

STATUS OF MATERIAL LITIGATIONS AS AT 25 AUGUST 2010**Legal Action against Y&G Corporation Bhd (“Y&G”)****(i) Raja Eleena Siew Ang & Associates vs CCM Bioscience Bhd (now known as Y&G) Kuala Lumpur High Court Suit No. S-22-1474-2002**

Plaintiff filed a claim against Y&G on 19 December 2002 for RM373,478.10 for work done, services rendered, disbursements and expenses incurred at the request of Y&G 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 Y&G) for the purchase of the entire equity interest in Mercedes Builders Sdn Bhd (“MBSB”) which was completed during the tenure of the previous Board and Management of Y&G. 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 Y&G Corporation Bhd (“Y&G”) Kuala Lumpur High Court Suit No. D3-28-34-2006 / D5-22-1435-2005

Plaintiff had filed a claim against Y&G for a sum of RM704,708.78 being outstanding balance of overdraft account with MBB and had successfully obtained a judgment against the Company on 4 April 2008. The Company had previously offered to settle with MBB with a payment of RM300,000 which was rejected by MBB on 23 January 2007. The Company had again, on 4 November 2008, offered to MBB a new settlement proposal of RM400,000 but was rejected and MBB pursued further with serving S.218 Notice on the Company on 10 September 2009. In response to the said Notice, the Company has again, on 18 September 2009, offered a revised settlement proposal of RM550,000 payable in the following manner – RM150,000 upfront payment and the balance of RM400,000 by three (3) monthly instalment of RM150,000, RM150,000 and RM100,000 respectively, payable at an interval of one (1) month each from the date of the upfront payment. MBB has vide its settlement offer letter dated 9 October 2009, agreed to accept to Y&G’s above revised settlement sum of RM550,000 towards full and final settlement of the judgment sum.

Status: As at the date of this Report, the above settlement sum has been fully paid-off.

(iii) Lee Hock Soon vs Y&G Corporation Bhd (“Y&G”) Kuala Lumpur High Court Suit No. D22-840-2009

Plaintiff had, on 27 May 2009, filed a claim against Y&G for a sum of RM622,920.49 being monies advanced by the Plaintiff to the Defendant from Year 2002 till 2005 plus 8% interest per annum on the said sum calculated from the date of the Writ until the date of its full settlement. Lee Hock Soon was a former Director of Y&G at all material times until his resignation on 12 September 2005. Y&G had appointed solicitors to defend against the said claim and had, on 12 June 2009, served its Statement of Defence to the Plaintiff’s Solicitors. The Honourable Court has fixed the case for Case Management on 13 January 2010 and the Company has also duly-served its Bundle of Documents to the Plaintiff Solicitors. On 22 March 2010, both parties attended a mediation in the presence of a Judge but failed to reach an amicable settlement. The Directors are in the opinion that the claims are without basis nor authority.

Status: Upon Y&G’s new Solicitors’ advice, Y&G has, in end July 2010, filed in an amended Statement of Defence and the Honourable Court has fixed the case for hearing on 25 August 2010 pending completion of exchange of affidavits.

STATUS OF MATERIAL LITIGATIONS AS AT 25 AUG 2010 (Cont'd)

(iv) ICP Marketing Sdn Bhd vs MBSB & Lee Hock Soon & Y&G Corporation Bhd (“Y&G”) Shah Alam High Court Suit No. MT5-22-209-2002

Plaintiff had on 26 March 2002 filed a claim for RM854,369.37 in respect of goods sold (preintentioned spun concrete piles) and delivered in relation to Likas Sport Complex Project at Kota Kinabalu, Sabah against MBSB, RM1,000,000 against Lee Hock Soon as Personal Guarantor of MBSB and RM500,000 against Y&G as Corporate Guarantor of MBSB. Statement of Defence has been filed by MBSB. Plaintiff obtained summary judgment for the claim. The case went for full trial on 14 October 2009 and written submissions have been filed in by both parties. On 16 November 2009, the Honourable Court has granted the Plaintiff's claim against both Lee Hock Soon and Y&G with costs.

Status: Y&G has from December 2009 started negotiating with the Plaintiff and both parties reached an understanding whereby the Plaintiff shall not pursue any further legal action against Y&G until further discussion.

(v) Lembaga Pembangunan Perumahan dan Bandar (“LPPB”) vs Y&G Corporation Bhd (“Y&G”) Kota Kinabalu High Court Suit No. K21-29-2010-II

Plaintiff had, on 21 June 2002, served a sealed copy of Writ of Summon and Statement of Claim dated 27 May 2010 (“the Writ”) claiming for a sum of RM1,767,052.00 being the guaranteed amount made by the Y&G in pursuant to a Corporate Guarantee Agreement dated 5 August 2003 following the failure on the part of Sierra Estates Sdn Bhd (“SESB”) in fulfilling the terms and conditions as per the Second Supplementary Agreement dated 5 August 2003 (with regards to the completion of the 400 units Apartment Project in Labuan), plus 8% interest per annum on the said sum (calculated from the date of judgment until the date of full payment) and other incidental costs. SESB was a former subsidiary of Y&G through subsidiaries namely, Merces Builders Sdn Bhd (“MBSB”), Merces Builders (S) Sdn Bhd (“MBSSB”) and Primalmas Sdn Bhd (“PSB”), and had been deconsolidated from the Group due to the winding-up order issued on MBSSB in Year 2007.

Status: As an immediate response to the Writ, Y&G has, on 01 July 2010, attended a meeting at the LPPB's office proposing to them to put on hold the case pending Y&G's submission of its Project Revival Proposal of the aforesaid project. Currently, Y&G is still in the midst of gathering the relevant information pertaining to the said project and the past purchasers (who had already signed the SPA with SESB) from both LPPB and RHB Bank (the Chargee cum End-Financier Bank) before putting forward the said Proposal for their due consideration.

Legal Action by Y&G Corporation Bhd (“Y&G”)

**(i) Y&G Corporation Bhd (“Y&G”) vs Pow Tuck Weng
Kuala Lumpur High Court Suit No. D2-22-1134-2004**

Y&G demanded the refund of RM391,255.25 from Defendant for his failure, neglect and / or refusal to fulfill their obligations. Defendant filed in an application for further and better particulars and the Court granted an Order dated 17 August 2005 for such particulars. Defendant Solicitors via their Letter dated 25 March 2010, requested Y&G to furnish the further and better particulars as stated in the above Order within fourteen (14) days of their letter, failing which the Defendant Solicitors will apply to strike out the claim against the Defendant. Y&G’s Solicitors has on 26 March 2010 written to the Defendant Solicitors requesting for relevant cause papers and status report of the case (before deciding on the next course of action) and has on 28 April 2010 received the same from the Defendant Solicitors. After due consideration of the case, Y&G has in May 2010 instructed its solicitors to negotiate with the Defendant Solicitors for a mutual consent to drop the case with no costs to be claimed by both parties.

Status: The negotiation between Y&G’s Solicitors and the Defendant Solicitors for a mutual consent to drop the case with no costs to be claimed by both parties is still in progress.