

STATUS OF MATERIAL LITIGATIONS AS AT 28 MAY 2012**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 Honorable Judge) on 6 May 2011 and for trial on 22 June 2011 and 23 June 2011. 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 Honorable 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: The full trial hearing of the Case was held on 22 June 2011, 23 June 2011 and 1 July 2011. Upon the written submissions by both parties to the Court by 22 July 2011, the Honourable Court has, on 27 July 2011, decided in favour of Y&G by dismissing the Plaintiff's claim with costs. The Plaintiff has filed an appeal to the Court of Appeal on 8 August 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 28 MAY 2012 (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 Summons 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. The Plaintiff has, via its letter dated 2 March 2011, agreed to the appeal by extending the submission deadline of the Proposal to 14 June 2011. Y&G had, on 10 June 2011, submitted a written Revival Proposal to both LPPB and RHB Bank for their due consideration. RHB Bank had rejected the Proposal through their Solicitors’ letter dated 25 July 2011, and demanded from Y&G (as alleged Corporate Guarantor) full settlement of the total outstanding sum of RM3,838,007.13 due by SESB to RHB as at 30 June 2011. RHB had, on 11 October 2011, initiated legal action against Y&G claiming for a sum of RM3,941,349.57 due by SESB as at 26 September 2011 [For further details, please refer to Case (iv) below].

Status: LPPB had, on 31 October 2011, through their Solicitors served a letter dated 24 October 2011 demanding Y&G to pay the Guaranteed Amount of RM1,767,052.00 within thirty (30) days from the date thereof. However, subsequently there was no further progress till to-date.

STATUS OF MATERIAL LITIGATIONS AS AT 28 MAY 2012 (Cont'd)

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

(iv) RHB Bank Berhad ("RHB") vs. Y&G Corporation Bhd ("Y&G") Kuching High Court Suit No. KCH-22-184/10-2011

Plaintiff had, on 11 October 2011, served a sealed copy of Writ of Summons together with the Statement of Claim dated 6 October 2011 ("the Writ") against Y&G claiming for a sum of RM3,941,349.57 (outstanding as at 26 September 2011) ("the Claimed Sum") due by Sierra Estates Sdn Bhd ("SESB") in relation to its banking facilities ("the Banking Facilities") in which Y&G had allegedly acted as corporate guarantor through the Supplemental Guarantee and Indemnity dated 28 June 2001 ("the CG Doc"), with interest thereon at 10.1% per annum until full and final settlement and other incidental costs. The Plaintiff had, on 4 November 2011, served a sealed copy of the Judgment in Default of Appearance (Order 13, Rule 1) dated 31 October 2011 ("the Judgment in Default") against Y&G and demanded Y&G to pay the judgment sum within two (2) weeks from the date thereof. The Company had on 28 October 2011 filed in its Memorandum of Appearance dated 28 October 2011 ("the MOA") via AR Registered Mail to the High Court Kuching (with carbon copied to the Plaintiff's Solicitors) and had subsequently faxed over a copy of the MOA to the High Court Kuching on 31 October 2011, which was within the stipulated time frame. Y&G had, through its Solicitors on 25 November 2011, filed in an application (made via Summons-In-Chambers dated 25 November 2011) at the High Court Kuching to set aside the Judgment in Default of Appearance dated 31 October 2011 and to allow Y&G to file a conditional appearance within seven (7) days from the Court granting the said order and consequently, with another application to set aside the Case and finally a stay of proceeding against Y&G pending the hearing and disposal of the aforesaid application ("the Setting-Aside Application"). The hearing of this Setting-Aside Application had been fixed on 3 January 2012 before the Judge in Chambers. The Plaintiff had, on 29 November 2011, served a sealed copy of the Judgment in Default of Appearance dated 22 November 2011 ("the Judgment in Default") and a Statutory Notice under Section 218(2) of the Companies Act, 1965 ("the Notice") against Y&G. Y&G was required under the Notice to pay the Plaintiff the sum of RM3,941,349.57 (due as at 26 September 2011), interest thereon and costs within twenty-one (21) days from the date thereof. Y&G's Solicitors had, on 15 December 2011, filed in an Ex-Parte Summons-In-Chambers dated 15 December 2011 at the High Court Kuching for an injunction to restrain the Plaintiff from filing and presenting a winding-up petition in the High Court (upon the expiry of the 21 days from the Notice) until full and final determination by the High Court Kuching of Y&G's Setting-Aside Application. The High Court Kuching had, on 16 December 2011, granted in favour of Y&G an ad interim stay of execution of the Plaintiff's Judgment in Default and Y&G's Solicitors had served the Fair Order on the Plaintiff's Advocates. The High Court Kuching had, on 3 January 2012, adjourned the hearing of the Defendant's Setting-Aside Application to 13 February 2012. The High Court Kuching had, on 13 February 2012, after hearing the Defendant's Setting-Aside Application, had fixed 23 February 2012 for parties to file their reply, if any and had fixed 29 February 2012 for the Court's ruling. On 29 February 2012, the High Court Kuching had granted orders in terms of the defendant's application to set aside the Plaintiff's Judgment in Default of Appearance dated 31 October 2011 and order the Defendant to file the Statement of Defence within fourteen (14) days from 29 February 2012. The Court had fixed further mention for the case on 16 April 2012. On 13 March 2012, Y&G's Solicitors had served a copy of the Defendant's Statement of Defence and Counterclaim dated 13 March 2012 on the Plaintiff's Solicitors. The Plaintiff's Solicitors had on 13 April 2012, filed a copy of the Plaintiff's Summons in Chambers dated 13 April 2012 to strike out the Defendant's Statement of Defence and Counterclaim dated 13 March 2012 at the High Court Kuching and had served a copy of the same on

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

(iv) RHB Bank Berhad ("RHB") vs. Y&G Corporation Bhd ("Y&G") Kuching High Court Suit No. KCH-22-184/10-2011 (Cont'd)

Y&G's Solicitors ("the Plaintiff's Striking Out Case"). The mention date on 16 April 2012 was vacated. Similarly, Y&G's Solicitors had on 17 April 2012, filed a copy of the Defendant's Summons in Chamber dated 17 April 2012 to strike out the Plaintiff's Writ of Summons and Statement of Claim dated 6 October 2011 at the High Court Kuching and had served a copy of the same on the Plaintiff's Solicitors ("the Defendant's Striking Out Case"). The Directors are of the preliminary view that the validity of the CG Doc (executed by the former management) could be questionable and therefore challengeable. Notwithstanding so, the Directors are of the opinion that the Claimed Sum does not have a material financial/operational impact on the Group as the said Banking Facilities have also been secured by a legal charge over the Project Land (having an estimated market value in excess of the Claimed Sum) in which the Plaintiff had already initiated their foreclosure proceeding against the said Project Land.

Status: The High Court Kuching has on 21 May 2012, after hearing both the Plaintiff's and Defendant's Striking Out Cases, fixed ruling on the 22 June 2012.