

**12. SUMMARY MARKET RESEARCH REPORT**  
*(Prepared for inclusion in the Prospectus)*



**VITAL FACTOR CONSULTING**  
Creating Winning Business Solutions

**Vital Factor Consulting Sdn Bhd**  
(Company No.: 266797-T)  
75C & 77C Jalan SS22/19  
Damansara Jaya  
47400 Petaling Jaya  
Selangor Darul Ehsan, Malaysia  
Tel: (603) 7728-0248  
Fax: (603) 7728-7248  
Email: info@vitalfactor.com  
Website: www.vitalfactor.com

23 June 2005

The Board of Directors  
Minetech Resources Berhad  
C15-1, Level 15  
Tower C, Megan Avenue II  
12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur  
Wilayah Persekutuan

Dear Sirs/Madam

**Assessment of the Aggregate Quarrying Industry**

The following is a summary of the Independent Assessment of the Assessment of the Aggregate Quarrying Industry in Malaysia prepared by Vital Factor Consulting Sdn Bhd for inclusion in the Prospectus of Minetech Resources Berhad (herein together with all its subsidiaries will be referred to as Minetech Resources Group) in relation to its proposed listing on the Second Board of Bursa Malaysia Securities Berhad.

**1. Background of Minetech Resources Group**

- The principal activities of Minetech Resources Group are as follows:
  - Turnkey Quarry Operation Services;
  - Provision of Specialised Services for the Quarrying and Civil Engineering Industries;
  - Sales and marketing of aggregates;
  - Manufacturing and trading of Premix Products.
- Other secondary activities include property holding.
- For the financial year ended 31 December 2004, Minetech Resources Group's revenue amounted to RM92.0 million.

**2. Overview of the Aggregate Quarrying Industry**

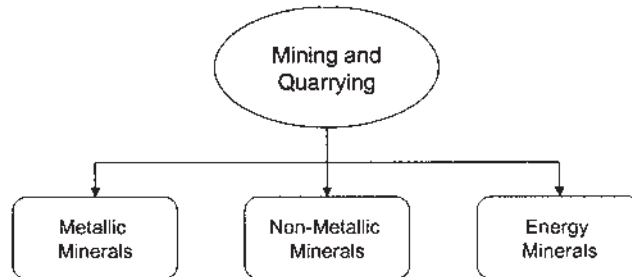
- The Aggregate Quarrying Industry is part of the Stone Quarrying Industry, which in turn is under the larger umbrella of the Mining and Quarrying Industry.
- Mining and Quarrying is taken to mean the extraction, dressing and beneficiating of minerals occurring naturally as solids, liquids and gases. All supplementary activities aimed at preparing the crude materials for marketing, done generally near or at the mine site such as crushing, screening, washing, clearing, grading, milling, floatation, melting, pelleting and topping are also included.



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- Mining and Quarrying can be segmented into three categories as follows:

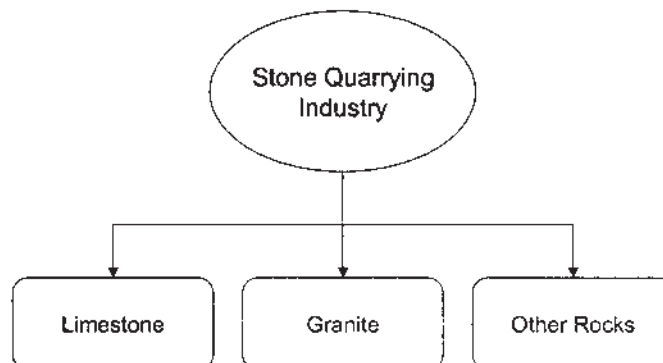


**Figure 1 Structure of the Mining and Quarrying Industry**

- Metallic Minerals includes the mining of metallic minerals, such as gold, silver, tin, metal and uranium.
- Energy Minerals encompasses the mining of energy-related minerals, such as coals, petroleum and natural gasses.
- Non-Metallic Minerals covers a diverse range of products categorised under stones or rocks, sand and clay.

### 3. Industry Structure

- The Stone Quarrying Industry comes under the Non-Metallic minerals of the Mining and Quarrying Industry.
- Stone Quarrying is the extraction from the earth of:
  - building and monumental stone;
  - cement rock and dimension stone;
  - other rock materials.
- The structure of the Stone Quarrying Industry is as follows:



**Figure 2 Structure of the Stone Quarrying Industry**



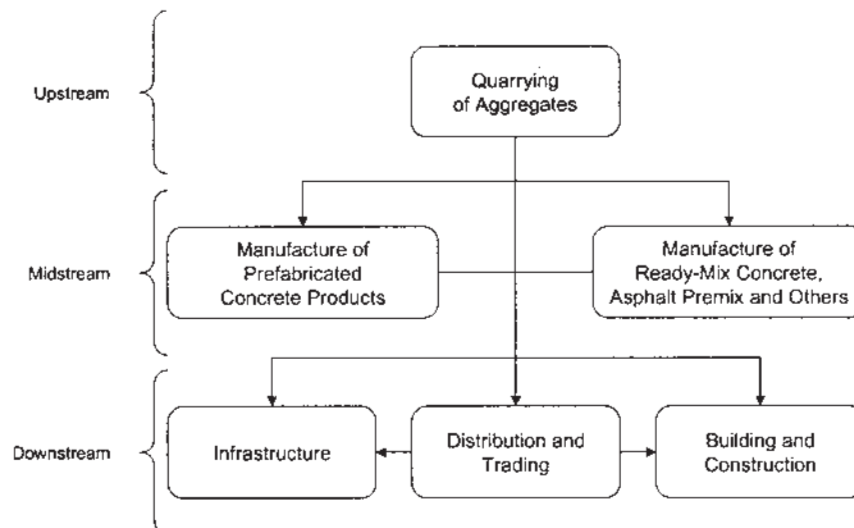
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- Limestone includes dolomite and marble.
- Other rocks include sandstone, quartzite, slate, alunite, argillite, shale (mudstone), serpentinite, syenite, rhyolite, andesite, tuff, basalt, diorite, granodiorite, pottery stone and masonry stone.
- Aggregates are made from either limestone or granite.
- The Minetech Resources Group is mainly involved in the quarrying of granite for the purpose of aggregates. Aggregates are commonly used as road metal and construction materials.

#### 4. Vertical Structure of the Aggregate Quarrying Industry

- The vertical structure of the Aggregate Quarrying Industry is as follows:



**Figure 3 Vertical Structure of the Aggregate Quarrying Industry**

- The Aggregate Quarrying Industry can be vertically extended to include upstream, midstream and downstream activities.

#### Upstream

- The quarrying of aggregates is an upstream activity.
- This includes the preliminary activity of exploration and accessing the commercial viability of target sites.
- Supporting activities within the upstream activity also include clearing of overburden, drilling and blasting, haulage, crushing and screening of the aggregates before they are transported to the customer or user sites.



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### Midstream

- The mid-stream activity associated with the aggregates includes using the aggregates to manufacture intermediate pre-fabricated products. These include concrete products, ready-mix concrete, pre-mix asphalt and other related products.
- These intermediate pre-fabricated products are primarily used for the building, construction and infrastructure Industries.

### Downstream

- The main downstream activity of the Aggregate Quarrying Industry is the use of aggregates by the building, construction and infrastructure Industries.
- One secondary downstream activity is the distribution and trading of aggregates to users.

## 5. Industry Life-Cycle

- The Aggregate Quarrying Industry in Malaysia is currently in its **mature** phase.
- This is mainly substantiated by the long history of using aggregates for construction and infrastructure purposes and the relatively stable growth:
  - Between 1995 and 2000, the gross output of the Stone Quarrying Industry increased by an average annual rate of 0.4% (Source: Department of Statistics)
  - The production quantity of Aggregates between 1999 and 2003 grew at an average rate of 9.8% per annum (Source: Minerals and Geoscience Department, Ministry of Primary Industries, Malaysia).

## 6. Government Legislation, Policies and Incentives

### Government Policies on Quarries

- Quarries normally extract rock materials from land not addressed by the state mining enactments and are therefore dealt with under a Combined Temporary Occupation License and Permit to Remove Rock Material or a Permit to Remove Rock Material under the National Land Code Act 1965. State mining enactments and acts are only enforced on quarries that are located in mining designated land.
- The National Land Code Act 1965 (Act 56) provides the State Authority the right to authorise the extraction and removal of rock material from a land, and to issue a temporary occupation licence for the transport of the rock material.
- As such, any operators within the Aggregate Quarrying Industry that undertakes quarrying activities throughout Malaysia is governed by the State Authority, which it operates in.

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**Government Regulations**

- All commercial quarries (except project quarry for development projects) shall be carried on quarry land with title under land use category specific for quarry industry.
- All operators are required to apply for permit from the land office for the extraction of rock.
- Minetech Resources Group has obtained the permit for one of the project quarry operations for Mahkota Cheras quarry. The permit for other quarries are issued and obtained under the quarry land owners or quarry lease owner's name.

**Regulatory Requirements for Explosives**

- Explosives are employed in quarries and mines for blasting purposes.
- The purchase, transport, storage and use of explosives are governed by the Explosives Act 1957 & Explosive Rules 1923 (Source: Explosive Act 1957 (Act 207) & Explosives Rules 1923 as at 31<sup>st</sup> October 1995).
- A permit with one-month validity is required for the purchase of explosives.
- The Minetech Group through subsidiary Angkasa Tegas Sdn Bhd and KS Chin Minerals Sdn Bhd have the permits to purchase, transport and use of explosives.

<b>Subsidiaries</b>	<b>Issuing Authority</b>
Angkasa Tegas Sdn Bhd	Polis Kontinjen Selangor Polis Daerah Seberang Perai Tengah Polis Daerah Seremban
KS Chin Minerals Sdn Bhd	Polis Kontinjen Pahang

**Figure 4 Explosive Permits by Issuing Authority**

- In addition, the permit for purchase, transport and use of explosives are also sometimes provided by the customer/quarry land owners/lease owners.
- In addition, a Shortfirer/Blaster certificate is also required for operators within the Aggregate Quarrying Industry. The Shotfirer/Blaster certificate is issued by the Department of Mineral and Geoscience, and Polis Diraja Malaysia. It is a certificate of competency for a person handling explosive and carrying out blasting works. Prior to the issuance of the certificate, a person has to pass both the theory and practical examinations on explosive handling.
- The theory exam is conducted from time to time at least once a year. However, the exam date is announced to the quarry fraternity through the quarry associations or by the Department of Mineral and Geoscience in the respective states.



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- The certificate holder has to be at least 21 years old. He or she must be healthy and mentally fit. He or she must also undergo security screening conducted by the Police department. The certificate is valid for 3 years and is renewable.
- As at 31 January 2005, the Minetech Resources Group has 15 Shotfirers/Blasters within its employees that are certified to handle explosive and carrying out blasting works. Those certified are held personally by Mr Chin Kim Sang, the Group Executive Chairman of Minetech Resources Group and its personnel.
- These certificates are issued by the Department of Mineral and Geoscience and the Polis Diraja Malaysia.

### 7. Environmental Regulations

- The environmental aspects of Mining and Quarrying are regulated by the amendment to the Environmental Quality Act of 1974, Environmental Quality (Prescribed Activities) (Environmental Impact Assessment) Order 1987.
- Prescribed activities pertaining to quarries include the proposed quarrying of aggregate, limestone, silica, quartzite, sandstone, marble and decorative building stone within 3 kilometres of any existing residential, commercial or industrial areas, or any area for which a licence, permit or approval has been granted for development.
- Regulation 25 of the Environmental Quality Act, 1974 and Environmental Quality (Clean Air) Regulations 1978 regulates the levels of emission of dust or other solid particles from operations such as stone quarrying and rock processing works (*Source: Environmental Quality Act and Regulations, May 1999*).
- The Environmental Quality Act, Regulation 21 and 23 regulates the noise impact arising from construction-related activities. Special attention is to be given to sensitive areas such as schools, hospitals and residential areas (*Source: Ministry of Science, Technology and the Environment, Malaysia, 1995*).
- Regulations 25 and 29 of the Environmental Quality Act, 1974 regulates pollutants arising from road construction projects, including suspended solids, organic and inorganic waste (*Source: Ministry of Science, Technology and the Environment, Malaysia, 1995*).
- The Occupational Safety and Health Act and Regulations, Act 514 of 1994 secures the safety, health and welfare of persons at work and protects others against risks to safety or health in relation to work, and establishes the National Council for Occupational Safety and Health.



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### 8. Supply and Supply Dependencies

#### Production

- The production value of Aggregates grew at an average annual rate of 13.5% between 2000 and 2003. In 2003, the production value of Aggregates grew by 10.0% to RM1.3 billion compared to the previous year.
- Between 1999 and 2003, the production quantity of Aggregates grew at an average rate of 9.8% per annum. In 2003, production quantity of Aggregates increased by 0.2% to reach 85.1 million tonnes compared to the previous year.
- In 2003, Selangor and Kuala Lumpur accounted for the highest production of Aggregates at 31.6% of total production. Perak represented 15.3% followed by Sarawak and Sabah, which accounted for 11.4% and 9.8% of total production of Aggregates respectively.
- In 2003, there were 314 Aggregate quarries in Malaysia.
- The number of Aggregate quarries grew at an average rate of 0.7% per annum from 1999 to 2003.
- In 2003, Malaysia had a total of 314 quarries for Aggregates. Sabah has the largest number of Aggregate quarries, representing 19.4% of total Aggregate quarries in Malaysia. This is followed by Perak at 18.2 % of total Aggregate quarries in Malaysia.

