase consideration RM	No. of EJ Shares issued as consideration
<u>AMC</u>				
Yap Kow @ Yap Kim Fah	1,314,298	43.8	14,527,307	14,527,307
TTS Resources	550,000	18.3	6,079,306	6,079,306
Chi Hoo @ Chu Chi Hoo	20,000	0.7	221,066	221,066
Danau Restu	391,286	13.0	4,324,995	4,324,995
Aspirasi Jitu	308,714	10.3	3,412,303	3,412,303
Lim Hong Liang	350,000	11.7	3,868,649	3,868,649
Rare Prestige	33,132	1.1	366,217	366,217
Loh Siew Hooi	32,570	1.1	360,005	360,005
TOTAL	3,000,000	100.0	33,159,848	33,159,848
<u>Benmarl</u>				
Lim Lye Hock	200,002	50.0	2,722,382	2,722,382
Lim Hong Liang	200,002	50.0	2,722,382	2,722,382
TOTAL	400,004	100.0	5,444,764	5,444,764
<u>Prescan</u>				
Cheong Boon Yu	753,500	47.1	1,098,919	1,098,919
Gan Chin Boon	753,500	47.1	1,098,919	1,098,919
Jaafar bin Padil	93,000	5.8	135,633	135,633
TOTAL	1,600,000	100.0	2,333,471	2,333,471

Some of the assets of AMC, Benmarl and Prescan such as land and building, plant and machineries, office equipments and motor vehicles are currently charged to the financial institutions as securities to

4. RESTRUCTURING SCHEME OF NCK (Cont'd)

obtain credit facilities. However, some of the charges will be resolved upon the repayment of the bank borrowings and hire purchase facilities, as stated in Section 2.8 of this Prospectus. The balance of those assets which are charged were assumed by APB upon completion of the Acquisition of EJ.

Upon completion of the EJ Corporate Exercise, the issued and paid-up capital of EJ was increased to RM45,638,085 comprising of 45,638,085 EJ Shares. The AMC Shares, Benmarl Shares, Prescan Shares and EJ Shares were acquired free from all charges, mortgages, pledges and all other encumbrances attaching thereto.

4.2.2.2 Details of the Acquisition of EJ

APB had on 30 March 2004 acquired 100% equity interest in EJ comprising 45,638,085 EJ Shares from the Vendors for a purchase consideration of RM76,837,000 which was satisfied by the issuance of 51,837,000 new APB Shares at par and the issuance of 25,000,000 ICPS at par. The total purchase consideration of RM76,837,000 for EJ was arrived at on a willing-buyer, willing-seller basis after taking into consideration the proforma adjusted consolidated NTA of EJ for the financial year ended 31 December 2001 of RM49,092,129, the unaudited proforma forecast consolidated earnings of EJ of approximately RM9,603,000 for the financial year ending 31 December 2002 and the future earnings potential of EJ.

The issue price of RM1.00 per share was based on the par value of APB Share after taking into consideration the proforma NTA per share of RM0.84 based on the proforma consolidated balance sheets of APB as at 30 September 2003 (before full conversion of ICPS) assuming the Restructuring Scheme has been completed on that date.

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4. RESTRUCTURING SCHEME OF NCK (Cont'd)

Upon completion of the Acquisition of EJ, the respective shareholdings of the Vendors and the number of APB Shares and ICPS issued to them respectively as consideration are as follows:

