

STATUS OF MATERIAL LITIGATIONS AS AT 24 MAY 2011**Legal Action against Y&G Corporation Bhd (“Y&G”)****(i) 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. Upon Y&G’s new Solicitors’ advice, Y&G has, in end July 2010, filed in an Amended Statement of Defence. The Plaintiff had, on 22 November 2010, filed his Amended Reply dated 19 November 2010. Upon the case management held on 24 January 2011, the matter has been fixed for case management (before the Deputy Registrar) on 11 March 2011, for case management (before the Honourable Judge) on 6 May 2011 and for trial on 22 June 2011 and 23 June 2011. The Directors are in the opinion that the claims are without basis nor authority.

Status: Upon the case management held on 11 March 2011, the matter has been fixed for further case management (before the Deputy Registrar) on 11 April 2011 and 28 April 2011, for case management (before the Honourable Judge) on 6 May 2011 and for trial on 22 June 2011 and 23 June 2011.

(ii) 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 (pretentioned 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. Y&G has from December 2009 started negotiating with the Plaintiff and both parties have, in April 2010, reached an understanding whereby the Plaintiff shall not pursue any further legal action against Y&G until further discussion.

Status: No action has been initiated by the Plaintiff against Y&G since the reaching of the above understanding in April 2010.

STATUS OF MATERIAL LITIGATIONS AS AT 24 MAY 2011 (Cont'd)

Legal Action against Y&G Corporation Bhd (“Y&G”) (Cont'd)

(iii) 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 2010, 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 (“the Guaranteed Amount”) 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, Mercedes Builders Sdn Bhd (“MBSB”), Mercedes 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. As an immediate response to the Writ, Y&G has, on 01 July 2010, attended a meeting (convened by LPPB) at the LPPB’s office together with the Chargee Bank (RHB Bank) and all parties have agreed in principle to put on hold the case pending Y&G’s submission of its Project Revival Proposal of the aforesaid project. LPPB had, on 12 November 2010, through their Solicitors served a letter dated 08 November 2010 demanding Y&G to pay for the Guaranteed Amount within thirty (30) days. In reply to LPPB’s aforesaid letter of demand, Y&G had, on 14 December 2010, written to LPPB to appeal for an extension of submission deadline of the Proposal for another six (6) months from the date thereof.

Status: The Plaintiff has, via its letter dated 2 March 2011, agreed to Y&G’s above appeal by extending the submission deadline of the Proposal to up to 14 June 2011 and Y&G is currently in the midst of preparing the aforesaid Proposal for submission before the said deadline.