#### Imports

- The import value of Aggregates increased at an average rate of 9.4% per annum from 1999 to 2003 (*Note: 2003 figures are preliminary only*).
- In 2003, the import value of Aggregates declined by 31.7% to RM21.9 million compared to the previous year (*Note: 2003 figures are preliminary only*). China was a major source of imports of Aggregates, contributing 44.7% of the total imports under this category. This is followed by Philippines at 19.5% and Thailand at 9.7%. The remaining 26.1% of imports come from Hong Kong, France and others.
- The import quantity of Aggregates grew at an average rate of 92.2% per annum from 1999 to 2003 (*Note: 2003 figures are preliminary only*).
- In 2003, the import quantity of Aggregates grew by 287.1% to 718,326 tonnes (*Note: 2003 figures are preliminary only*).

#### Supply Dependencies

- The major consumable materials required for the Aggregate Quarrying Industry include:
  - Diesel;
  - Bitumen;
  - Explosives (including bulk emulsion, detonators, detonating cords, ammonium nitrate pills);



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- Between 1999 and 2003, the sales value of Crude Oil Refineries increased at an average annual rate of 33.2%. In 2003, the sales value grew by 23.2% to RM28.0 billion over the previous year. For the first eleven months of 2004, the sales value of Crude Oil Refineries increased by 15.5% compared to the same period in 2003.
- Between 1999 and 2003, the production quantity of Diesel increased at an average rate of 13.2% per annum. In 2003, the production quantity of Diesel turned around and increased by 1.8% to reach 9.6 million tones over the previous year. However for the first eleven months of 2004, production quantity of Diesel declined by 6.2% compared to the same period in 2003.
- Between 2000 and 2004, the import value of Petroleum and Crude Oils from Bituminous Minerals grew at an average annual rate of 11.5%. In 2004, the import value increased by 22.5% to RM7.7 billion compared to the previous year.
- Between 2000 and 2004, the import value of Explosives and Pyrotechnic Products grew at an average annual rate of 30.1%. In 2004, the import value of Explosives and Pyrotechnic Products increased by 17.8% compared to the previous year.
- The availability of these consumables locally and overseas will ensure that shortages in supply or interruptions to Aggregate Quarrying operations are minimised.

### 9. Demand and Demand Dependencies

- Demand for quarrying of Aggregates is dependent on the following markets:
  - Local market demand;
  - Overseas in terms of export market demand.
- Predominantly, the demand for Aggregates comes from the local market. Overseas demand constitutes only a small proportion.
- Demand and demand dependencies of the Aggregate Quarrying Industry will come primarily from the manufacturing of Non-Metallic Products sector and ultimately from the Building, Construction and Infrastructure Industries.
- Some of the major usage and applications of Aggregates for the purpose of building, construction and infrastructure developments include the following:
  - Infrastructure
    - . Roads
    - . Bridges
    - . Dams
    - . Airports
    - . Seaports
    - . Coastal developments
  - Building and Construction
    - . Commercial buildings
    - . Industrial buildings
    - . Residential buildings
    - . Institutional buildings
    - . Structures and monuments





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### 10. Competitive Nature and Intensity

- Generally, all companies within the Aggregate Quarrying Industry operate under **normal** competitive conditions.
- Competition exists predominantly in the local market, as imports of aggregates are low due to its bulky nature.
- Competition within Aggregate Quarrying can be segmented into two areas:
  - production and sales of aggregates;
  - provision of quarrying operation services.
- As with most free enterprise environments, competition for the provision of Quarry Operation Services is based on a number of factors, including:
  - Quality of services/products (in terms of consistency in sizes)
  - Cost competitiveness;
  - Capacity;
  - Timeliness in delivery;
  - Track record and market reputation.
- Competition for the production and sales of aggregates is **moderate**. This is substantiated as follows:

#### Factors that increase intensity of competition

- **Large number of quarries:** In 2003, there were 314 aggregate quarries in Malaysia (*includes limestone aggregates, but exclude dimension stone*) (Source: Minerals and Geoscience Department, Ministry of Primary Industries). The relative large number of quarries provides the basis for ample supply for the quarrying of aggregates;

#### Factors that moderate competition

- **Low imports:** Competition from imports is very low where in 2003, the import quantity of aggregates amounted to 718,326 tonnes, which represented approximately 0.8% of total production tonnage for the same year (*Note: figures are preliminary*) (Source: Minerals and Geoscience Department, Ministry of Primary Industries);
- **High capital set-up cost:** Barriers to entry are relatively high including high capital set-up costs and technical expertise. A medium sized operation would require set-up cost of RM13 million (Source *Minetech Resources Group*). Thus, although there may be many quarries in Malaysia, not all of which are fully operational;
- **Localised operations:** Sales of aggregates are highly localised due to its bulkiness. As such, competition would also vary depending on location and the presence of operating quarries.


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- Competition for the provision of quarry operation services is **low**. This is substantiated as follows:

**Factors that increase intensity of competition**

- **High number of owner operators:** Many quarry owners are also operators. In addition, many high users of aggregates would lease quarries and operate them for their own usage. All these imply fewer opportunities for service providers.

**Factors that moderate competition**

- **Low number of service providers:** There are approximately 10 service providers for quarry operation (*Source: Primary Market Research undertaken by Vital Factor Consulting Sdn Bhd*). In addition, the relatively high number of quarries in Malaysia combined with the low number of service providers reduces the intensity of competition significantly.
- **High capital cost of entry:** With an estimated set-up cost of RM13 million for an average medium sized operation, the barrier to entry is relatively high (*Source: Minetech Resources Group*). The high set-up cost of entry is further accentuated where a similar amount of set-up cost is required for every quarry under operation. Thus, if a service provider were to service 10 quarries at the same time, effectively the service provider will need RM130 million to keep all the quarries operational.
- **Technical expertise:** A certain level of skills, expertise and experience is required in the operation of quarries. Among others, the two key areas are shot-firers for blasting purposes and machine operators and maintenance personnel. The issue of technical expertise arises when a service provider attempts to operate many quarries at the same time. This could pose difficulties for new entrants or existing entrants that decide to expand rapidly.

**11. Providers of Quarrying Services**

- Some of the providers of quarrying services in Malaysia are as follows:
  - Minetech Resources Berhad (through subsidiary K.S Chin Minerals Sdn Bhd)
  - Poly Quarry Works Sdn Bhd
  - Dayalam Industries Sdn Bhd
  - QS Systems Sdn Bhd
  - Saroma Engineering Sdn Bhd
  - Spring Energy Sdn Bhd
  - Bumitra Blastec Sdn Bhd
  - NPH Sdn Bhd
  - Gallacon Sdn Bhd
  - D.C. Chan Sdn Bhd

(*Source: Primary Market Research undertaken by Vital Factor Consulting Sdn Bhd*)



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### 12. Barriers to Entry

- Barriers to entry into the Aggregate Quarrying Industry are **moderate to high**.
- Some of the barriers to entry are as follows:
  - Capital and set-up cost
  - Technical skills and expertise
  - Government regulations

#### Capital and Set-up Costs

- Barriers to entry from the perspective of capital and set-up cost are **high**.
- A medium sized quarry (excluding land) with monthly production capacity of 60,000 tonnes per month would require an estimated capital investment of RM13 million comprises the following:
  - One crusher plant
  - One mobile machine line (include one unit of crawler drill, two units of excavator, one unit of hydraulic breaker, two units of wheel loader and six units of dump trucks)
  - Approximately RM1 million of working capital and RM1.5 million of set-up of quarry developments
 (Source: Minetech Resources Group).

#### Technical Skills and Expertise

- The level of technical expertise required in the Aggregate Quarrying Industry is **moderate to high**.
- The functions involved in the quarrying of aggregates encompass removal of overburden, drilling and blasting, load and haul, crushing and screening, and finally sales loading and transportation to the customers' designated site.
- Specialised skills are required in all aspects of quarrying. A quarry operator must first be experienced and skilled in the planning of the entire quarry operation, especially its development layout and production process, to ensure that optimal production is achieved at minimal cost.
- Quarrying operations involve the use of heavy machinery and equipment such as hydraulic crawler drills, excavators, wheel-loaders, dumpers and crushing and screening plants. Highly skilled and experienced workers are required to operate these equipment.
- In addition, due to the high wear and tear of machinery and equipment, significant skill is required in the cost effective maintenance and repair of these machinery and equipment, including procurement of cost-effective new and used parts and components.
- Skilled personnel are also required to undertake drilling and blasting works. For example, only qualified Shotfirers are allowed to conduct blasting works. A licensed Shotfirer must undergo special training and pass a set of examinations conducted by the Mines Department to be fully qualified to undertake blasting engagements.



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### Government Regulations

- Government regulations as a barrier to entry are **low to moderate**.
- Operators are required to apply for Mining and Quarrying Licences from the Minerals and Geoscience Department Malaysia before operating.
- However, there is a need to obtain other licences for the use of explosives and this could pose a barrier to entry for some new entrants. Nevertheless, this part of the operation can be subcontracted out to specialist firms involved in blasting work.
- Some of the licences required for the use of explosives include:
  - A permit to purchase, transport, storage and use of explosive materials;
  - A licence is also required for the storage of explosives in suitable premises;
  - All persons handling explosives must be properly certified whereby a Shotfirer/Blaster must obtain a certificate issued by the Department of Mineral and Geoscience. It is a certificate of competency for a person handling explosive and carrying out blasting works. Prior to the issuance of the certificate, a person has to pass both the theory and practical examinations on explosive handling.

### 13. Industry Outlook

- The outlook for the Aggregate Quarrying Industry is dependent on the following factors:

#### Local Production of Aggregates

- The production value of Aggregates grew at an average annual rate of 13.5% between 2000 and 2003. In 2003, the production value of Aggregates grew by 10.0% to RM1.3 billion compared to the previous year.
- Between 1999 and 2003, the production quantity of Aggregates grew at an average rate of 9.8% per annum. In 2003, production quantity of Aggregates increased by 0.2% to reach 85.1 million tonnes over the previous year.
- The number of Aggregate quarries experienced an average growth of 0.7% per annum from 1999 to 2003.

*(Source: Minerals and Geoscience Department, Ministry of Primary Industries, Malaysia)*

- The general positive growth trend of the Aggregate Quarrying Industry indicates the robustness of the Industry that will provide the platform for sustainability and continuing growth.



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### Performance of User Industries

- Demand and demand dependencies of the Aggregate Quarrying Industry will come primarily from the manufacturing of Non-Metallic Products sector and ultimately from the Building, Construction and Infrastructure Industries. This includes the production of the following types of building materials:
  - cement;
  - earthen bricks and cement roofing tiles;
  - ready mixed concrete.
  
- Some of the major usage and applications of Aggregates for the purpose of building, construction and infrastructure development also include the following:
  - Infrastructure
    - . Roads
    - . Bridges
    - . Dams
    - . Airports
    - . Seaports
    - . Coastal developments
  - Building and Construction
    - . Commercial buildings
    - . Industrial buildings
    - . Residential buildings
    - . Institutional buildings
    - . Structures
    - . Monuments
  
- The following assesses the performance of some of the end-user industries for Aggregates:
  - The sales value of Cement and Concrete Products experienced an average annual growth rate of 13.9% from 1999 to 2003. In 2003, the sales value increased by 9.6% to reach RM2.7 billion compared to the previous year. For the eleven months of 2004, the sales value of Cement and Concrete Products declined by 7.1% to RM2.3 billion compared to the same period in 2003.
  - The production quantity of Ready Mix Concrete experienced an average annual growth rate of 17.6% from 1999 to 2003. In 2003, the production quantity grew by 19.5% to reach a high of 11.2 million cubic metres compared to the previous year.
  - The production quantity of Earthen Bricks and Cement Roofing experienced an average annual growth rate of 15.9% from 1999 to 2003. In 2003, the production quantity increased by 20.0% to reach a high of 1.6 billion units over the previous year.
  - Between 1999 and 2003, the Construction Industry grew at an average annual rate of 1.6%. In 2003, the Construction Industry recorded growth of 2.1%. In 2003, GDP of the Construction Industry (at current prices) amounted to RM14.9 billion at current prices  
(Source: Department of Statistics and Bank Negara Malaysia)
  
- The growth of user industries and the large size of the construction industry will continue to provide growth opportunities to operators within the Aggregate Quarrying Industry.



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### Future Growth Potential

- Under the Eighth Malaysia Plan, an allocation of RM12.8 billion was initially set aside for infrastructure and utility development for the period 2001 to 2005. During the mid-term review of the Eighth Malaysia Plan, the amount was revised and has been increased to RM32.6 billion, representing an increase of 154.7% over the initial allocation. These revisions were as follows:
 

-	Rail	:	from RM4.081 billion to RM6.301 billion
-	Ports	:	from RM1.5 billion to RM3.041 billion
-	Airport	:	from RM0.933 billion to RM2.055 billion
-	Sewerage	:	from RM1.564 to RM1.666 billion
- (Source: Mid-Term Review of the Eighth Malaysia Plan 2001–2005, Economic Planning Unit, Prime Minister's Department)*
- The increase in budget allocation for user industries will act as a strong driver of growth for the Aggregate Quarrying Industry.

## 14. Threats and Risk Analysis

### Availability of Minerals

- One of the most important challenges for the Aggregate Quarrying Industry is the availability and sustainability of the mineral resource.
- In Malaysia, most quarries are state-owned and leased to operators for quarrying purposes.
- Many small-to-medium scale quarry operators have small land areas and short land tenure. The small area and short land tenure makes proper quarry development and planning difficult. Thus, operators and contractors spend minimal effort on systematic development and ignore rehabilitation efforts.
- The reducing rehabilitation efforts in quarries and mines also pose a threat to the sustainability of long-term supply of minerals from quarries and mines.