Vendors	No. of EJ Shares	%	Purchase consideration RM	Issued as consideration	
				No. of APB Shares	No. of ICPS
Yap Kow @ Yap Kim Fah	14,527,307	31.83	24,458,404	16,500,518	7,957,886
TTS Resources	6,079,306	13.32	10,235,215	6,905,044	3,330,171
Chi Hoo @ Chu Chi Hoo	221,066	0.48	372,190	251,093	121,097
Danau Restu	4,324,995	9.48	7,281,629	4,912,448	2,369,181
Aspirasi Jitu	3,412,303	7.48	5,745,007	3,875,788	1,869,219
Lim Hong Liang	6,591,031	14.44	11,096,764	7,486,276	3,610,488
Rare Prestige	366,217	0.80	616,569	415,959	200,610
Loh Siew Hooi	360,005	0.79	606,111	408,904	197,207
Lim Lye Hock	2,722,382	5.97	4,583,445	3,092,157	1,491,288
Cheong Boon Yu	1,098,919	2.41	1,850,157	1,248,182	601,975
Gan Chin Boon	1,098,919	2.41	1,850,157	1,248,182	601,975
Jaafar bin Padil	135,633	0.30	228,354	154,056	74,298
Johari Low bin Abdullah @ Low Han Hing	1,450,001	3.18	2,441,245	1,646,952	794,293
Loo Pak Soon	2,500,001	5.48	4,209,041	2,839,570	1,369,471
Tan Teng Khuan	750,000	1.63	1,262,712	851,871	410,841
TOTAL	45,638,085	100.0	76,837,000	51,837,000	25,000,000

The EJ Shares were acquired free from all charges, mortgages, pledges and all other encumbrances attaching thereto. There were no liabilities assumed by APB pursuant to the Acquisition of EJ.

The total purchase consideration of RM76,837,000 for EJ was arrived at on a willing-buyer, willing-seller basis after taking into consideration the NTA for the financial year ended 31 December 2002 and the earnings potential of EJ.

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4. RESTRUCTURING SCHEME OF NCK (Cont'd)

4.2.3 Assignment of APB Shares and ICPS

Upon completion of the Acquisition of EJ by APB, certain vendors of EJ consolidated their shareholdings in APB by assigning a total of 25,920,000 APB Shares representing approximately 26.87% of the enlarged issued and paid-up share capital of APB and 12,500,000 ICPS representing approximately 50.0% of the ICPS to Ikram Pintas, a private investment holding company. The assignment of ICPS to Ikram Pintas is made to maintain the moratorium and acts as a controlling block of shares held by the promoters/ vendors.

The APB Shares and ICPS which were assigned are as follows:

Certain vendors of EJ	No. of APB Shares assigned to Ikram Pintas		No. of ICPS assigned to Ikram Pintas	
	No. of APB Shares	% of enlarged share capital	No. of ICPS	% of issued ICPS
Yap Kow @ Yap Kim Fah	8,259,137	8.56	3,982,863	15.93
Danau Restu	4,912,000	5.09	2,369,000	9.48
Lim Hong Liang	4,309,842	4.47	2,078,158	8.31
TTS Resources	3,452,787	3.58	1,665,213	6.66
Lim Lye Hock	1,545,591	1.60	745,409	2.99
Loo Pak Soon	1,166,259	1.21	562,464	2.25
Johari Low bin Abdullah @ Low Han Hing	676,430	0.70	326,230	1.30
Cheong Boon Yu	624,038	0.65	300,962	1.20
Gan Chin Boon	624,038	0.65	300,962	1.20
Tan Teng Khuan	349,878	0.36	168,739	0.68
	<u>25,920,000</u>	<u>26.87</u>	<u>12,500,000</u>	<u>50.00</u>

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4. RESTRUCTURING SCHEME OF NCK (Cont'd)

4.2.4 Transfer of Listing Status

Upon completion of the Acquisition of EJ, APB became the holding company of EJ. NCK transferred its listing status on the Main Board of the MSEB to APB with all rights attached thereto.

NCK will be delisted from the Official List of the Main Board of the MSEB and APB will be admitted to the Official List of the MSEB in place of NCK, with the listing of the entire enlarged issued and paid-up share capital of APB comprising 87,875,002 APB Shares on the Main Board of the MSEB.

4.2.5 Transfer of NCK

Pursuant to the Transfer of Listing Status, APB is required to transfer the entire equity interest of NCK, comprising 37,360,005 NCK Shares to a nominee/nominees of the SA for a nominal consideration of RM1.00. As part settlement of the liabilities of NCK amounting to RM624,885,637, APB issued 14,102,000 new APB Shares at par to NCK, its assigns and/or Creditors' Agents.

