

## 11. FURTHER STATUTORY AND OTHER GENERAL INFORMATION

### 11.1 Share Capital

1. No Shares will be allotted on the basis of this Prospectus later than twelve (12) months after the date of this Prospectus.
2. There are no founder, management or deferred Shares in the Company.
3. A director is not required to hold any qualification Share in the Company.
4. There is only one (1) class of shares in the Company, namely ordinary shares of RM1.00 each, all of which rank pari passu with one another.

### 11.2 Articles of Association

1. The provisions of the Articles of Association of the Company in respect of the arrangements for the transfer of Shares of the Company and the restrictions on their free transferability are as follows:-

#### **Article 25**

The transfer of any listed security or class of listed security of the Company, shall be 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 subsection 107C(2) of the Act, and any exemption that may be made from compliance with subsection 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfers of such securities.

*Execution of instrument of transfer etc.*

#### **Article 26**

- (a) Neither the Company nor its Directors nor any of its officers shall incur any liability for any transfer of shares apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred, and although transferred, the transfer may, as between the transferor and transferee be liable to be set aside, and notwithstanding that the Company may have notice of such transfer. And in every such case, the transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.
- (b) The Central Depository may in its absolute discretion refuse to register any transfer of deposited security that does not comply with the Central Depositories Act and the Rules.

*Non-liability in respect of transfer*

*Refusal to register transfer*

**Article 33**

(1) Where:-

- (a) the shares of the Company are listed on an Approved Market Place; and
- (b) the Company is exempted from compliance with section 14 of the Central Depository Act or Section 29 of the Securities Industry (Central Depositories)(Amendment) Act 1998, as the case may be, under the Rules of the Central Depository in respect of such shares,

*Transmission  
of Securities  
from foreign  
register*

the Company shall, upon request of a Member, permit a transmission of shares held by such Member from the register of holders maintained by the registrar of the Company in the jurisdiction of the Approved Market Place (hereinafter referred to as "the Foreign Register"), to the register of holders maintained by the registrar of the Company in Malaysia (hereinafter referred to as "the Malaysian Register") provided that there shall be no change in the ownership of such shares.

(2) Even though the Company has fulfilled the requirements of subparagraphs (1)(a) and (b) above, it shall not allow any transmission of shares from the Malaysian Register into the Foreign Register.

2. The provisions of the Company's Articles of Association dealing with the voting and borrowing powers of the directors are as follows:-

**Article 62**

If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved ; in any other case it shall stand adjourned to the same day in the next week (or if that day be a public holiday, then to the next business day following that public holiday) at the same time and place, or to such other day and at such other time and place as the Directors may determine, but if a quorum is not present at an adjourned meeting the Members present shall be a quorum.

*Adjournment if  
a quorum not  
present*

**Article 92**

The business of the Company shall be managed by the Directors who may pay all expenses incurred in promoting and registering the Company, and may exercise all such powers of the Company as are not, by the Act or by these Articles, required to be exercised by the Company in General Meeting, subject, nevertheless, to any of these Articles, to the provisions of the Act and to such regulations, not being inconsistent with the aforesaid Articles or provisions, as may be prescribed by the Company in General Meeting, but no regulation made by the Company in General Meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.

*General Power  
vested in  
Directors*

**Article 93**

- (a) The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge any of the Company's or the subsidiaries' undertaking, property and uncalled capital, or any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or a related third party only.
- (b) In accordance with Section 132C of the Act, the Directors shall not acquire or dispose of an undertaking or property of a substantial value or dispose of a substantial portion of the Company's main undertaking or property without the approval of the Company in General Meeting.

*Power of Director to borrow and issue debenture*

**Article 102**

The quorum necessary for the transaction of the business of the Directors shall be two and a meeting of the Directors for the time being at which a quorum is present shall be competent to exercise all or any of the powers, authorities and discretions by or under these Articles vested in or exercisable by the Directors generally.

*Quorum*

**Article 104**

Subject to these Articles questions arising at any meeting of Directors shall be decided by a majority of votes and a determination by a majority of Directors shall for all purposes be deemed a determination of the Directors. Where 2 Directors form a quorum, the Chairman of a meeting at which only such a quorum is present, or at which only 2 Directors are competent to vote on the question at issue, shall not have a casting vote.

*If two Directors form a quorum, Chairman shall not have a casting vote*

**Article 106**

A Director shall not vote in regard to any contract or proposed contract or arrangement in which he has, directly or indirectly, a personal interest.

*Directors' interest*

**Article 108**

A Director may vote and be counted in a quorum at a meeting in respect of:

- (i) any arrangement for giving the Director himself or any other Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company or any of its subsidiaries; or
- (ii) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security.