### Mitigating Factors

- The State Government, who has the sovereignty over the issuance of land for quarrying, recognises the threat and have gradually started to offer larger quarry areas and longer tenure contracts, which will enable operators and contractors to carry out proper planning and exploitation of rock resources and rehabilitation.
- The Minerals and Geoscience Department Malaysia is also carrying out a number of mineral exploration, evaluation and resource assessment engagements under the Eighth Malaysia Plan, to increase and diversify mineral production.
- The Regional Geochemical Survey Project and the Industrial Minerals are two of the notable projects aimed at alleviating the risk of lower availability of minerals.



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### Increased Competition from Low-Cost Producing Countries

- The Aggregate Quarrying Industry faces the threat of competition from countries that produce aggregates for the export markets but who have the advantage of lower labour costs and abundant quarrying areas. These countries include Indonesia, China and India.
- These countries have certain added advantages over Malaysia. For instance, Indonesia can take advantage of its low Rupiah to ensure that aggregates are competitively priced.
- The emergence of low-cost producing countries present new levels of challenges to the Aggregate Quarrying Industry.

### Mitigating Factors

- Operators in the Aggregate Quarrying Industry need to establish their niche in the export markets. The way to establish this niche is to develop the technological capabilities in operation and production, as well as to intensify the marketing efforts in both new and established markets.
- As the industry develops its technological capabilities, operators will tend to benefit from competitive pricing and the lowering of production costs.
- In addition, aggregates are bulky products. The added cost of transportation is a major constraint to imports of aggregates into Malaysia. This is substantiated by the fact that for 2003, imports of aggregates represented only approximately 0.8% of total local production in tonnage terms (*Source: Minerals and Geoscience Department, Ministry of Primary Industries, Malaysia*).

### Environmental Degradation

- Quarrying of Aggregates, as with most mining and quarry activities, is destructive to the environment in one form or another.
- In particular, the quarrying of aggregates will require removal of overburden, which in effect is destroying the ecosystem that has been in place for many years.
- Upon completion, the resultant landscape is devoid of topsoil for fast regeneration. In addition, some operators may not do sufficient remedial work to minimise the destruction of the environment and ecosystem.
- In addition to environmental degradation, there may be consumer backlash that restrict quarrying activities, thus impacting operators within the industry. Alternatively, the cost of environmental care and regeneration may increase the cost of production and strain the financial viability of operators within the industry.

### Mitigating Factors

- Operators who are responsible and undertake proper care of the environment are likely to be less affected by consumer backlash.

**12. SUMMARY MARKET RESEARCH REPORT (Cont'd)****VITAL FACTOR CONSULTING**

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- The increasing awareness for the need to be environmentally responsible and the positive actions undertaken by operators would help ensure that negative impact of quarrying activities are kept to a minimum.
- Nevertheless, the Aggregate Quarrying Industry is a key supporting industry to the building, construction and infrastructure industries. As such, it is likely that the Government would provide some form of protection to the industry to ensure its continuing sustainability.

**15. Market Size and Share****Market Size and Share based on Local Production**

- In 2004, the market size of local aggregate production in Malaysia was **80 million tonnes** (Source: Department of Statistics and Primary Market Research undertaken by Vital Factor Consulting Sdn Bhd)
- The market share of Minetech Resources Group is estimated at **10%** based on total aggregate production in Malaysia in 2004 (Source: Primary Market Research undertaken by Vital Factor Consulting Sdn Bhd)

**Market Size and Share of Quarry Operation Services**

- In 2004, the market size of Quarry Operation Services is estimated at **RM155 million** in Malaysia (Source: Primary Market Research undertaken by Vital Factor Consulting Sdn Bhd).
- In 2004, the market share of Minetech Resources Group in the Quarry Operation Services sector is estimated at **27%** (Source: Primary Market Research undertaken by Vital Factor Consulting Sdn Bhd).

**16. Market Ranking**

- In 2004, Minetech Resources Group ranked **first** among Quarry Operation Service Providers in Malaysia based on turnover (Source: Primary Market Research undertaken by Vital Factor Consulting Sdn Bhd).

Vital Factor Consulting Sdn Bhd has prepared this report in an independent and objective manner and has taken all reasonable consideration and care to ensure the accuracy and completeness of the report. It is our opinion that the report represents a true and fair assessment of the industry within the limitations of, among others, secondary statistics and information, and primary market research. Our assessment is for the overall industry and may not necessarily reflect the individual performance of any company. We do not take any responsibilities for the decisions or actions of readers of this document. This report should not be taken as a recommendation to buy or not to buy the shares of any company.

Yours sincerely

Wooi Tan  
Managing Director  
Vital Factor Consulting Sdn Bhd



**13. OTHER GENERAL INFORMATION****13.1 SHARE CAPITAL**

- (i) No shares will be allocated or sold on the basis of this Prospectus later than twelve (12) months after the date of issue of this Prospectus.
- (ii) Save as disclosed in Sections 2.1, 4.1.2, 4.1.3 and 4.3 of this Prospectus, no Shares, debentures, warrants, options, convertible securities or uncalled capital of the Company and its subsidiaries have been issued or are proposed to be issued as fully or partly paid-up in cash, within the two (2) years preceding from the date thereof.
- (iii) Save for the IPO Shares reserved for the eligible Directors and employees of the MRB Group as disclosed in Section 2.5 and 4.1.3 of this Prospectus, no person or Director or employee of the Group has been or is entitled to be given an option to subscribe for any shares, stocks or debentures of the Company or its subsidiaries.
- (iv) Save for the IPO Shares reserved for the eligible Directors and employees of the Group as disclosed in Section 2.5 and Section 4.1.3 of this Prospectus, there is currently no other scheme for or involving the Directors or employees of the Company or its subsidiaries.
- (v) As at 31 May 2005, being the latest practicable date prior to the printing of this Prospectus, the Company does not have any outstanding convertible debt securities, options, warrants or uncalled capital.

**13.2 ARTICLES OF ASSOCIATION**

The following provisions are extracted from the Company's Articles of Association: -

**Transfer of Listed Securities**

- 43. The transfer of any listed Securities or class of listed Securities of the Company shall be made by way of book entry by the Central Depository in accordance with the Rules and, notwithstanding Sections 103 and 104 of the Act, but subject to section 107C(2) of the Act and any exemption that may be made from compliance with section 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the listed securities.
- 44. The instrument of transfer of any Shares in the Company shall be executed by or on behalf of the transferor and the transferee and the transferor shall be deemed to remain the holder of the share until the transferee's name is entered in the Register as the holder of that share and/or the Record of Depositors, as the case may be.
- 45. The Directors may decline to register any instrument of transfer of Shares which are not fully paid (whether these are quoted or otherwise) to a person of whom they do not approve. Subject to the Act, the Listing Requirements, the Central Depositories Act and the Rules, if the Directors refuse to register a transfer they shall send to the transferee written notice of the refusal and reasons therefore.

**13. OTHER GENERAL INFORMATION (Cont'd)**

46. Subject to the Listing Requirements and the Rules, the transfer of any Securities may be suspended at such time and for such period(s) as the Directors may from time to time determine.
47. The Central Depository may, in its absolute discretion, refuse to register any transfer that does not comply with the Central Depositories Act and the Rules.
48. Subject to the Central Depositories Act and the Rules, any member may transfer all or any of its Securities by instrument in writing in the form prescribed and approved by the Exchange and the Share Registrar (as the case may be). Subject to these Articles, there shall be no restriction on the transfer of fully paid-up Shares except where required by law. All transfers of deposited Securities shall be effected in accordance with the Act, the Central Depositories Act and the Rules.

**Remuneration of Directors**

109. Subject to these Articles, the fee of the Directors shall from time to time be determined by the Company in general meeting but:-
  - (1) Directors' fees payable to Directors not holding any executive office in the Company shall be a fixed sum and shall not be payable by a commission on or percentage of profits or turnover;
  - (2) salaries payable to Directors holding executive office in the Company may not include a commission on or a percentage of turnover;
  - (3) all fees payable to Directors shall be deemed to accrue from day to day;
  - (4) fees payable to Directors shall not be increased except pursuant to a resolution passed by the Company in general meeting, where notice of the proposed increase has been given in the notice convening the meeting; or
  - (5) any fee paid to an alternate Director shall be agreed between him and his appointor and shall be deducted from his appointor's remuneration.
110. The Directors may be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of Directors or general or other meetings of the Company or in connection with the business of the Company.
111. The Directors may grant special remuneration to any Director who (on request by the Directors) is willing to:
  - (1) render any special or extra services to the Company; or
  - (2) to go or reside outside his country of domicile or residence in connection with the conduct of any of the Company's affairs.

Such special remuneration may be paid to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be paid in a lump sum or by way of salary, or by a percentage of profits (other than non-executive directors), or by all or any of such methods but shall not include (where such special remuneration is paid by way of salary) a commission on or a percentage of turnover.

**13. OTHER GENERAL INFORMATION (Cont'd)****Voting and Borrowing Powers of Directors**

123. Except as provided by Article 124, the Directors may exercise all the powers of the Company to borrow money, any sum or sums from any person, bank, firm or company and to mortgage or charge its undertaking, property and uncalled capital, and any part thereof and to issue debentures and other Securities, whether as primary or collateral security for any debt, liability or obligation of the Company, its Subsidiaries or any other party. The Directors may guarantee the whole or any part of the loans or debts raised or incurred by or on behalf of the Company or any interest payable thereon with power to the Directors to indemnify the guarantors from or against liability under their guarantees by means of a mortgage or hypothecation of or charge upon any property and asset of the Company or otherwise. The Directors may exercise all the powers of the Company to guarantee and give guarantees or indemnities for payment of money, the performance of contracts or obligations or for the benefit or interest of the Company or its Subsidiaries.
124. The Directors shall not borrow any money or mortgage or charge any of the Company's or its Subsidiaries' undertaking, property or any uncalled capital, or to issue debentures and other Securities whether outright or as security for any debt, liability or obligation of an unrelated third party.
149. Except as otherwise provided by these Articles, a Director shall not vote at a meeting of Directors or of a committee of Directors on any resolution concerning any contract, proposed contract, arrangement or other matter in which he has, directly or indirectly, a personal interest or duty which is material and which conflicts or may conflict with the interests of the Company.
150. Where proposals are under consideration concerning or relating to the terms of employment, consultancy or other services of or to be provided by Directors to or with the Company or any body corporate in which the Company is interested or other related matters, the proposals may be divided and considered in relation to each Director separately and (provided he is not for another reason precluded from voting) each of the Directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution except that concerning his own.

**Variation of Share Capital**

12. If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class) may (subject to Sections 55 and 65 of the Act and whether or not the Company is being wound up) be varied or abrogated with:
- (1) the consent in writing of the holders of three-fourths of the issued Shares of that class within two (2) Months of the meeting, shall be valid and effectual as a special resolution carried at the meeting; or
  - (2) the sanction of a special resolution passed at a separate general meeting of the holders of the Shares of that class.

**13. OTHER GENERAL INFORMATION (Cont'd)**

To every such separate general meeting, the provisions of these Articles relating to general meetings shall mutatis mutandis apply, except that the necessary quorum shall be two (2) persons at least holding or representing by proxy one-third of the issued Shares of the class (but so that if at any adjourned meeting of such holders, a quorum is not present, the holders present, shall form a quorum), and any holder of Shares of the class present in person or by proxy may demand a poll.

70. The Company may by ordinary resolution:
- (1) consolidate and divide all or any of its share capital into Shares of larger amount;
  - (2) (subject to Section 62(1) of the Act) subdivide its existing Shares or any of them into Shares of smaller amount; or
  - (3) cancel any Shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.
73. The Company may by special resolution reduce its share capital and any capital redemption reserve or share premium account in any manner authorised by law.
74. Without prejudice to the rights attached to any existing Shares or class of Shares, the Company at general meeting may by ordinary resolution increase its capital by the creation of Shares of such nominal amounts, and carrying such rights and restrictions, as the resolution specifies provided that where the capital of the Company consists of Shares of different monetary denominations, voting rights (if specified in such resolution) shall be prescribed in such a manner that a unit of capital in each class, when reduced to a common denominator, shall carry the same voting power when such right is exercisable.