The basis for the issuance of the 14,102,000 APB Shares was arrived at based on tender and proposal submitted by AMC to the SA for the listing status of NCK on 16 May 2001, 11 June 2001, 9 July 2001 and 21 December 2001 respectively and as compensation to NCK, its assigns and/or Creditors Agents due to the delay in the completion of the Restructuring Scheme, which have been agreed upon between AMC and the SA.

The Transfer of NCK resulted in a loss on disposal of RM15,036,000 to APB, calculated as follows:

	RM'000
Acquisition of NCK	934
Transfer of NCK	14,102

Total loss on disposal	15,036
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As at 30 September 2003, the SA has not nominated any nominee to transfer NCK.

4.2.5.1 Put & Call Option

The Proposers had on 6 June 2002 entered into a Put and Call Option Agreement with NCK. The Put and Call Option Agreement is for 5,000,000 new APB Shares ("Option Shares") at an option price of RM1.00 per option share for a period of six (6) months commencing three (3) months from the date on which the APB Shares are listed on the Main Board of the MSEB and expiring nine (9) months thereafter.

The salient features of the Put and Call Agreement are as follows:

- (i) The Put and Call Option Agreement is conditional upon the issuance of the Option Shares and obtaining all the relevant approvals from the appropriate authorities;
- (ii) NCK warrants that it will be the registered and beneficial owner of the Option Shares as at the date of listing of APB and that, apart from the Put and Call Option Agreement, the Option Shares shall be free from all encumbrances and that it will have full power and authority to exercise and enjoy all rights attaching to the Option Shares without the consent of any other person and it has the full power and authority to grant the call option;
- (iii) The Put and Call Option Agreement shall terminate on the expiry of the option period, which is nine (9) months after the listing of APB on the Main Board of the MSEB. However, if the option notice have been served on or prior to the expiry of the option period, the Put and Call Option Agreement shall terminate upon fulfillment of the parties' obligations; and

4. RESTRUCTURING SCHEME OF NCK (Cont'd)

- (iv) The Proposers undertake to execute a Memorandum of Deposit with NCK to pledge with NCK 5,000,000 APB Shares as security to compensate NCK for any loss that it may incur in the event the Proposers fail to complete the sale and purchase of the 5,000,000 Option Shares.

On 15 December 2003, a Third Supplementary Transfer of Listing Status Agreement ("Agreement") has been entered into between some of the Proposers and the SA whereby some of the Proposers shall purchase 6,300,000 APB Shares (5,000,000 APB Shares from the original Workout Proposal plus the 1,300,000 APB Shares in relation to the Shares Compensation) immediately upon the listing of APB Shares on the MSEB, which shall occur not later than 31 March 2004 or such other extended date to be determined by the SA. In this respect, Yap Kow, Lim Hong Liang, Chong Boon Yu, Gan Chin Boon, and Lim Lye Hock have given a written letter of undertaking dated 17 March 2004 to NCK, its assign and/or Creditor Agent to purchase the said 6,300,000 APB Share immediately upon the listing of APB on the Main Board of MSEB. Pursuant to the Agreement entered into, the Put and Call Option Agreement shall be deemed cancelled and of no further effect whatsoever.

4.2.6 Restricted Issue

APB will undertake a restricted issue of 2,802,000 new APB Shares at par to the NCK Share holders on the basis of three (3) new APB Shares for every one (1) APB Share held pursuant to the Acquisition of NCK.

The issue price of RM1.00 per share is based on the par value of APB Share after taking into consideration the proforma NTA per share of RM0.84 based on the proforma consolidated balance sheets of APB as at 30 September 2003 (before full conversion of ICPS) assuming the Restructuring Scheme has been completed on that date.

In determining the entitlements of the shareholders, fractional entitlements will be disregarded. Fractional entitlements will be dealt with by the Special Administrators at their absolute discretion in such manner so as to minimise the incidence of odd lots.

