

STATUS OF MATERIAL LITIGATIONS AS AT 18 AUGUST 2008

Legal Action against Merces Holdings Berhad (“MHB”)

- (i) **Raja Eleena Siew Ang & Associates vs CCM Bioscience Bhd (now known as MHB)
Kuala Lumpur High Court Suit No. S-22-1474-2002**

Plaintiff filed a claim against MHB on 19 December 2002 for RM373,478.10 for work done, services rendered, disbursements and expenses incurred at the request of MHB in respect to the Sale and Purchase Agreement dated 13 March 1999 between Wide Heritage (M) Sdn Bhd and CCM Bioscience Bhd (now known as MHB) for the purchase of the entire equity interest in Merces Builders Sdn Bhd (“MBSB”) which was completed during the tenure of the previous Board and Management of MHB. Plaintiff had on 24 January 2003 obtained a summary judgment for the claim and Defendant was served with a statutory notice pursuant to section 218 of the Companies Act, 1965 on 7 April 2003. Defendant is preparing for appeal. Both parties have agreed to settle the matter amicably.

Status: Case pending

- (ii) **Malayan Banking Berhad vs MHB
Kuala Lumpur High Court Suit No. D3-28-34-2006 / D5-22-1435-2005**

Plaintiff had filed a claim against MHB for a sum of RM704,708.78 being outstanding balance of overdraft account with the Bank. The Company had offered to settle with the Bank with a payment of RM300,000 which was rejected by the Bank on 23 January 2007. The Court has fixed the above matter for Hearing of Appeal on 24/6/2008 for the Defendant's appeal to Judge in Chamber against the decision by the Honourable Senior Assistant Registrar on the Plaintiff's Application for Summary Judgment for the sum of RM627,145-94 which allowed with cost.

Status: Plaintiff is awaiting for MBB's reply to its new settlement proposal of RM400,000 payable in the following manner - RM80,000 upfront and RM8,888 monthly instalment for thirty-six (36) months

Legal Action against Merces Builders Sdn Bhd (“MBSB”)

- (i) **Glass Technology & Construction Sdn Bhd v. MBSB & Liang Court Wanisara Sdn Bhd
Kuching High Court Suit No. 22-58-2000-1**

Plaintiff was appointed as a sub-contractor by MBSB to carry out works for aluminium glazed windows, doors and curtain walls for a project via Letter of Award dated 12 January 1998 whilst the 2nd Defendant was the Developer of the project. Plaintiff was paid progressively in accordance with the work done. The project was subsequently not completed on time. Plaintiff claimed that the work was not able to complete on scheduled due to the fault of the Defendants and sustained losses in terms of the daily fixed costs incurred in relation to the project. Plaintiff therefore on 26 May 2000 filed a claim against MBSB for a total sum of RM1,194,667.24 consists of RM808,433.38 for work done, RM300,003.20 for special damages and RM86,230.66 being 5% retention sum paid. However, the maximum exposure to liabilities will depend, among others on any determination against the Defendants (if any) with respect to general damages. Defendants had filed an application to strike out Plaintiff's action for want of prosecution.

Status: Case pending

STATUS OF MATERIAL LITIGATIONS AS AT 15 AUGUST 2008 (Cont'd)

**(ii) Honeywell Machinery v. MBSB & Bennes Engineering Sdn Bhd
Ampang Session Court Summons No. 52-533-2000**

Plaintiff had on 25 August 2002 filed a claim for a sum of RM84,371.24 being outstanding rental charges of 6-wheel lorries and labour charges as at 13 February 1999 for a project at Lot PT5, Seksyen 7 Pekan Sungai Besi and PT 2241 Mukim Petaling, Kuala Lumpur.

Status: Case pending

**(iii) AGK Services & Supplies Sdn Bhd v. MBSB
Kuching Sessions Court Summons No. 52-291-2001-I**

Plaintiff had on 18 June 2001 filed a claim against MBSB for a sum of RM50,266.94 for the supply of labour and tools for resurfacing and polishing of counter top black marble toilets and cleaning of glass partition, window, curtain wall, cement and sand screed floor, staircase, granite and marble tile floor, ceramic floor at the Proposed 24-16 Storey Office Tower cum Hotel/Service Apartment at Jalan Bukit Mata, Kuching, Sarawak via Letter of Award dated 1 November 2000 and 17 November 2000. Plaintiff had commenced the execution proceedings to recover the judgment sum together with interest and costs. Defendant had on 1 November 2002 proposed to contra the claim by transfer of a property and at the same time prepare to file an Application for Leave to Appeal. Judgment entered by plaintiff.

Status: Case pending

**(iv) Concrete Coating Technology Sdn Bhd v. MBSB
Kuching Sessions Court Summons No. 52-375-2001-I**

Plaintiff had on 7 August 2001 filed a claim against MBSB for a sum of RM124,233.00 for sub-contract work for the supply and install painting work for the Proposed 24-16 Storey Office Tower cum Hotel/Service Apartment at Jalan Bukit Mata, Kuching, Sarawak pursuant to an agreement dated 13 May 1999. Statement of Defence had been filed by MBSB. Court had on 16 August 2002 ruled that Defendant had raised triable issues and dismissed Plaintiff's Notice of Application for summary judgment with costs to Defendant. Matter will be set down for trial by Plaintiff.