**13.3 DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

- (i) The names, addresses and occupations of the Directors of MRB are set out in the Corporate Information Section of this Prospectus.
- (ii) A Director is not required to hold any qualification share in the Company unless otherwise so fixed by the Company in general meeting.
- (iii) The substantial shareholders of MRB and their respective direct interests based on the Register of Substantial Shareholders of MRB as at 31 May 2005 (being the latest practicable date prior to the printing of this Prospectus) and their respective indirect interests before and after the IPO are as follows: -

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## 13. OTHER GENERAL INFORMATION (Cont'd)

Substantial shareholders	Before the IPO				After the IPO <sup>^</sup>			
	Direct		Indirect		Direct		Indirect	
	No. of shares	(%)	No. of shares	(%)	No. of shares	(%)	No. of shares	(%)
Choy Sen @ Chin Kim Sang	20,629,700	45.84	6,074,552*	13.50	17,129,700	31.14	5,704,552*	10.37
Low Choon Lan	6,074,552	13.50	20,629,700*	45.84	5,704,552	10.37	17,129,700*	31.14
Dato' Shamsudin Bin Mohd Dubi	158,583	0.35	8,369,870**	18.60	158,583	0.29	8,369,870**	15.22
Datin Norhaliza Bt Abdullah	5,356,791	11.90	3,171,662**	7.05	5,356,791	9.74	3,171,662**	5.77
Kerjaya E-Khidmat Sdn Bhd	3,013,079	6.70	-	-	3,013,079	5.48	-	-
Dato' Haji Wan Zaki Bin Haji Wan Muda	5,563,731	12.36	-	-	5,563,731	10.12	-	-
Ramelle Ashram Bin Tan Sri Ramli	2,781,865	6.18	-	-	2,781,865	5.06	-	-

Notes:-

<sup>^</sup> Includes Pink Form entitlements

\* Deemed to have an indirect interest through his / her spouse's shareholdings in MRB

\*\* Deemed to have an indirect interest through his / her spouse's and Kerjaya E – Khidmat Sdn Bhd's shareholdings in MRB

- (iv) The Directors of MRB and their respective direct interests based on the Register of Directors' Shareholdings as at 31 May 2005 (being the latest practicable date prior to the printing of this Prospectus) and their respective indirect interests before and after the Public Issue are as follows: -

Directors	Before the IPO				After the IPO <sup>^</sup>			
	Direct		Indirect		Direct		Indirect	
	No. of shares	(%)	No. of shares	(%)	No. of shares	(%)	No. of shares	(%)
Choy Sen @ Chin Kim Sang	20,629,700	45.84	6,074,552*	13.50	17,129,700	31.14	5,704,552*	10.37
Lee Kah Keng @ Lee Kah Heng	-	-	-	-	-	-	-	-
Loh Yee Kwan	319,207	0.71	718,010*	1.60	419,207	0.76	498,010*	0.91
Low Choon Lan	6,074,552	13.50	20,629,700*	45.84	5,704,552	10.37	17,129,700*	31.14
Datin Norhaliza Bt Abdullah	5,356,791	11.90	3,171,662**	7.05	5,356,791	9.74	3,171,662**	5.77
Phoon Sow Cheng	-	-	-	-	-	-	-	-
Chai Woon Chew	-	-	-	-	-	-	-	-

Notes:-

<sup>^</sup> Includes Pink Form entitlements

\* Deemed to have an indirect interest through his / her spouse's shareholdings in MRB

\*\* Deemed to have an indirect interest through his / her spouse and Kerjaya E – Khidmat Sdn Bhd's shareholdings in MRB

- (v) Save as disclosed in Section 2.8, no commission, discounts, brokerages or other special terms have been paid, granted or are payable by the Company or its subsidiaries within the two (2) years immediately preceding the date of this Prospectus for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or debentures of the Company or its subsidiaries or in connection with the issue or sale of any capital of the Company or any of its subsidiaries and no Directors, proposed Directors, promoters or experts is or are entitled to receive any such payment.

**13. OTHER GENERAL INFORMATION (Cont'd)**

- (vi) Other than salary and employment related benefits as disclosed in Section 5.3.3 of this Prospectus, no amount or benefit has been paid or given within the two (2) years immediately preceding the date hereof, nor is it intended to be so paid or given, to any Directors.
- Save and except for the interim dividends paid to the Promoters and substantial shareholders of AT, DIS and TM and the remuneration payable to the Promoters or Directors of the Company (all of which is disclosed in this Prospectus), no other amounts or benefits are paid or intended to be paid or given to any Promoters within two (2) years preceding the date of this Prospectus.
- (vii) Save as disclosed in Section 7.1 of this Prospectus, none of the other Directors and/or substantial shareholders of MRB has interest in any subsisting contract or arrangement, which is significant to the business of the Company or the Group taken as a whole.
- (viii) Save as disclosed in Section 3(h) of this Prospectus, the Directors and substantial shareholders are not aware of any persons who are able, directly or indirectly, jointly or severally, to exercise control over the Company and its subsidiaries.
- (ix) Except as disclosed in Section 3 of this Prospectus, the Directors are not aware of any other material information including trading factors or risks not mentioned elsewhere in this Prospectus which are unlikely to be known or anticipated by the general public and which would materially affect the profits of the Group.

**13.4 MATERIAL CONTRACTS**

Save as disclosed below, there are no other material contracts (including contracts not reduced into writing), not being contracts entered into in the ordinary course of business which have been entered into by MRB and its subsidiaries within two (2) years preceding the date of this Prospectus:-

**MRB**

1. Choy Sen @ Chin Kim Sang, Low Choon Lan, Datin Norhaliza Binti Abdullah (collectively the "**AT Vendors**") and MRB had entered into a conditional share sale agreement dated 15 June 2004 whereby MRB acquired from the AT Vendors the entire issued and paid-up share capital of AT for the total consideration of RM10,546,173.00 only which was satisfied by the allotment of 10,546,173 new ordinary shares of RM1.00 each in MRB to the AT Vendors. The share sale agreement was completed on 1 January 2005.
2. Choy Sen @ Chin Kim Sang, Low Choon Yen, Mooi Weng Wah (collectively the "**DIS Vendors**") and MRB had entered into a conditional share sale agreement dated 15 June 2004 whereby MRB acquired from the DIS Vendors the entire issued and paid-up share capital of DIS for the total consideration of RM1,044,379.00 only which was satisfied by the allotment of 1,044,379 new ordinary shares of RM1.00 each in MRB to the DIS Vendors. The share sale agreement was completed on 1 January 2005.

**13. OTHER GENERAL INFORMATION (Cont'd)**

3. Choy Sen @ Chin Kim Sang, Low Choon Lan, Dato' Shamsudin Bin Mohd Dubi, Datin Norhaliza Binti Abdullah, Dato' Haji Wan Zaki Bin Haji Wan Muda, Ramelle Ashram Bin Tan Sri Ramli, Kerjaya E-Khidmat Sdn Bhd (collectively the "**KSC Vendors**") and MRB had entered into a conditional share sale agreement dated 15 June 2004 whereby MRB acquired from the KSC Vendors the entire issued and paid-up share capital of KSC for the total consideration of RM31,716,626.00 only which was satisfied by the allotment of 31,716,626 new ordinary shares of RM1.00 each in MRB to the KSC Vendors. The share sale agreement was completed on 1 January 2005.
4. Choy Sen @ Chin Kim Sang, Loh Yee Kwan (collectively the "**SM Vendors**") and MRB had entered into a conditional share sale agreement dated 15 June 2004 whereby MRB acquired from the SM Vendors the entire issued and paid-up share capital of SM for the total consideration of RM2.00 only which was satisfied by the allotment of 2 new ordinary shares of RM1.00 each in MRB to the SM Vendors. The share sale agreement was completed on 1 January 2005.
5. Choy Sen @ Chin Kim Sang, Low Choon Lan (collectively the "**TM Vendors**") and MRB had entered into a conditional share sale agreement dated 15 June 2004 whereby MRB acquired from the TM Vendors the entire issued and paid-up share capital of TM for the total consideration of RM1,054,406.00 only which was satisfied by the allotment of 1,054,406 new ordinary shares of RM1.00 each in MRB to the TM Vendors. The share sale agreement was completed on 1 January 2005.
6. Choo Kang Ngee, Loh Yee Kwan (collectively the "**TP Vendors**") and MRB had entered into a conditional share sale agreement dated 15 June 2004 whereby MRB acquired from the TP Vendors the entire issued and paid-up share capital of TP for the total consideration of RM638,412.00 only which was satisfied by the allotment of 638,412 new ordinary shares of RM1.00 each in MRB to the TP Vendors. The share sale agreement was completed on 1 January 2005.
7. MRB had entered into an underwriting agreement dated 18 April 2005 with AmMerchant Bank and AmSecurities Sdn Bhd whereby AmMerchant Bank and AmSecurities Sdn Bhd had severally but not jointly agreed to underwrite Eight Million (8,000,000) Issue Shares subject to the terms and conditions contained in the underwriting agreement. The salient terms of the underwriting agreement can be found in Section 2.9 of this Prospectus.

**KSC**

1. Tenaga Kimia Bhd ("**TK**"), KSC and AT had entered into a settlement agreement dated 5 July 2000 whereby TK had agreed to extend the due date for repayment of a debt (owed by KSC to TK) amounting to RM700,000.00 to 5 July 2001. In consideration thereof AT shall provide security to TK in the form of two pieces of industrial land known as Lot 2341, held under the land title HS(D) 22868, PT 1307 and Lot 2342, held under the land title HS(D) 22869, PT 1308, both in the Mukim of Serendah, District of Ulu Selangor, State of Selangor ("**Properties**").

Supplementary Agreement (to the settlement agreement dated 5 July 2000) dated 22 October 2004 between TK, KS Chin, AT and Low Choon Lan ("**New Owner**") whereby following on from AT's sale of the Properties to the New Owner, TK agreed to (i) extend the time for payment of the said debt to 30 June 2005, (ii) to discharge AT from its obligations under the Settlement Agreement dated 5 July 2000 and (iii) to allow the transfer of the Properties from AT to the New Owner subject to (i) the creation and registration of a third party charge by the New Owner on the Properties in favour of TK and (ii) an indemnity given by AT in relation to any costs, expenses and other losses arising in consequence of TK's agreement to the discharge of AT and transfer of the Properties to the New Owner.

**13. OTHER GENERAL INFORMATION (Cont'd)**

2. By a letter dated 24 March 2004, KSC has awarded YY Engineering Sdn Bhd ("YYE") the contract to design, fabricate, install and commission a new Nordberg three stage crushing and screening plant for KSC on Lot PT 36, No. HS(D), 36 Mukim of Singkir, Daerah Yan, Kedah Darul Aman to be completed on and before 24 August 2004. In consideration thereof, KSC shall pay to YYE the sum of RM4,388,000.00. KSC subsequently had vide its letter dated 28 December 2004 extended the completion date of the agreement to 18 weeks from the "date of site possession" (a date which has yet to be confirmed).
3. KSC, Metso Minerals (Australia) Limited ("**Metso**") and Miroc Equipment Sdn Bhd ("**Miroc**") had entered into an agreement dated 27 April 2004 whereby Metso had agreed to sell and KSC had agreed to purchase one (1) unit of C140 Jaw Crusher, one (1) unit of GP500 S Gyratory Crusher and three (3) units of GP300MF Gyratory Crushers. In consideration of Metso agreeing to sell the equipment to KSC, KSC shall pay to Metso the sum of US Dollars 1,236,974.41 and appoint Miroc to provide maintenance services four times a year for three years at the inspection rates stipulated in the agreement. Subsequently, KSC revised its order to only purchase one (1) unit of GP300MF Gyratory Crusher at the purchase price of RM720,000.
4. KSC and H T Machinery Co Ltd ("**HTMCL**") had entered into an agreement dated 10 June 2004 whereby KSC had agreed to sell and HTMCL had agreed to purchase five (5) units of the used Komatsu Dump Truck for a consideration of RM2,300,000.00. The contract has subsequently been aborted due to the non-performance of HTMCL to pay for the said Komatsu Dump Trucks in accordance with clause 5 of the contract.
5. KSC and Candone Trading ("**CT**") had entered into a sale and purchase agreement dated 1 November 2004 whereby CT had agreed to sell and KSC had agreed to purchase two (2) Komatsu Wheel Loaders, two (2) Caterpillar Wheel Loaders, a Kawasaki Wheel Loader, a Toyota Hilux 2.8 and a Land Cruiser Pickup-Combat for a total consideration of RM771,000.00 which shall be paid in forty eight (48) monthly installments starting from 7 November 2004.
6. KSC and Wong Tractors Works ("**WTW**") had entered into a sale and purchase agreement dated 1 November 2004 whereby WTW had agreed to sell and KSC had agreed to purchase eight (8) units of Komatsu Hydraulic Excavator, a E218 NPK Breaker, a 83 Rammer Hydraulic Breaker, a Toyota Hilux 2.8 and a Land Rover Pickup-Combat for a total consideration of RM1,722,000.00 which shall be paid in forty eight (48) monthly installments starting from 7 November 2004.
7. KSC and Diman Kuari Sdn Bhd ("**DKSB**") had entered into an Asset Purchase Agreement dated 13 January 2005 whereby DKSB had agreed to sell and KSC had agreed to purchase a crushing plant, three (3) vibrating screens, one (1) stockpile tunnel, two (2) diesel tanks, three (3) hydraulic excavator, three (3) mobile air compressor, one (1) crawler drill, one (1) "Krupp" hammer, two (2) shovel and one (1) dumper truck for the total consideration of RM2,300,000.00.



**13. OTHER GENERAL INFORMATION (Cont'd)****AT**

1. AT, Woh Soon Construction Engineering Works ("**WSCEW**") and Sierra Dynamics Sdn Bhd ("**SDSB**") (of which Choy Sen @ Chin Kim Sang and Loh Yee Kwan are Directors and substantial shareholders) had entered into a contra agreement dated 22 September 2003 whereby the parties agreed that the amount of RM183,382.18 owing by AT to WSCEW, and the same amount owing by SDSB to AT, would effectively, be set-off against a portion (which corresponds with the amount of the debts) of the purchase price payable by WSCEW to SDSB for the purchase of a two storey office shop lot known as Lot 099, Z3B in the township known as Lestari Perdana on part of the land held under HS(D) 108937, PT No. 39567, Mukim and District of Petaling, State of Selangor.
2. AT and Agrocon (M) Sdn Bhd ("**Agrocon**") had entered into a settlement agreement dated 1 October 2003 whereby the parties had agreed that Agrocon shall set-off the debt (owed by Agrocon to AT) amounting to RM778,100.00 with the properties known as Lot No. 19-09-D, 12-10-C, 18-15-C, 18-24-A, 19-01-A and 19-03-A in Lagoon Perdana developed by Tenaga Gagah Sdn Bhd. Pursuant to various letters exchanged between AT and Sierra Dynamics Sdn Bhd ("**SDSB**") (of which Choy Sen @ Chin Kim Sang and Loh Yee Kwan are Directors and substantial shareholders), it was agreed that SDSB, instead of AT shall purchase the said properties from Tenaga Gagah Sdn Bhd but pay the purchase consideration amounting to RM778,100.00 to AT.
3. Pursuant to a Sale and Purchase Agreement dated 1 November 2003 between AT and Low Choon Lan, AT agreed to sell and Low Choon Lan agreed to purchase the property known as No. 2341 located at Bukit Sentosa 2 held under HS(D) 22868 PT 1307, Mukim of Serendah, Daerah Ulu Selangor, Selangor for the purchase consideration of RM600,000.00.
4. Pursuant to a Sale and Purchase Agreement dated 1 November 2003 between AT and Low Choon Lan, AT agreed to sell and Low Choon Lan agreed to purchase the property known as No. 2342 located at Bukit Sentosa 2 held under HS(D) 22868 PT 1308, Mukim of Serendah, Daerah Ulu Selangor, Selangor for the purchase consideration of RM590,000.00.
5. AT and Saujana Triangle Sdn Bhd ("**STSB**") had vide letters dated 1 October 2003, 1 March 2004 and 7 May 2004 agreed that STSB shall set-off the debt (owed by STSB to AT) amounting to RM670,030.00 with the properties known as Unit K-09, Flora Damansara and Unit 2-03A-10, Perdana Emerald. Pursuant to various letters exchanged between AT and Sierra Dynamics Sdn Bhd ("**SDSB**") (of which Choy Sen @ Chin Kim Sang and Loh Yee Kwan are Directors and substantial shareholders), it was agreed that SDSB, instead of AT shall purchase the said properties from STSB but pay the purchase consideration amounting to RM670,030.00 to AT.