Any dealings in the APB Shares arising from the Restricted Issue will be subject to the Securities Industry (Central Depositories) Amendment Act, 1998 and the rules of Malaysian Central Depository Sdn Bhd.

Please refer to Section 8.1 of this Prospectus for further information in relation to the approval and exemption sought from the MSEB for the Restricted Issue.

4.2.7 Public Issue

APB will undertake a public issue of 2,000,000 new APB Shares at par to the Malaysian public, of which 30% is to be set aside strictly for Bumiputera citizens, companies, societies, co-operatives and institutions.

The issue price of RM1.00 per share is based on the par value of APB Share after taking into consideration the proforma NTA per share of RM0.84 based on the proforma consolidated balance sheets of APB as at 30 September 2003 (before full conversion of ICPS) assuming the Restructuring Scheme has been completed on that date.

4.2.8 Special Issue

APB will undertake a special issue of 16,200,000 new APB Shares at par to Bumiputera investors to be approved by the MITI.

The issue price of RM1.00 per share is based on the par value of APB Share after taking into consideration the proforma NTA per share of RM0.84 based on the proforma consolidated balance sheets of APB as at 30 September 2003 (before full conversion of ICPS) assuming the Restructuring Scheme has been completed on that date.

4. RESTRUCTURING SCHEME OF NCK (Cont'd)

The Special Issue is to enable APB to comply with the requirement of the National Development Policy that at least 30% of the issued and paid-up capital of APB is held by Bumiputera investors.

4.2.9 Proposed Acquisition of ECSB

APB had on 3 November 2003 enter into a SPA to acquire 4,900 ECSB Shares representing 49% equity interest in ECSB and 4,300,000 RCPS from MESSB for a purchase consideration of RM4,304,900, to be satisfied by the issuance of 4,300,000 new APB Shares at par ("Consideration Shares") and RM4,900 cash.

The issue price of RM1.00 per share is based on the par value of APB Share after taking into consideration the proforma NTA per share of RM0.84 based on the proforma consolidated balance sheets of APB as at 30 September 2003 (before full conversion of ICPS) assuming the Restructuring Scheme has been completed on that date.

The ECSB Shares will be acquired free from all charges, mortgages, pledges and all other encumbrances attaching thereto. There were no liabilities assumed by APB pursuant to the Acquisition of ECSB, save for those liabilities which forms part of ECSB's business.

The total purchase consideration of RM4,304,900 for ECSB was arrived at on a willing-buyer, willing-seller basis after taking into consideration the unaudited NTA of RM2.00 of ECSB as at 3 November 2003 and the adjusted NTA of RM10,000 pursuant to the issuance of 9,998 new ECSB Shares at par and 4,300,000 RCPS of RM0.10 each at RM1.00 per RCPS, which were both allotted on 23 October 2003 and the earnings potential of ECSB.

The Proposed Acquisition of ECSB is expected to be completed by the second quarter of 2004 and is subject to the fulfillment of the following conditions:-

- (i) the approval of the SC, (obtained on 8 March 2004);
- (ii) the approval of the FIC, (obtained on 16 March 2004);
- (iii) the approval of MSEB for the listing and quotation of the consideration shares to be issued in favour of MESSB on the Main Board of MSEB;
- (iv) the approval of the shareholders of APB (obtained on 3 November 2003);
- (v) the approval of the shareholders of MESSB; and
- (vi) the approval of any other relevant authority, if required.

As at the date of this Prospectus, all of the above conditions have been fulfilled save for the (iii) and (v).

In addition, it should also be noted that the SC had imposed certain conditions in respect of the Proposed Acquisition of ECSB, which will need to be complied with prior to the implementation of the Proposed Acquisition of ECSB. The conditions are disclosed under Section 8.1 of this Prospectus.