Status: Plaintiff has obtained the Court judgment for the said claim sum in February 2008 and the Defendant's counter-claim has been dismissed by the Court. Our legal panel is in the midst of considering to appeal against the said judgment.

**(v) Skoy Trading & Aluminium Sdn Bhd v. Bennes Engineering Sdn Bhd & MBSB
Kuala Lumpur Sessions Court Summons No.10-52-10499-01**

Plaintiff had on 25 September 2001 filed a claim against Defendants for a sum of RM146,091.41 being outstanding amount due for the supply of various goods and services principally to do aluminium and glazing works for the Proposed Development of Apartment known as Sri Bendahara, Sri Pahlawan and Sri Panglima at Bukit Saujana, Johor Bahru, Johor pursuant to letter of award dated 28 March 1994. Plaintiff's application under Order 26A of the Subordinate Courts Rules 1980 has been heard on 9 May 2003. The Honourable Judge has requested for written submissions for Plaintiff's application and has fixed 9 July 2003 for decision. Court had on 9 July 2003 dismissed Plaintiff's summary judgment application with costs.

Status: Case pending

STATUS OF MATERIAL LITIGATIONS AS AT 15 AUGUST 2008 (Cont'd)

**(vi) ICP Marketing Sdn Bhd v. MBSB & Lee Hock Soon & Mercus Holdings Berhad
Shah Alam High Court Suit No. 22-209-2002**

Plaintiff had on 26 March 2002 filed a claim for RM854,369.37 in respect of giids sold (pretentioned spun concrete piles) and delivered in relation to Likes Sport Complex Project at Kota Kinabalu, Sabah against MBSB and Lee Hock Soon as Personal Guarantor of MBSB and RM500,000.00 against Mercus Holdings Berhad as Corporate Guarantor of MBSB. Statement of Defence has been filed by MBSB. Plaintiff obtained summary judgment for the claim.

Status: Case pending

Legal Action By Mercus Builders Sdn Bhd (“MBSB”)

**(i) MBSB v. Danau Kota Development Sdn Bhd (“DKD”)
Statutory Notice Pursuant to section 218 of companies Act, 1965 issued by MBSB.**

A Statutory Notice under Section 218, Companies Act, 1965 had on 5 June 1998 served to Danau Kota Development Sdn Bhd for a claim of RM358,597.52 being outstanding sums due to MBSB for Danau Kota Development Project at Danau Kota, Setapak, Kuala Lumpur. Special Administrators have been appointed in Danau Kota Development Sdn Bhd on 6 July 2000 by Pengurusan Danaharta Nasional Berhad under Section 24 of the Pengurusan Danaharta Nasional Berhad (Amendment) Act 2000.

Status: Case pending

**(ii) MBSB v. Likas Cemerlang Sdn Bhd & Swimmates Sdn Bhd
In the High Court in Sabah and Sarawak at Kota Kinabalu Suit No. K22-143 of 2002**

MBSB had on July 2002 filed a claim against Defendant for a sum of RM263,736.00 being outstanding sum due to MB(S) for the supply of spun piles for the construction of sport facilities at the Likas Sports Complex in Kota Kinabalu, Sabah. Judgment in Default of Appearance dated 9 September 2002 has been served to both Defendants. MBSB had obtained Summary Judgment against the Defendants on 30 October 2002. A Statutory Notice Pursuant to Section 218 of the Companies Act, 1965 was subsequently issued to the Defendants on 30 December 2002. Since no reply was received by MBSB, MBSB's Application for Garnishing Proceedings against the 1st Judgment Debtor had been granted on 20 February 2003. MBSB had on 19 May 2003 served a Garnishing Order to Show Cause to the Defendants and Demirama Sdn Bhd (the Garnishee). The matter was heard on 20 June 2003 and the Garnishee Order to Show Cause was then withdrawn based on the Affidavit of the Garnishee and MBSB was had paid costs to the solicitor of the Garnishee on 28 July 2003.

Status: Case pending

STATUS OF MATERIAL LITIGATIONS AS AT 15 AUGUST 2008 (Cont'd)

- (iii) **MBSB v. Fountain View Corporation Sdn Bhd & Dato' Chin Chan Leong & Karuppannan a/l Palaniappan**
Kuala Lumpur High Court Suit No: D8-22-1877-03

MBSB had on 16 December 2003 filed a claim against Defendants for a sum of RM6,234,852.25 being costs incurred on the Likas Sport Complex Project at Kota Kinabalu together with loss of profit and damages.

Status: Case pending

*** NOTES:-**

A winding-up order has been served against Merces Builders (S) Sdn Bhd ("MBSSB"), a wholly-owned subsidiary of Merces Holdings Berhad through Merces Builders Sdn Bhd ("MBSB"). As MBSSB is currently under the winding-up process, legal cases with regard to MBSSB Group have been delisted.