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**13. OTHER GENERAL INFORMATION (Cont'd)**

6. AT and Agrocon (M) Sdn Bhd ("**Agrocon**") had entered into a settlement agreement dated 27 April 2004 whereby the parties had agreed that Agrocon shall set-off the debt (owed by Agrocon to AT) amounting to RM2,233,200.00 with the properties known as Lot No. SA-0113, SA-0114, SA-SM23, SA-SG17, SA-SG23, SA-SG25, SA-SG26 and SA-SG29, Spring Ville Business Center in Ukay Perdana developed by Ukay Land Sdn Bhd. Pursuant to various letters exchanged between AT and SM, it was agreed that SM, instead of AT shall purchase the said properties from Ukay Land Sdn Bhd but pay the purchase consideration amounting to RM2,233,200.00 to AT. SM and Ukay Land Sdn Bhd had thereafter entered into seven (7) sale and purchase agreements dated 30 April 2004 and one (1) sale and purchase agreement dated 10 May 2004 respectively for the sale of the said properties to SM.
7. AT and Liew Wan Chang & Brothers Construction Sdn Bhd ("**LWC**") and Sierra Dynamics Sdn Bhd ("**SDSB**") had entered into a settlement agreement dated 27 April 2004 whereby the parties had agreed that LWC shall set-off the debt (owed by LWC to AT) amounting to RM543,788.89 with the properties known as Lot B7-1814, B7-1815, B7-1816 and B7-1817 Floria Apartment in Lagoon Perdana developed by Tenaga Gagah Sdn Bhd. Pursuant to various letters exchanged between AT and SDSB (of which Choy Sen @ Chin Kim Sang and Loh Yee Kwan are Directors and substantial shareholders), it was agreed that SDSB, instead of AT shall purchase the said properties from Tenaga Gagah Sdn Bhd but pay the purchase consideration amounting to RM543,788.89 to AT.
8. AT and Primercon Sdn Bhd ("**PSB**") had entered into a settlement agreement dated 5 November 2004 whereby AT agreed to allow PSB to repay the debt (owed by PSB to AT) amounting to RM1,019,755.35 within a period of seventeen (17) months from 30 October 2004 in accordance to the manner stated in the agreement.
9. AT, SM and Sunway Construction Sdn Bhd ("**SCSB**") had entered into an agreement dated 31 March 2005 whereby the parties had agreed that SCSB shall sell to SM a four (4) storey shop office known as Lot No. B01, Block B, Kasturi Business Plaza bearing postal address No. 15, Jalan Kasturi 1, Plaza Kasturi, Off Jalan Balakong, Batu 11, 43200 Cheras, measuring approximately 12,836 square feet for the purchase consideration of RM1,427,054.80. The parties had agreed that the purchase consideration (minus the deposit of RM5,000) shall be set-off against the monies to be paid by SCSB to AT pursuant to the letter of award dated 9 September 2002 and in the event the monies to be paid by SCSB to AT is insufficient, the balance purchase consideration shall be set off against the monies to be paid by SCSB to AT pursuant to the letter of award dated 19 July 2004. The sale of the said property is conditional upon the relevant authorities consenting to the transfer of the said property from SCSB to SM.

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**13. OTHER GENERAL INFORMATION (Cont'd)****13.5 MATERIAL AGREEMENTS**

Save as disclosed below, there are no other material agreements or contracts (including informal arrangements or understandings), as at the latest practicable date prior to the printing of the Prospectus, which have been entered into by MRB and/or its subsidiary companies that are in subsistence: -

**KSC**

1. By letter dated 22 August 1998, Tanming Quarry Sdn Bhd ("**TQSB**") had appointed KSC to provide plant, equipment, expertise and labour services in relation to the quarry operations at Lot 6980, M.C. 11, Mukim of Tanjong Duabelas, Daerah Kuala Langat, Selangor Darul Ehsan. KSC's scope of works includes the drilling and blasting of rock and the installation, operation and maintenance of a crushing plant. In consideration thereof, KSC shall be paid for the finished products in accordance with the contract rates as stipulated in the said letter. Subsequent to the letter dated 22 August 1998, there were several letters exchanged between the parties (the letters were dated 17 October 2000, 6 December 2000, 19 February 2001, 12 November 2004, 18 November 2004 and 20 November 2004) whereby the parties had revised the contract rates.

Pursuant to the latest letter dated 20 November 2004 by TQSB to KSC, the parties had agreed that KSC shall be paid in accordance with the contract as stipulated in the said letter. It is also provided in the said letter that either party shall have the right to terminate the agreement by giving three (3) months notice to the other party. In the event the authorities require TQSB to vacate the quarry site within a period less than 3 months, this agreement may be terminated sooner than the 3 months notice period.

2. Narajaya Sdn Bhd ("**NSB**") (through its consultant Ranhill Bersekutu Sdn Bhd) and KSC had vide letters dated 17 July 2000, agreed for KSC to carry out rock excavation works at 10<sup>th</sup> Mile, Cheras, Mukim Hulu Langat, Daerah Hulu Langat, Selangor Darul Ehsan (Bandar Mahkota Cheras, particularly on the location referred to as R1, R2, R3, R4 and R5 ("the Quarry Site") whereby KSC is to provide "rock blasting" and "backfilling" services. KSC shall excavate 100,000 cubic meter of rocks from the locations R1, R2, R3 and R4 by 23 March 2001 and 50,000 cubic meter of rocks from location R5 by 23 July 2004 failing of which KSC, is to pay to NSB liquidated damages. In consideration thereof, NSB shall pay to KSC the sum of RM819,000.00. NSB reserves the exclusive right to terminate the agreement in the event the relevant authorities disapprove the quarry operation at the Quarry Site. The agreement has been completed and subsequently the parties had via letter dated 11 March 2005 agreed for KSC to further carry out rock excavation works on location R5. The said agreement is pending the finalisation of the terms in relation to payment, duration and quantity of rocks to be excavated.

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**13. OTHER GENERAL INFORMATION (Cont'd)**

NSB and KSC have also vide letter dated 10 November 2000, agreed for KSC to carry out rock salvaging works on rocks excavated from locations R1, R2, R3, R4 and R5. The rock salvaging works includes the installation and the commissioning of a mobile crusher plant, the carrying out of crushing operation to produce all types of material from the blasted rocks and the sale and marketing of the quarry products. In consideration thereof, NSB grants KSC the rights to sell and retain the proceeds for the quarry products. However should the selling price of the quarry products be sixty per centum (60%) higher than the base price (as listed in the said letter), KSC shall reimburse NSB an amount equivalent to thirty per centum (30%) of the quantity of quarry products sold multiplied by the difference between the actual selling price and the ceiling price (as listed in the said letter). The duration of the agreement is forty eight (48) months with the completion date on 23 July 2004. NSB reserves the exclusive right to terminate the agreement in the event the relevant authorities disapprove the quarry operation at the Quarry Site. The parties had subsequently via letter dated 10 July 2004 extended the completion date for the rocks salvaging works to mid July 2005.

3. KSC and Kuari Sungai Perangin Sdn Bhd ("**KSPSB**") had entered into agreements dated 16 April 2001 and 28 October 2003 whereby KSPSB had appointed KSC to carry out works on the quarry located on Lot 5453, Mukim of Hulu Bernam, District of Batang Padang, Perak. Pursuant to the agreements, KSC has the absolute right to market, distribute and sell the granites extracted from the said quarry which are processed to various sizes and gradings ("**Products**") for a period of ten (10) years from 1 April 2001 to 31 March 2011. In consideration thereof, KSC shall pay to KSPSB a monthly tribute equivalent to eight per centum (8%) and ten per centum (10%) of the value of the Products produced from 1 April 2001 until 31 March 2006 and 1 April 2006 until 31 March 2011 respectively, subject to a minimum tribute of RM25,000.00 only per month. In the event if KSC breaches the terms of the agreement and does not rectify the said breach within twenty eight (28) days after being informed of such breach (breach in connection with the payment of the monthly tribute) or sixty (60) days after being informed of such breach (breach other than the payment of the monthly tribute), KSPSB may be entitled to terminate the agreement.
4. By a letter dated 1 December 2001, KSC has awarded F V Shang Enterprise ("**FVSE**") the sub-contract works with regards the quarry operation at Kenneison Quarry located at Sungai Long, Mukim Hulu Langat, Daerah Hulu Langat, Selangor Darul Ehsan whereby FVSE has agreed to provide hauling services for the block stone at the said quarry for a term of three (3) years from 1 January 2002 to 31 December 2004. In consideration thereof, KSC shall pay to FVSE the contract rate as stipulated in the letter of award. KSC had subsequently vide its letter dated 22 December 2004 extended the term of the agreement to 31 December 2006.
5. By a letter dated 22 September 2002, KSC has awarded Nikma Engineering ("**NE**") the sub-contract work with regards the quarry operation at Jaksa Quarry, located at PT 4902 and Lot 6013, Mukim of Labu, District of Seremban, Negeri Sembilan whereby NE has agreed to provide plants, equipment and labour for the loading and haulage of blasted block stone of size not exceeding 24-inches for the duration of thirty six (36) months commencing 1 October 2002. In consideration thereof, KSC shall pay to NE for the end quarry products produced in accordance with the contract rates stipulated in the said letter of award. NE is also obliged to produce a minimum of 100,000 tons of quarry products per month.

**13. OTHER GENERAL INFORMATION (Cont'd)**

6. KSC and Sungai Jan Kuari Sdn Bhd ("**SJKSB**") had entered into an agreement dated 1 October 2002 whereby SJKSB has awarded to KSC the works pertaining to the production operation at the quarry located at Lot No. 1675, Mukim Tembeling, Jerantut, Pahang Darul Makmur. KSC's scope of works includes inter alia providing labour, equipment, machinery, drilling, blasting and processing of granite blocks at the said quarry. The agreement is for a period of three (3) years from 1 October 2002 to 30 September 2005. In consideration thereof, KSC shall be paid in accordance with the contract rate as stipulated in the agreement for the processed granite blocks. If either parties is in breach of its covenants and obligations under the agreement, the aggrieved party may inform and require the defaulting party to remedy the default within fourteen (14) days (from the date such breach had been informed by the aggrieved party to the defaulting party), failing of which the aggrieved party may terminate the agreement.
7. KSC and Nusa Potensi Quarry Sdn Bhd ("**NPQSB**") had entered into a Work Contract Agreement dated 24 June 2003 whereby KSC has agreed to undertake all the works (including inter alia, providing labour, equipment, machinery for the drilling, blasting and processing of rocks/granite) pertaining to the production operation at the quarry located at Compartment 16, Hutan Simpanan Gunung Jerai, Mukim Singkir, Daerah Yan, Kedah for a period of thirty (30) years, ending in 2031. In consideration thereof, KSC shall be paid in accordance with the contract rate as stipulated in the agreement for the processed granite blocks. NPQSB may terminate the agreement if KSC is in breach of its obligations under the agreement and such breach is not rectified within sixty (60) days from the date NPQSB notifies KSC of the said breach. The agreement will also be terminated if i) the lease term of thirty years (30) years on the quarry is canceled or terminated or ii) the permits for carrying out the quarry works are withdrawn or cancelled by the state authorities.
8. By a letter dated 9 August 2003, KSC has awarded Ken Blast Engineering ("**KBE**") the sub-contract works with regards the quarry operation at Penanti 1 Quarry and Penanti II Quarry, both located at Mukim 20, Daerah Seberang Perai Tengah, Pulau Pinang and Berapit Quarry located at Mukim 17, Berapit, Daerah Seberang Perai Tengah, Pulau Pinang whereby KBE has agreed to, inter alia, provide management services; supervision; expertise shot-firer; drill operator and labour in relation to the works involving drilling and blasting of granite rock at the said quarries from 11 August 2003 to 30 September 2005 (for Penanti 1 Quarry) and from 11 August 2003 to 31 December 2003 (for Penanti II Quarry and Berapit Quarry) via a letter dated 30 December 2003. The completion date with regards the works to be carries out at Penanti II Quarry and Berapit Quarry had subsequently been extended to 30 September 2005. In consideration thereof, KSC shall pay to KBE in accordance with the payment rates as stipulated in the said letter of award.
9. KSC and Kenneison Quarries Sdn Bhd ("**Kenneison**") had entered into an agreement dated 15 April 2004 whereby KSC has agreed to, inter alia, provide benching, drilling, blasting, loading, hauling, operation and maintenance of crusher plant services in relation to the quarry operations (collectively the "Contract Works") at Sungai Long, Mukim Hulu Langat, Daerah Hulu Langat, Selangor Darul Ehsan for a period of thirty six (36) months, expiring on 31 December 2006. KSC shall at all times operate and run two (2) lines of the crusher and screening plants and shall produce a minimum of 140,000 metric tons of quarry products per month. Kenneison reserves the right to increase the monthly minimum output of quarry products up to 200,000 metric tons and KSC shall endeavour to achieve the revised output if required.