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4. RESTRUCTURING SCHEME OF NCK (Cont'd)

4.2.10 Proposed Acquisition of KRSB

APB had on 3 November 2003 enter into SPA to acquired 4,900 KRSB Shares representing 49% equity interest in KRSB and 4,300,000 RCPS from PESB for a purchase consideration of RM4,304,900, to be satisfied by the issuance of 4,300,000 new APB Shares at par and RM4,900 cash.

The issue price of RM1.00 per share is based on the par value of APB Share after taking into consideration the proforma NTA per share of RM0.84 based on the proforma consolidated balance sheets of APB as at 30 September 2003 (before full conversion of ICPS) assuming the Restructuring Scheme has been completed on that date.

The KRSB Shares will be acquired free from all charges, mortgages, pledges and all other encumbrances attaching thereto. There were no liabilities assumed by APB pursuant to the Acquisition of KRSB, save for those liabilities which forms part of KRSB's business.

The total purchase consideration of RM4,304,900 for KRSB was arrived at on a willing-buyer, willing-seller basis after taking into consideration the unaudited NTA of RM2.00 of KRSB as at 3 November 2003 and the adjusted NTA of RM10,000 pursuant to the issuance of 9,998 new KRSB Shares at par and 4,300,000 RCPS of RM0.10 each at RM1.00 per RCPS, which were both allotted on 23 October 2003 and the earnings potential of KRSB.

The Proposed Acquisition of KRSB is expected to be completed by the second quarter of 2004 and is subject to the fulfillment of the following conditions:-

- (i) the approval of the SC (obtained on 8 March 2004);
- (ii) the approval of the FIC (obtained on 16 March 2004);
- (iii) the approval of MSEB for the listing and quotation of the consideration shares to be issued in favour of KRSB on the Main Board of MSEB;
- (iv) the order of the High Court sanctioning the disposal of the subject KRSB Shares in favour of APB;
- (v) the approval of the shareholders of APB (obtained on 3 November 2003);
- (vi) the approval of the shareholders of PESB; and
- (vii) the approval of any other relevant authority, if required.

As at the date of this Prospectus, all the above conditions have been fulfilled save for the (iii), (iv) and (vi).

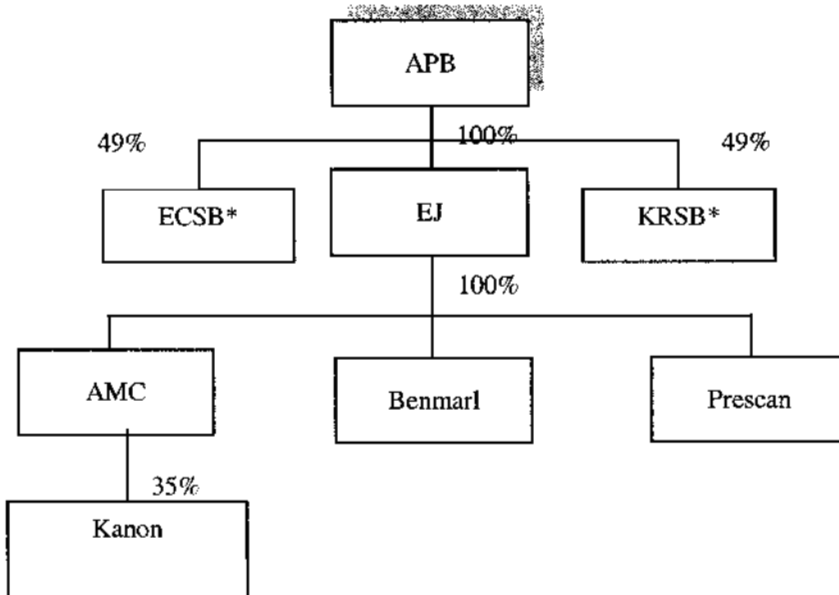
In addition, it should also be noted that the SC had imposed certain conditions in respect of the Proposed Acquisition of KRSB, which will need to be complied with prior to the implementation of the Proposed Acquisition of KRSB. The conditions are disclosed under Section 8.1 of this Prospectus.