*Contracts or arrangements which the Directors can vote*

**Article 109**

A Director notwithstanding his interest may, provided that none of the other Directors present disagree, be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any office or place of profit under the Company or whereat the Directors resolve to exercise any of the rights of the Company, (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit under any other company or whereat the terms of any such appointment as hereinafter mentioned are considered or whereat any decision is taken upon any contract or arrangement in which he is in any way interested provided always that he has complied with Section 131 of the Act.

*Relaxation of  
restriction on  
voting*

**Article 112**

The Directors may establish any committee, local board or agency for managing any of the affairs of the Company, either in Malaysia or elsewhere, and may lay down, vary or annul such rules and regulations as they may think fit for the conduct of the business thereof, and may appoint any person or persons to be a Member or Members of any such committee or local board or agency and may fix their remuneration and may delegate to any such committee or local board or agency any of the powers, authorities and discretions vested in the Directors, with power to sub-delegate, and may authorise the Member or Members of any such committee or local board or agency or any of them, to fill any vacancy therein, and to act notwithstanding vacancies, and any such appointment or delegation may be made upon such terms and subject to such conditions as the Directors may think fit, and the Directors may remove any person so appointed, and may annul or vary any such delegation, but no person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.

*Committees*

3. The provisions of the Company's Articles of Association dealing with changes in capital and variations of class rights which are as stringent as those provided in the Companies Act, 1965 are as follows:-

**Article 6**

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, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate General Meeting of the holders of the shares of the class. To every such separate General Meeting the provisions of these Articles relating to the General Meetings shall mutatis mutandis apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution the provisions of Section 152 of the Act shall, with such adaptations as are necessary, apply.

*Modification of  
class rights*

**Article 48**

The Company may from time to time, whether all the shares for the time being authorised shall have been issued or all shares for the time issued shall have been fully called up or not, by Ordinary Resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividends, return of capital or otherwise as the Company by the resolution authorising such increase directs.

*Power to increase capital*

**Article 49**

(a) Subject to any direction to the contrary that may be given by the Company in General Meeting, all new shares or other Convertible Securities shall, before issued, be offered to the Members in proportion, as nearly as the circumstances admit, to the amount of the existing Shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those Shares or securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new share or security which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Article.

*Issue of new Shares to Members*

(b) Notwithstanding Article 49(a) above but subject always to the Act, the Company may apply to the Stock Exchange for waiver of convening Extraordinary General Meetings to obtain Members' approval for further issues of shares (other than bonus or rights issues) where the aggregate issues of which in any one financial year do not exceed 10% of the issued capital.

*Waiver from Exchange for convening of Extraordinary General Meeting for new issue of shares*

**Article 50**

Except so far as otherwise provided by the conditions of issue, any capital raised by the creation of new shares shall be considered as part of the original share capital of the Company, and shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise as the original share capital.

*Rights and liabilities of new shares*

**Article 51**

The Company may from time to time by ordinary resolution: -

- (a) increase the share capital by such sum to be divided into shares of such amount as the resolution shall prescribe;
- (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (c) subdivide its shares or any of them into shares of a smaller amount than is fixed by the memorandum; so however that in the sub-division the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; or
- (d) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.

*Consolidation,  
cancellation  
and  
sub-division of  
capital*

**Article 52**

All new shares created as a result of any increase or change in the Company's capital shall be subject to the same provisions of these Articles with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise as the shares in the original share capital.

*Provision  
applicable to  
new shares  
created or  
change of  
company's  
capital*

**Article 53**

The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner with, and subject to, any authorisation, and consent required by law.

*Reduction of  
capital*

4. The provisions of the Company's Articles of Association dealing with the remuneration of the directors are as follows:-

**Article 87**

- (a) The remuneration of the Directors shall from time to time be determined by the Company in General Meeting. That remuneration shall be deemed to accrue from day to day. Remuneration paid by the Company to the alternate shall be deducted from the Director nominating him. The Directors may also 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 the Directors or General Meetings of the Company or in connection with the business of the Company.
- (b) Fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover.
- (c) Salaries payable to executive Directors may not include a commission on or percentage of turnover.

*Remuneration  
of Directors*

**Article 89**

If any Director being willing and having been called upon to do so by the other Directors shall render or perform special or extraordinary services or travel or reside abroad for any business or purposes on behalf of the Company, he shall be entitled to receive such sum as the Directors may think fit for expenses and also such remuneration as the Directors may think fit, either as a fixed sum or as percentage of profits or otherwise but not a commission on or percentage of turnover and such remuneration may, as the Directors shall determine, be either in addition to or in substitution for any other remuneration he may be entitled to receive, and the same shall be charged as part of the ordinary working expenses of the Company.