**13. OTHER GENERAL INFORMATION (Cont'd)**

In consideration thereof, Kenneison shall pay to KSC in accordance with the contract rates as stipulated in the agreement. Kenneison may terminate the agreement by giving KSC thirty (30) days notice if KSC shall i) without reasonable cause fails to operate any one of its production lines or suspend the execution of Contract Works during the term of the agreement, ii) fail to proceed with the contract works with reasonable diligence or fail to achieve the required production quantity and is warned three (3) times continuously over a three (3) months period, iii) refuse or persistently neglects to comply with the written notice or instructions (within the scope of the agreement) and continue to do so for ten (10) days, iv) become insolvent or compounds with or make arrangements with its creditors, v) commence winding proceedings, or vi) shall have a provisional liquidator, receiver or manager appointed.

10. KSC and Batu Tiga Quarry Sdn Bhd ("**BTQSB**") had entered into an agreement dated 5 May 2004 whereby BTQSB had engaged KSC to develop, operate and maintain a granite quarry located on the land in Berapit, at Mukim 17, Berapit, Daerah Seberang Perai Tengah, Pulau Pinang from 1 January 2004 to 31 December 2006. KSC has also agreed to produce and make available to BTQSB a minimum of 40,000 tons of quarry products per month, failing of which KSC shall pay to BTQSB a penalty in accordance with the rates as stipulated in the agreement. In consideration thereof, BTQSB shall pay to KSC in accordance with the payment rates as stipulated in the agreement. BTQSB may terminated the agreement if KSC i) is in breach of its obligations under the agreement, ii) fails to make any payments required to be paid to BTQSB pursuant to the agreement and does not do so within twenty (21) days after being informed by BTQSB of the same, iii) fails to produce the minimum tons of quarry products for any three (3) consecutive months, iv) ceases or suspends or threatens to cease or suspend the contact works for a consecutive period of seven (7) days or more, or v) persistently neglects or refuses to comply with the written instructions from BTQSB.
11. KSC and Jaksa Quarry Sdn Bhd ("**JQSB**") had entered into an agreement dated 5 May 2004 whereby JQSB had engaged KSC to develop, operate and maintain a granite quarry located on the land known as PT 4902 and Lot 6013 located in the Mukim of Labu, District of Seremban, Negeri Sembilan from 1 January 2004 to 31 December 2006. KSC has also agreed to produce and make available to JQSB a minimum of 70,000 tons of quarry products per month, failing of which KSC shall pay to JQSB a penalty in accordance with the rates as stipulated in the agreement. In consideration thereof, JQSB shall pay to KSC the payment rates as stipulate in the agreement. JQSB may terminated the agreement if KSC i) is in breach of its obligations under the agreement, ii) fails to make any payments required to be paid to BTQSB and does not do so within twenty (21) days after being informed by BTQSB of the same, iii) fails to produce the minimum tons of quarry products for any three (3) consecutive months, iv) ceases or suspends or threatens to cease or suspend the contact works for a consecutive period of seven (7) days or more, or v) persistently neglects or refuses to comply with the written instructions from JQSB.
12. KSC and Batu Tiga Quarry Sdn Bhd ("**BTQSB**") had entered into an agreement dated 5 May 2004 whereby BTQSB had engaged KSC to develop, operate and maintain the granite quarry described as Penanti-II Quarry, located on Lot 3336, Mukim 20, Daerah Seberang Perai Tengah, Pulau Pinang from 1 January 2004 to 31 December 2006. KSC has also agreed to produce and make available to BTQSB a minimum of 30,000 tons of quarry products per month, failing of which KSC shall pay to BTQSB a penalty in accordance with the rates as stipulated in the agreement.

**13. OTHER GENERAL INFORMATION (Cont'd)**

In consideration thereof, BTQSB shall pay to KSC in accordance with the payment rates as stipulate in the agreement. BTQSB may terminated the agreement if KSC i) is in breach of its obligations under the agreement, ii) fails to make any payments required to be paid to BTQSB and does not do so within twenty (21) days after being informed by BTQSB of the same, iii) fails to produce the minimum tons of quarry products for any three (3) consecutive months, iv) ceases or suspends or threatens to cease or suspend the contact works for a consecutive period of seven (7) days or more, or v) persistently neglects or refuses to comply with the written instructions from BTQSB.

13. KSC and Batu Tiga Quarry Sdn Bhd ("**BTQSB**") had entered into an agreement dated 5 May 2004 whereby BTQSB had engaged KSC to develop, operate and maintain a granite quarry, described as Penanti 1 Quarry located on land held under PN 403, Mukim 20, Lot. 1509, Daerah Seberang Perai Tengah, Pulau Pinang from 1 January 2004 to 31 December 2006. KSC has also agreed to produce and make available to BTQSB a minimum of 40,000 tons of quarry products per month, failing of which KSC shall pay to BTQSB a penalty in accordance with the rates as stipulated in the agreement. In consideration thereof, BTQSB shall pay to KSC in accordance with the payment rates as stipulate in the agreement. BTQSB may terminated the agreement if KSC i) is in breach of its obligations under the agreement, ii) fails to make any payments required to be paid to BTQSB and does not do so within twenty (21) days after being informed by BTQSB of the same, iii) fails to produce the minimum tons of quarry products for any three (3) consecutive months, iv) ceases or suspends or threatens to cease or suspend the contact works for a consecutive period of seven (7) days or more, or v) persistently neglects or refuses to comply with the written instructions from BTQSB.
14. KSC and Wong Tractors Works ("**WTW**") had entered into an agreement dated 1 November 2004 whereby KSC had engaged WTW to perform loading, hauling and secondary breaking works at the granite quarry described as Penanti-I located on lands held under PN 403 Mukim 20, Lot No. 1509, Daerah Seberang Perai Tengah, Pulau Pinang from 1 November 2004 to 31 December 2006. In consideration thereof, KSC shall pay WTW in accordance with the payments rates as stipulated in the said agreement.
15. KSC and Wong Tractors Works ("**WTW**") had entered into an agreement dated 1 November 2004 whereby KSC had engaged WTW to perform loading, hauling and secondary breaking works at the granite quarry described as Penanti-II located on lands in Bukit Mertajam from 1 November 2004 to 31 December 2006. In consideration thereof, KSC shall pay WTW in accordance with the payments rates as stipulated in the said agreement.
16. KSC and Wong Tractors Works ("**WTW**") had entered into an agreement dated 1 November 2004 whereby KSC had engaged WTW to perform loading, hauling and secondary breaking works at the granite quarry located on the lands in Berapit at Mukim 17, Berapit, Daerah Seberang Perai Tengah, Pulau Pinang from 1 November 2004 to 31 December 2006. In consideration thereof, KSC shall pay WTW in accordance with the payments rates as stipulated in the said agreement.

**13. OTHER GENERAL INFORMATION (Cont'd)**

17. KSC and Candone Trading ("CT") had entered into an agreement dated 1 November 2004 whereby KSC had engaged CT to operate and maintain the crushing plant and sales loading at the granite quarry quarry described as Penanti-I located on lands held under PN 403 Mukim 20, Lot No. 1509, Daerah Seberang Perai Tengah, Pulau Pinang from 1 November 2004 to 31 December 2006. In consideration thereof, KSC shall pay CT in accordance with the payments rates as stipulated in the said agreement.
18. KSC and Candone Trading ("CT") had entered into an agreement dated 1 November 2004 whereby KSC had engaged CT to operate and maintain the crushing plant and sales loading at the granite quarry quarry described as Penanti-II located on the lands in Bukit Mertajam from 1 November 2004 to 31 December 2006. In consideration thereof, KSC shall pay CT in accordance with the payments rates as stipulated in the said agreement.
19. KSC and Candone Trading ("CT") had entered into an agreement dated 1 November 2004 whereby KSC had engaged CT to operate and maintain the crushing plant and sale loading at the granite quarry quarry located on the lands in Berapit at Mukim 17, Berapit, Daerah Seberang Perai Tengah, Pulau Pinang from 1 November 2004 to 31 December 2006. In consideration thereof, KSC shall pay CT in accordance with the payments rates as stipulated in the said agreement.
20. KSC and Diman Kuari Sdn Bhd ("DKSB") had entered into an agreement dated 13 January 2005 whereby DKSB had granted to KSC the sole and exclusive right to develop, maintain and operate the quarry known as Diman Quarry in Mukim Penghulu Diman, Daerah Hulu Terengganu. KSC shall also inter alia, install a plant with a higher output capacity than the existing plant within one (1) year from the date of vacant possession of the quarry land by DKSB to KSC. KSC shall be entitled to market, sell and distribute the quarry products through DKSB. The term of the agreement is from 13 January 2005 to 12 August 2019. In consideration thereof, KSC shall pay DKSB in accordance with the payment rates as stipulated in the agreement. If any party i) commits any act of insolvency or bankruptcy or be wound up or enter into any arrangement or compromise with any of its creditors, ii) have a judgment of a material amount given against it by any court, or iii) breaches any of its undertakings, covenants and terms of the agreement and fails to rectify the said breach within thirty (30) days after being informed of such breach, the other party is entitled to terminate the agreement. Should the agreement be terminated due to KSC's default, KSC shall be liable to pay to DKSB the sum of RM600,000.00 as agreed liquidated damages within thirty (30) days from the date of the said termination. The parties further agreed that all quarry work in the quarry land (limited to the production of premix products) shall be undertaken jointly by them on mutually agreed terms and conditions and the said terms and conditions shall be agreed by the parties not later than twelve months from the date of this agreement.
21. KSC and Lateral Development Sdn Bhd ("LDSB") had entered into an agreement dated 19 January 2005 whereby LDSB had appointed KSC as contractor to develop, operate and maintain the granite quarry described as Romila Jaya Quarry located on the land in Mukim Labu, Daerah Seremban, Negeri Sembilan for a period of two (2) years from 1 March 2005 to 28 February 2007. KSC shall have the option to renew the agreement for a further period of one (1) year. In consideration thereof, LDSB shall pay to KSC in accordance with the payment rates as stipulated in the agreement. KSC has also agreed to produce and make available to LDSB a minimum of 100,000 metric tons of quarry products per month. Either party may terminate the agreement by giving three (3) months notice in writing to the other party.



**13. OTHER GENERAL INFORMATION (Cont'd)**

22. KSC and Lateral Development Sdn Bhd ("**LDSB**") had entered into an agreement dated 19 January 2005 whereby LDSB had appointed KSC as contractor to develop, operate and maintain the granite quarry described as Lean Seng Chan Quarry located on the land in Bukit Mertajam, Seberang Prai Tengah, Penang for a period of two (2) years from 1 March 2005 to 28 February 2007. KSC shall have the option to renew the agreement for a further period of one (1) year. In consideration thereof, LDSB shall pay to KSC in accordance with the payment rates as stipulated in the agreement. KSC has also agreed to produce and make available to LDSB a minimum of 60,000 metric tons of quarry products per month. Either party may terminate the agreement by giving three (3) months notice in writing to the other party.
23. By a letter dated 22 February 2005, Anekon Porcelain Distributions (M) Sdn Bhd ("**APD**") had awarded to KSC the contract works with regards the quarry operation at Taman Desa Mutiara, Gerik, Perak Darul Ridzuan (Sebelah Lot 8125) whereby KSC shall inter alia provide to APD, labour, machinery, equipment, expertise, supervision, manpower for the crushing of stockpiled blasted rock to produce all types of quarry rocks. The duration of the contract is for a period of six (6) months commencing on 1 April 2005 or from the date of completion of the crushing of blasted rock, whichever is earlier. In consideration thereof, APD shall pay to KSC in accordance with the payments rates as stipulated in the said letter.
24. KSC and Dayalam Industries Sdn Bhd ("**Dayalam**") had entered into an agreement dated 15 March 2005 whereby KSC shall engage Dayalam as sub-contractor to operate the granite quarry described as Romila Jaya Quarry located on the land in Mukim Labu, Daerah Seremban, Negeri Sembilan. Dayalam has agreed to, inter alia, produce quarry products and to provide all necessary and sufficient equipment, machinery, appliances required for carrying out the works, more particularly described in Schedule 1 of the Agreement. Unless otherwise varied by KSC, Dayalam shall produce and make available to KSC for sale to its customers, a minimum of 100,000 tons of quarry products per month. The term of the agreement is from 1 March 2005 to 28 February 2007. In consideration thereof, KSC shall pay Dayalam in accordance with the payment rates as stipulate in Schedule 4 of the agreement.
25. KSC and Dayalam Industries Sdn Bhd ("**Dayalam**") had entered into an agreement dated 15 March 2005 whereby KSC shall engage Dayalam as sub-contractor to operate the granite quarry described as Lean Seng Chan Quarry located on the land in Bukit Mertajam, Seberang Prai Tengah. Dayalam has agreed to, inter alia, produce quarry products and to provide all necessary and sufficient equipment, machinery, appliances required for carrying out the works, more particularly described in Schedule 1 of the Agreement. Unless otherwise varied by KSC, Dayalam shall produce and make available to KSC for sale to its customers, a minimum of 60,000 tons of quarry products per month. The term of the agreement is from 1 March 2005 to 28 February 2007. In consideration thereof, KSC shall pay Dayalam in accordance with the payment rates as stipulate in Schedule 4 of the agreement.