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4. RESTRUCTURING SCHEME OF NCK (Cont'd)

4.3 COMPLETION OF THE RESTRUCTURING SCHEME

Upon completion of the Restructuring Scheme, the group structure of APB is as follows:



** as at the date of this Prospectus, the Proposed Acquisition of ECSB and the Proposed Acquisition of KRSB have yet to be completed. These transactions are envisaged to be completed by the second quarter of 2004.*

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4. RESTRUCTURING SCHEME OF NCK (Cont'd)

The principal activities of the APB Group are set out as follows:

Name of company	Date and place of incorporation	Issued and paid-up share capital RM	Effective interest (%)	Principal activities
<i>Subsidiary company of APB</i>				
EJ	12.10.2001 Malaysia	45,638,085	100.0	Investment holding
<i>Subsidiary companies of EJ</i>				
AMC	28.01.1982 Malaysia	3,000,000	100.0	Fabrication of specialised design and manufacturing of engineering equipment
Benmarl	10.09.1986 Malaysia	400,004	100.0	Contractors in air-conditioning and related engineering services
Prescan	10.03.1988 Malaysia	1,600,000	100.0	Provision of NDT services and other related services which include ultrasonic flaw detection, pipeline radiographic inspection utilising remote control crawlers, positive material identification and magnetic particle inspection
<i>Associated company of AMC</i>				
Kanon	14.03.1997 Malaysia	150,000	35.0	Providing consultancy or assistance on the production of loading arms and sales supports and maintenance support
<i>Proposed associated companies of APB</i>				
ECSB	14.07.2003 Malaysia	10,000	49.0	Carrying on the business of constructional engineers relating to the development, construction, erection, establishment, operation, maintenance and management of hydro power stations, and any business connected with the generation, accumulation, distribution, supply and employment of electricity power by hydro or otherwise.
KRSB	17.06.2002 Malaysia	10,000	49.0	Carrying on the business of constructional engineers relating to the development, construction, erection, establishment, operation, maintenance and management of hydro power stations, and any business connected with the generation, accumulation, distribution, supply and employment of electricity power by hydro or otherwise.

4. RESTRUCTURING SCHEME OF NCK (Cont'd)

4.4 PRINCIPAL TERMS OF THE ICPS

Issue	RM25,000,000 nominal value of the ICPS
Par value	RM1.00 per ICPS
Issue price	RM1.00 per ICPS
Form	The ICPS has been issued in registered form in denominations of RM1.00 of multiples thereof
Tenure	The ICPS is for a period of five (5) years from the date of issue and will mature upon the expiry of the five (5) year period
Conversion price	One (1) ICPS for one (1) APB Share
Conversion period	The ICPS is convertible into new APB Shares at any time throughout the remaining tenure during which they are outstanding
Redemption	The ICPS is not redeemable for cash. All outstanding ICPS will be mandatorily converted into new APB Shares on the Maturity Date at the Conversion Rate
Maturity Date	Date falling five (5) years from the date of issue of the ICPS
Dividend rate	Cumulative dividend of 5.5% per annum and payable annually in arrears on 31 December each year during the five (5) year period the ICPS remain outstanding
Listing	The ICPS is not listed on any stock exchange
Ranking of the ICPS	The ICPS ranks in preference to holders of ordinary shares when APB is wound up
Ranking of new APB Shares to be issued upon conversion of the ICPS	The 25,000,000 new APB Shares to be issued upon conversion of the ICPS will upon allotment and issue, rank pari passu in all respects with the existing APB Shares except that such APB Shares will not be entitled to any dividends, rights, allotments and/or distributions, the entitlement date of which is prior to the allotment of the said shares. The said APB Shares will be listed on the MSEB
Rights of the holders of the ICPS	(i) The ICPS is entitled to a return in capital in preference to holders of ordinary shares when APB is wound up but shall not be entitled to any further participation in profit or assets (ii) The ICPS is entitled to receive a cumulative dividend of 5.5% per annum

The issue price of the ICPS was arrived at after taking into account the par value of the ICPS.

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