*Remuneration  
for extra  
services*

**11.3 Directors and Substantial Shareholders**

1. The names, addresses and occupations of the directors are set out in Section 1 "Corporate Directory" of this Prospectus.
2. No director or key management personnel of the MTHB Group is or has been involved in any of the following events, whether in or outside Malaysia:-
  - (a) A petition under any bankruptcy or insolvency laws filed against such person or any partnership in which he was or is a partner or any corporation of which he was or is a director or key personnel;
  - (b) A conviction in a criminal proceeding or is a named subject of a pending criminal proceeding; or
  - (c) The subject of any order, judgment or ruling of any court, tribunal or governmental body of competent jurisdiction permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution or engaging in any type of business practice or activity.
3. For the financial year ended 31 December 2002, no remuneration was paid to the previous directors of MTHB, being Mr. Kuan Teng Meng and Madam Tai Chew Ngo, for their service in all capacities to MTHB. For the financial year ending 31 December 2003, a total sum of RM150,000 is proposed to be paid to the directors of MTHB for their service in all capacities to the Company and its subsidiaries. The directors fall within the following remuneration bands:-

Remuneration Band (RM)	Number of Directors Year Ending 31.12.2003
Below 50,000	4
50,001 – 100,000	1

4. None of the directors of MTHB has any shareholding, whether directly or indirectly, in MTHB as at the date of this Prospectus, and they are not entitled to participate in the Special Issue, the Restricted Issue or the Mandatory Offer.

5. Based on the Register of Substantial Shareholders of MTHB as at the date of this Prospectus, the direct and indirect interests of the substantial shareholders in the issued and paid-up capital of the Company are as follows:-

Name	Nationality / Place of Incorporation	I Existing			II After I and Special Issue			III After II and Restricted Issue			
		Direct No. of Shares ( <sup>'000</sup> )	Indirect No. of Shares ( <sup>'000</sup> )	% No. of Shares	Direct No. of Shares ( <sup>'000</sup> )	Indirect No. of Shares ( <sup>'000</sup> )	% No. of Shares	Direct No. of Shares ( <sup>'000</sup> )	Indirect No. of Shares ( <sup>'000</sup> )	% No. of Shares	
<b>Promoters / Substantial Shareholders</b>											
Ample Potential <sup>a</sup>	Malaysia	-	4,489	7.74	-	4,489	6.32	4,489	4,489	5.68	5.68
Excellent Avenue	Malaysia	50,000	-	-	50,000	70.42	-	50,000	-	63.29	-
Wong Thiam Loy	Malaysian	20	<sup>d</sup> 54,489	93.95	20	0.03	<sup>d</sup> 54,489	<sup>e</sup> 41	<sup>d</sup> 58,979	0.05	74.66
<b>Substantial Shareholders</b>											
Exclusive Vest Holdings Sdn Bhd <sup>b</sup>	Malaysia	-	50,000	86.21	-	50,000	70.42	-	50,000	-	63.29
Kong See Kuan <sup>c</sup>	Malaysian	-	54,510	93.98	-	54,510	76.77	-	59,020	-	74.71
Teo Yong Sai	Malaysian	-	-	-	-	-	-	-	-	-	-
HLBB	Malaysia	4,489	-	7.74	4,489	6.32	-	4,489	-	5.68	-
<b>V After III and Mandatory Offer</b>											
<b>RCULS</b>											
<b>After IV and Full Conversion of</b>											
Name	Nationality / Place of Incorporation	IV			After IV and Full Conversion of			RCULS			
		Direct No. of Shares ( <sup>'000</sup> )	Indirect No. of Shares ( <sup>'000</sup> )	% No. of Shares	Direct No. of Shares ( <sup>'000</sup> )	Indirect No. of Shares ( <sup>'000</sup> )	% No. of Shares	Direct No. of Shares ( <sup>'000</sup> )	Indirect No. of Shares ( <sup>'000</sup> )	% No. of Shares	
<b>Promoters / Substantial Shareholders</b>											
Ample Potential	Malaysia	4,489	4,489	5.34	4,489	4.40	4,489	4,489	4.40	4.40	4.40
Excellent Avenue	Malaysia	<sup>1</sup> 48,800	-	58.09	48,800	47.84	-	-	-	-	-
Wong Thiam Loy	Malaysian	41	<sup>d</sup> 57,779	68.78	41	0.04	<sup>d</sup> 57,779	<sup>d</sup> 57,779	<sup>d</sup> 57,779	56.64	56.64
<b>Substantial Shareholders</b>											
Exclusive Vest Holdings Sdn Bhd <sup>b</sup>	Malaysia	-	48,800	58.09	-	-	-	48,800	48,800	47.84	47.84
Kong See Kuan <sup>c</sup>	Malaysian	-	57,820	68.83	-	-	-	57,820	57,820	56.68	56.68
Teo Yong Sai	Malaysian	5,002	-	5.96	5,002	4.90	-	-	-	-	-
HLBB	Malaysia	4,489	-	5.34	12,259	12.02	-	-	-	-	-