**13. OTHER GENERAL INFORMATION (Cont'd)****AT**

1. AT and KSC had entered into an agreement dated 22 September 2000 whereby AT had agreed to provide inter alia drilling, blasting and excavation of rock to formation level to KSC on the quarry located at Bandar Mahkota Cheras. In consideration thereof, KSC shall pay AT a sum of RM1,029,000.00. Subsequently via a letter dated 15 July 2004, the contract period had extended to 31 July 2005.
2. By a letter of award dated 13 January 2004, Saujana Triangle Sdn Bhd ("**STSB**") had awarded AT a contract in relation to the construction and completion of road works, drainage, earthworks, sewerage and water reticulation for Road M1 and an access road to STP for Cadangan Pembangunan Pelbagai di atas Plot PT 31428, PT 31429, PT 31430, PT 31431 and PT 31432 Mukim Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan (the "Works") from 15 January 2004 to 25 June 2004. Subsequently via a letter dated 14 January 2005, STSB (via its consultant, TYL Perunding Sdn Bhd) had extended the completion date to 24 January 2005. The provisional contract sum for the Works is RM4,161,802.00. STSB had also issued numerous variation orders to AT, of which all have been completed. The parties are currently in the midst of negotiating the terms of a new variation order.
3. By a letter dated 3 July 2004 between AT and Hasrat Usaha Sdn Bhd ("**HUSB**") had appointed AT to the supply labour, machinery, explosive and all necessary temporary works for site clearing and the excavation of earth and rock in respect of Projek Jalan Pos Betau Lembah Bertam, Pahang Pakej 3: Bukit Betabung/Sg. Temahang Ke Kg. Susu/Sg. Bertam Secara 'Design and Build' and 'Deferred Payment Scheme' for a period of eighteen (18) months from 30 August 2004. In consideration thereof, HUSB shall pay AT a sum of RM8,594,228.10.
4. By a letter dated 9 November 2004, Intraxis Engineering Sdn Bhd ("**IESB**") has appointed AT as sub-contractor to carry out rock blasting works in relation to the Bakun Hydroelectric Project on the quarry site referred to as Quarry W9-A2. The duration of the agreement is as per the duration of the main contract entered into between IESB and its client, Sinohydro Corporation (M) Sdn Bhd (which is from 20 May 2003 to 22 September 2007). In consideration thereof, IESB shall pay to AT the sum of RM5,600,000.00. Subsequently, vide a letter dated 9 March 2005, the parties had agreed that KSC shall extend its scope of works on the quarry site referred to as Quarry 9 – Area 1 and in consideration thereof, IESB shall pay to AT an additional sum of RM5,600,000.00.
5. By a letter dated 1 June 2005, Manjini Corporation Sdn Bhd ("**MCSB**") has appointed AT as sub-contractor to carry out pavement, sub-base and road base works in relation to the "Upgrading of Jalan Kuah Project" at Padang Matsirat (Laluan 112) from Pekan Kuah to the Langkawi Airport, Kedah. AT's scope of works includes inter alia the setting up and operation of a premix plant and the provision of management staff, labour, plant and machinery for the purpose of carrying out the said pavement, sub-base and road base works. The duration of the agreement is 18 months, commencing from 1 June 2005. In consideration thereof, MCSB shall pay to AT a provisional sum of RM15,660,226.10.

**TM**

1. By a letter dated 24 October 2000, KSC appointed TM as the marketing and sales agent for the quarry products from Kuari Sungai Perangin, Tanjung Malim. The prices offered by TM to its customers shall not be lower than the prices stated in the letter. By a further letter dated 28 October 2003, KSC confirmed that the said appointment would be for a period commencing from the date of the letter to 31 March 2011.

**13. OTHER GENERAL INFORMATION (Cont'd)**

2. By a letter dated 13 July 2001, KSC appointed TM as the marketing and sales agent for the quarry products from Mahkota Cheras Project Quarry. The prices offered by TM to its customers shall not be lower than the prices stated in the letter. By a further letter dated 13 July 2001, KSC confirmed that the said appointment would be for a period commencing from the date of the letter to 23 July 2004. The agreement has subsequently been extended to 31 July 2005 via a letter dated 12 July 2004.

**TP**

1. By a letter dated 8 August 2002, KSC confirmed the selling price for certain quarry products (as contained in the said letter) from Kuari Sungai Perangin, Tanjung Malim to be supplied to TP for its premix operation. By a further letter dated 28 October 2003, KSC confirmed that the quarry products would be supplied for a period commencing from the date of the letter to 31 March 2011.

**DIS**

1. DIS and Sandvik Mining and Construction (M) Sdn Bhd ("Sandvik") had entered into an agreement whereby Sandvik shall supply to DIS spares/tool for Sandvik Rock Tools for the period from 1 February 2005 to 31 January 2006. Sandvik shall invoice DIS for the spare/tools at prices as listed in the said agreement and the said prices shall not be varied without the mutual consent of both the parties.

**DKSC**

1. By a letter dated 2 May 2005, KSC appointed DKSC as the marketing and sales agent for the quarry products from Diman Quarry, Terengganu from 2 May 2005 to August 2019.

The Group's material insurance policies are set out below:-

**MRB**

<b>Insurance Policy</b>	<b>Policy Number</b>	<b>Policy Type/ Period of Insurance</b>	<b>Insured Amount</b>	<b>Nature of Asset Insured</b>
Hong Leong Assurance Berhad	Cover Note NSY-036981	Group Hospital and Surgical  01.05.2005 to 30.04.2006	Overall Limit: RM2,885,000	On 77 employees of MRB and its subsidiary companies.

## 13. OTHER GENERAL INFORMATION (Cont'd)

Insurance Policy	Policy Number	Policy Type/ Period of Insurance	Insured Amount	Nature of Asset Insured		
				No. of Person Insured	Occupation Category	Benefits
Hong Leong Assurance Berhad	0329912-01-3	Group Personal Accident  01.05.2005 to 30.04.2006	RM2,250,000	3	Executive Chairman, Group Managing Director, Deputy Group Managing Director, Group Executive Director, Chief Operating Officer.	Accidental Death
			RM 2,250,000			Permanent Disablement
			RM 30,000			Medical Expenses Reimbursement
			RM 600,000	1	Group General Manager, Executive Director, (Subsidiary), Group Financial Controller	Accidental Death
			RM 600,000			Permanent Disablement
			RM 7,500			Medical Expenses Reimbursement
			RM 2,000,000	5	General Manager, Assistant General Manager, Senior Manager	Accidental Death
RM 2,000,000	Permanent Disablement					
RM 37,500	Medical Expenses Reimbursement					
RM 2,600,000	13	Site Manager, Accounts & Administrative Manager, Assistant Production Manager, Assistant Contract Manager, etc.	Accidental Death			
RM 2,600,000			Permanent Disablement			
RM 65,000			Medical Expenses Reimbursement			
RM 800,000	8	Accountant, Executive Secretary, Senior Accounts Executive, etc.	Accidental Death			
RM 800,000			Permanent Disablement			
RM 24,000			Medical Expenses Reimbursement			

## 13. OTHER GENERAL INFORMATION (Cont'd)

Insurance Policy	Policy Number	Policy Type/ Period of Insurance	Insured Amount	Nature of Asset Insured		
				No. of Person Insured	Occupation Category	Benefits
			RM 650,000	13	Human Resources Executive, Marketing Executive, Senior Accounts Officer, Human Resources Officer, Accounts Officer	Accidental Death
			RM 650,000			Permanent Disablement
			RM 39,000			Medical Expenses Reimbursement
			RM 1,700,000	34	Project Engineer, Production Engineer, Senior Driller, Senior Fitter, Senior Mechanic, supervisor, etc.	Accidental Death
			RM 1,700,000			Permanent Disablement
			RM 102,000			Medical Expenses Reimbursement
			RM 520,000	26	Human Resources Assistant, Purchasing Clerk, Site Clerk, Accounts Assistant, Despatch, Driver, etc.	Accidental Death
			RM 520,000			Permanent Disablement
			RM 52,000			Medical Expenses Reimbursement
			RM 2,780,000	139	Mechanic Fitter, Welder, Assistant Fitter, Machine Operator, Weighbridge Clerk, Apprentice, etc (excluding foreign workers).	Accidental Death
			RM 2,780,000			Permanent Disablement
			RM 278,000			Medical Expenses Reimbursement

**13. OTHER GENERAL INFORMATION (Cont'd)**

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Insurance Policy	Policy Number	Policy Type/ Period of Insurance	Insured Amount	Nature of Asset Insured
Hong Leong Assurance Berhad	B504BB000430	Machinery & Equipment 24.10.2004 to 23.10.2005	RM1,400,000	One unit of PPP Stationery Drum Mix Asphalt plant operating capacities 250TPH of Marshall Mix at 3% Moisture Occupies as Civil Engineering & Rock Blasting at Lot 5453, Mukim of Hulu Bernam, District of Batang Padang, The State of Perak
Hong Leong Assurance Berhad	B504BB000674	Equipment All Risks 17.01.2005 to 16.01.2006	RM2,350,000	One unit of Nordberg Lokotrack LT 110 (primary) mobile unit C110 JAW (33" x 44") Horizontal Grizzly B13-44-2V, Serial No. 1398; and  One unit of Nordberg Lokotrack LT 1200B (secondary) mobile unit Gyrotory Cruiser G1812 with Lokoset Cruiser Automation setting control Horizontal screen B380T TK10-20, Serial No. 1263, used within Malaysia
Hong Leong Assurance Berhad	B504BB000675	Equipment All Risks 30.01.2005 to 29.01.2006	RM850,000	One unit of new unit of Tamrock Hydraulic Crawler Drilling Rig used within Malaysia. Model No. Pantera 1100 Serial No. 100T1835-1
Hong Leong Assurance Berhad	0109101-02-9	Fire Material Damage 09.04.2005 to 08.04.2006	RM1,310,000	1. On the Five Storey Building 2 On Architects' Surveyors and Engineers' Fees 3 On Debris Clearance 4 On 12 Months Rental at Unit 12A-12I, Lot 12, FAS Business Avenue Kelana Jaya, 47301 Petaling Jaya, Negeri Selangor Darul Ehsan
Hong Leong Assurance Berhad	B504BB001025	Equipment All Risks 25.03.2005 to 24.03.2006	RM540,000	One unit of new Tamrock Hydraulic Crawler Drilling Rig Model No. CHA 1100 Serial No. 96AT827
Hong Leong Assurance Berhad	B504BB001024	Equipment All Risks 25.03.2005 to 24.03.2006	RM585,000	One unit of Tamrock CHA 1100 non cabin type Hydraulic Crawler Drilling Rig used within Malaysia Serial No. 97AT253

## 13. OTHER GENERAL INFORMATION (Cont'd)

Insurance Policy	Policy Number	Policy Type/ Period of Insurance	Insured Amount	Nature of Asset Insured
Hong Leong Assurance Berhad	B504BB001023	Equipment All Risks 25.03.2005 to 24.03.2006	RM585,000	One unit of new Tamrock CHA 1100, non cabin Hydraulic Crawler Drilling Rig c/w Accessories used within Malaysia Serial No. 97AT206
Hong Leong Assurance Berhad	Risk Note No. 0245213-01-8	Fire 01.03.2005 to 28.02.2006	RM1,197,300	Phase 1, Level 6, Unit 13.1, 13.2, 14.1, 14.2, 15.1, 15.2, 16.1, 16.2, 17.1 & 17.2, Block A, Plaza Dwtasik, 47301 Kuala Lumpur
Royal & Sun Alliance (M) Bhd	S1DECC0014470400	Contractor's All Risk and Public Liability 08.01.2004 to 30.06.2004 plus 18 months maintenance period from 28.4.2004	RM2,199,189	Contracts works comprising the permanent and temporary works forming part of the contract (including materials incorporated therein) in relation to the construction and completion of road works, drainage, sewerage, for access road to D19/5.14 acre for "Cadangan Pembangunan Pelbagai di atas Lot PT 31428, PT 31429, PT 31430, PT 31431, PT 31432 Mukim Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan" ("Project"); and  Public Liability in relation to the Project
Mitsui Sumitomo Insurance (Malaysia) Bhd	KLD/ECAR/04-000086	Contractor's All Risk 15.01.2004 to 30.07.2004 plus 18 months maintenance period	RM5,161,802	Bodily injury and material damage happening in connection with the construction and completion of road works, drainage, earthworks, sewerage and water reticulation for Road M1 and access road to STP for "Cadangan Pembangunan Pelbagai di atas Lot PT 31428, PT 31429, PT 31430, PT 31431, PT 31432 Mukim Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan"  Note: the policy does not indemnify the insured in respect of any claims arising during the period from 15.01.2004 to 30.01.2004 and from 29.04.2004 to 12.05.2004.
Pacific Insurance	Certificate of Insurance No. CF3-F0097739-H2, CF3-F0097740-H2, CF3-F0097741-H2, CF3-F0097742-H2, CF3-F0097743-H2, CF3-F0097744-H2, CF3-F0097745H2, CF-F0097746-H2, CF3-F0097747-H2, CF3-F0097748-H2,	Fire Insurance 31.07.2004 to 30.07.2005	RM47,500,000 in relation to Plaza Dwtasik, Bandar Sri Permaisuri Off Jalan Tasik Permaisuri 1, 56000 Kuala Lumpur (occupied as office and residential unit)	On the building, fixture and fittings, plant and machinery, electrical installations, fire protection systems including professional fees and removal of debris unit A/06-13.01, A/06-13.02, A/06-14.01, A/06-14.02, A/06-15.01, A/06-15.02, A/06-16.01, A/06-16.02, A/06-17.01 and A/06-17.02.

## 13. OTHER GENERAL INFORMATION (Cont'd)

Insurance Policy	Policy Number	Policy Type/ Period of Insurance	Insured Amount	Nature of Asset Insured
	to Master Policy No. CFG-F0097620-H2		as per the master policy.	Term of cover: Fire and lighting; riot strike and malicious damage; explosion; storm; tempest flood; aircraft damage, earthquake and volcanic eruption; bursting or overflowing of water tanks, apparatus or pipe; impact damage including own vehicle and subsidence and landslip.

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Insurance Policy	Policy Number	Policy Type/ Period of Insurance	Insured Amount	Nature of Asset Insured
Hong Leong Assurance Berhad	0254846-01-9	Fire 11.01.2005 to 10.01.2006	RM1,100,000	On stock of spare parts and on office equipment such as computers, air-conditioners, furnitures, fixtures, fittings and Wiring at Lot 763-A8, Jalan Subang 4, Kawasan Perusahaan Sungai Penaga, 47500 Subang Jaya, Selangor Darul Ehsan

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Insurance Policy	Policy Number	Policy Type/ Period of Insurance	Insured Amount	Nature of Asset Insured
Hong Leong Assurance Berhad	B504BB000680	Public Liability 30.01.2005 to 29.01.2006	RM1,000,000	Bodily injury to or illness of any person and loss of or damage to property, happening in connection with the Insured's business and occurring upon the Insured's premises at Lot 6980, Mukim of Tanjong 12, District of Kuala Langat, Selangor
Hong Leong Assurance Berhad	B504BB000679	Public Liability 30.01.2005 to 29.01.2006	RM1,000,000	Bodily injury to or illness of any person and loss of or damage to property, happening in connection with the Insured's business and occurring upon the Insured's premises at Lot 1675, Mukim Kuala Tembeling, Daerah Jerantut, Pahang
Hong Leong Assurance Berhad	B504BB000055	Public Liability 18.07.2004 to 17.07.2005	RM1,000,000	Bodily injury to or illness of any person and loss of or damage to property, happening in connection with the Insured's business and occurring upon the Insured's premises at Lot 5453, Mukim of Hulu Bernam, District of Batang Padang The State of Perak



## 13. OTHER GENERAL INFORMATION (Cont'd)

Insurance Policy	Policy Number	Policy Type/ Period of Insurance	Insured Amount	Nature of Asset Insured
Hong Leong Assurance Berhad	B504BB000132	Public Liability 22.08.2004 to 21.08.2005	RM1,000,000	Bodily injury to or illness of any person and loss of or damage to property, happening in connection with the Insured's business and occurring upon the Insured's premises at Penanti II, Bukit Mertajam
Hong Leong Assurance Berhad	B504BB000133	Public Liability 22.08.2004 to 21.08.2005	RM1,000,000	Bodily injury to or illness of any person and loss of or damage to property, happening in connection with the Insured's business and occurring upon the Insured's premises at Berapit Quarry, Bukit Mertajam
Hong Leong Assurance Berhad	B504BB000427	Public Liability 14.10.2004 to 13.10.2005	RM1,000,000	Bodily injury to or illness of any person and loss of or damage to property, happening in connection with the Insured's business and occurring upon the Insured's premises at Nusa Potensi Quarry, Kompitmen 16, Kawansan Hutan Simpanan, Gunung Jerai, Mukim Singkir, Daerah Yan, Kedah
Hong Leong Assurance Berhad	B504BB000779	Equipment All Risks 06.02.2005 to 05.02.2006	RM630,000	One unit of used Tamrock Hydraulic Crawler Drilling Rig used within Malaysia Model : CHA 1100 Serial No : 97AT138
Hong Leong Assurance Berhad	B504BB000425	Equipment All Risks 04.10.2004 to 03.10.2005	RM650,000	One unit of used Hydraulic Crawler Drilling Rig used within peninsular Malaysia Brand : Tamrock Model : CHA 1100 Serial No. 98AT201
Malaysian Assurance Alliance Berhad	B904BC001058	Equipment All Risks 18.08.2004 to 17.08.2005	RM870,000	1. One unit Reconditioned Komatsu Hydraulic Excavator Engine No. 6D125-66337 Chassis No. PC450-10219 Model: PC450LC-6 Year: 1999; and 2. One unit Reconditioned Komatsu Hydraulic Excavator Engine No. 6D125-65809 Chassis No. PC450-10187 Model: PC450-6 Year: 1999
Hong Leong Assurance Berhad	B504BB000778	Machinery & Equipment 06.02.2005 to 05.02.2006	RM2,350,000	One unit of Mobile Crushing Plant Model No. LT 110 and LT 1500 c/w accessories within the geographical limit at Liti Quarry Lot 364, 375, 378, 954, 955 Mukim 20, Daerah Seberang Perai Tengah, Pulau Pinang

**13. OTHER GENERAL INFORMATION (Cont'd)**

<b>Insurance Policy</b>	<b>Policy Number</b>	<b>Policy Type/ Period of Insurance</b>	<b>Insured Amount</b>	<b>Nature of Asset Insured</b>
Hong Leong Assurance Berhad	B504BB000706	Machinery & Equipment 15.01.2005 to 14.01.2006	RM1,903,500	One complete set of (Used) Three Stages Crushing and Screening Plant within the geographical limit at Mahkota Cheras Quarry, 10 <sup>th</sup> Miles Cheras Mukim Hulu Langat Daerah Hulu Langat
Hong Leong Assurance Berhad	B504BB000135	Machinery & Equipment 20.08.2004 to 19.08.2005	RM1,500,000	One unit of Two Stages used crushing and plant as lodged with KSC within the geographical limit of Lot P.T. No. 1144, 1145 and 1146, Mukim Hulu Langat, Daerah Hulu Langat, Selangor Darul Ehsan
Hong Leong Assurance Berhad	B504BB000200	Machinery & Equipment 26.09.2004 to 25.09.2005	RM1,500,000	One unit of Three Stages Crushing and Screening Plant  Primary Crusher: Model C125, Serial No. 3349 (CP462C)  Secondary Crusher: Model G2511, Serial No. 4382 (CP463C)  Tertiary Crusher: Model G1815, Serial No. 4122 (CP464C)  within the geographical limit of Tanjung Malim, Sungai Perangin Quarry at Lot 5453, Mukim Hulu Bernam Timur Daerah Batang Padang, Perak
Hong Leong Assurance Berhad	B504BB000681	Public Liability 11.01.2005 to 10.01.2006	RM500,000	Bodily injury to or illness of any person and loss of or damage to property, happening in connection with the Insured's business and occurring upon the Insured's premises at Lot 12, Fas Business Avenue, Jalan Perbandaran, 47301 Petaling Jaya, Selangor Darul Ehsan
Hong Leong Assurance Berhad	B504BB001022	Equipment All Risks 25.03.2005 to 24.03.2006	RM580,000	One unit of new Komatsu PC 750 SE-6 Hydraulic Excavator Chassis No. PC 750-10049 Engine No. 6D140-23878 Capacity: 444 H.P.
Hong Leong Assurance Berhad	B504BB001027	Equipment All Risks 25.03.2005 to 24.03.2006	RM585,000	One unit of New Komatsu PC750 SE-6 Hydraulic Excavator Engine No. 6D140-24234 Chassis No. PC750-10069 Capacity : 444 H.P.

## 13. OTHER GENERAL INFORMATION (Cont'd)

Insurance Policy	Policy Number	Policy Type/ Period of Insurance	Insured Amount	Nature of Asset Insured
Hong Leong Assurance Berhad	0336768-01-8	Public Liability 29.03.2005 to 28.03.2006	RM1,000,000	Bodily injury to or illness of any person and loss of or damage to property, happening in connection with the Insured's business and occurring upon the Insured's premises at Lot 1509, Mukim 20 Guar Ipoh, 14400 Kubang Semang, Bukit Mertajam
Hong Leong Assurance Berhad	0336680-01-3	Public Liability 25.03.2005 to 24.03.2006	RM1,000,000	Bodily injury to or illness of any person and loss of or damage to property, happening in connection with the Insured's business and occurring upon the Insured's premises at P.T. No 4902 Jaksa Quarry, Nilai Negeri Sembilan
Hong Leong Assurance Berhad	D700DD000024	Contractor's All Risk Policy 24.07.2004 to 23.07.2005 plus 12 months maintenance period	RM1,819,000	Material damage, bodily injury and property, occurring upon the quarry site at Bandar Mahkota, Cheras (10 <sup>th</sup> Miles, Cheras), Mukim Hulu Langat, Daerah Hulu Langat  Note: the policy does not indemnify the insured in respect of any claims arising during the period from 24.07.2004 to 16.08.2004.
Hong Leong Assurance Berhad	B504BB000529	Equipment all Risk 21.12.2004 to 20.12.2005	RM510,000	One unit of Reconditioned Tamrock Hydraulic crawler drilling rig Model: CHA 660 Serial No. 97AT188
Hong Leong Assurance Berhad	B504BB000539	Equipment all Risk 21.12.2004 to 20.12.2005	RM660,000	One unit of Reconditioned Hydraulic crawler drilling rig Model: CHA 1100 Serial No. 97T917A
Hong Leong Assurance Berhad	0336705-01-3	Public Liability 01.04.2005 to 31.03.2006	RM1,000,000	Bodily injury to or illness of any person and loss of or damage to property, happening in connection with the Insured's business while carrying out quarry and blasting works and occurring upon the Insured's premises as at 36F, (1 <sup>st</sup> Floor), Jalan Bukit Kechil, Kuala Terengganu, 21100, Terengganu
Hong Leong Assurance Berhad	B504BB000969	Machinery and Equipment 26.04.2005 to 25.04.2006	RM1,640,000	One unit of crushing plant at Diman Quarry, Kuala Terengganu, Terengganu

**13. OTHER GENERAL INFORMATION (Cont'd)****13.6 MATERIAL LITIGATION**

Save as disclosed below and as at 31 May 2005, the MRB Group is not engaged whether as plaintiff or defendant in any legal action, proceeding, arbitration or prosecution for any criminal offence which has a material effect on the financial position of the Group and the Directors do not know of any proceedings pending or threatened or any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of the MRB Group:-

*High Court Winding Petition No. 28-13-2002*

KSC has vide its solicitors filed a petition against Khas Teguh Sdn Bhd ("**Khas Teguh**") in the Seremban High Court via Winding-Up Petition No. 28-13-2002. KSC is claiming for the sum of RM2,873,913.53 being outstanding fees with regards the work done for Khas Teguh. Khas Teguh has subsequently filed an application for an injunction and to strike out KSC's petition. The Court has dismissed Khas Teguh's application for the injunction and the application to strike out KSC's petition. The parties are required to file written submissions to the Court by 7 July 2005. The winding-up petition is also fixed for mention on 7 July 2005.

The solicitors for KSC are of the opinion that Khas Teguh will not be able to injunct or strike out KSC's petition.

**13.7 GENERAL INFORMATION**

During the last financial period and the current financial year to date, there were no: -

- (i) public take-over offers by third parties in respect of the Company's shares; and
- (ii) public take-over offers by the Company in respect of other companies' shares.

**13.8 CONSENTS**

The written consent of the Adviser, Managing Underwriter and Placement Agent, Underwriters, Auditors and Reporting Accountants, Company Secretaries, Principal Bankers, Solicitors, Registrars and Issuing House to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consent of the Auditors and Reporting Accountants to the inclusion in this Prospectus of their name, Accountants' Report and letters relating to the Consolidated Profit Forecast for the financial year ending 31 December 2005 and the Proforma Consolidated Balance Sheets as at 31 December 2004 in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

The written consent of the Independent Business and Market Research Consultants to the inclusion in this Prospectus of their name and summary market research report in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

**13. OTHER GENERAL INFORMATION (Cont'd)****13.9 DOCUMENTS FOR INSPECTION**

Copies of the following documents may be inspected at the registered office of the Company during normal business hours for a period of twelve (12) months from the date of this Prospectus: -

- (a) The Memorandum and Articles of Association of the Company;
- (b) The material contracts and material agreements referred to in Section 13.4 and 13.5 of this Prospectus respectively;
- (c) The Directors' Report and Accountants' Report as included herein;
- (d) The Reporting Accountants' letters relating to the Consolidated Profit Forecast for financial year ending 31 December 2005 and Proforma Consolidated Balance Sheets as at 31 December 2004 as included herein;
- (e) The audited financial statements of MRB and its subsidiaries for the past five (5) financial years/period ended 31 December 2004 where relevant;
- (f) The writ and relevant cause papers in respect of the current material litigation referred to in Section 13.6 of this Prospectus;
- (g) Independent Market Research Report on the MRB Group as prepared by Vital Factor Consulting Sdn Bhd referred to in Section 12; and
- (h) The letters of consent referred to in Section 13.8 of this Prospectus.

**13.10 RESPONSIBILITY STATEMENTS**

- (a) This Prospectus has been seen and approved by the Directors and Promoters of the Company and the Offerors and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm, having made all reasonable enquiries and to the best of their knowledge and belief, there are no false and misleading statements or other facts the omission of which would make any statements herein false and misleading. The Directors hereby accept full responsibility for the profit forecast included in this Prospectus and confirm that the profit forecast has been prepared based on the assumptions made.
- (b) AmMerchant Bank acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the IPO and is satisfied that the consolidated profit forecast for the financial year ending 31 December 2005 (for which the Directors of the Company are fully responsible) prepared for inclusion in this Prospectus has been stated by the Directors of the Company after due and careful inquiry and has been duly reviewed by the Reporting Accountants.