**Notes:-**

- a *On 10 December 2001, Ample Potential had entered into a Share Sale Agreement with HLBB whereby Ample Potential had agreed to acquire 22,447,000 Shares in Kiara Emas from HLBB for a cash consideration of RM11,223,500 at RM0.50 per Share, pursuant to HLBB's exercise of its power of sale under various Memoranda of Deposit pursuant to which the said Shares had been pledged by their owners to HLBB. Pursuant to a letter dated 29 July 2003, HLBB had agreed to defer the payment of the balance purchase consideration amounting to RM10,101,150 and the completion of the said Share Sale Agreement until 30 June 2004.*
- Pursuant to the Shareholders' Scheme, the 22,447,000 Shares in Kiara Emas which are the subject of the Share Sale Agreement have been cancelled and 4,489,400 MTHB Shares have been issued in favour of HLBB. As such, HLBB has a direct interest in 4,489,400 MTHB Shares whilst Ample Potential has an indirect interest in the said Shares by virtue of the Share Sale Agreement.*
- It is assumed that HLBB will renounce its entitlement under the Restricted Issue to Ample Potential.*
- b *Deemed substantial interest through Excellent Avenue.*
- c *Deemed substantial interest through her substantial shareholding in Exclusive Vest Holdings Sdn Bhd, the direct shareholding of her spouse, Mr. Wong Thiam Loy, in MTHB, and the substantial shareholding of Mr. Wong Thiam Loy in Ample Potential.*
- d *Deemed substantial interest through his substantial shareholding in Ample Potential and the substantial shareholding of his spouse, Madam Kong See Kuan, in Exclusive Vest Holdings Sdn Bhd.*
- e *Assuming that all the Entitled Shareholders, including Mr. Wong Thiam Loy, subscribe in full for their respective entitlements under the Restricted Issue.*
- f *Assuming that Excellent Avenue undertakes a placement of 1,200,000 MTHB Shares to investors in order for MTHB to comply with the public shareholding spread.*
6. None of the directors or substantial shareholders of the Company or its subsidiary companies has any interest, direct or indirect, in any business carrying on a similar trade as the Company or its subsidiary companies.
7. None of the directors or substantial shareholders of the Company has any interest, direct or indirect, in the promotion of, or in any assets which have, within the two (2) years preceding the date of this Prospectus, been acquired or proposed to be acquired or disposed of or proposed to be disposed of by or leased or proposed to be leased to, the Company or its subsidiary companies or in any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of the Company and its subsidiary companies taken as a whole, save as disclosed in Section 7.10 "Related-Party Transactions" and Section 11.6 "Material Contracts and Agreements" of this Prospectus.
8. There are no contracts or arrangements subsisting at the date of this Prospectus in which any director or substantial shareholder of the Company is interested and which is significant in relation to the business of the Company or the Group taken as a whole, save as disclosed in Section 7.10 "Related-Party Transactions" and Section 11.6 "Material Contracts and Agreements" of this Prospectus.
9. Save as disclosed in paragraph 5 of this section, and Section 2.2 "Shareholdings of Promoters, Substantial Shareholders, Directors and Key Management Personnel", Section 4.12 "Controlling Shareholders of MTHB" and Section 7.1.1 "Shareholdings in MTHB" of this Prospectus, there are no other persons who, directly or indirectly, jointly or severally, exercise control over the Company.

#### 11.4 General

1. No property has been acquired or is proposed to be acquired, and no preliminary expenses are to be paid, by the Company or its subsidiary companies in contemplation of the Special Issue or the Restricted Issue.
2. The nature of the Company's business and the names of all corporations which are deemed to be related to the Company by virtue of Section 6 of the Companies Act, 1965 are disclosed in Section 5 "Information on the MTHB Group" of this Prospectus.
3. The time of the opening of the Application List for the Special Issue is set out in Section 12 "Procedure for Application and Acceptance for the Special Issue " of this Prospectus.
4. The amount payable in full on application is RM1.00 per Share.
5. No person has an option or is entitled to be given an option to subscribe for any Shares, stocks or debentures of the Company or its subsidiary companies.
6. Save for the RCULS, there are no outstanding convertible debt securities issued or to be issued by the Company and its subsidiaries.
7. Save as disclosed in Section 5 "Information on the MTHB Group" of this Prospectus, no capital of the Company or its subsidiary companies has been issued or is proposed to be issued as partly or fully paid-up otherwise than for cash within the two (2) years preceding the date of this Prospectus.
8. Save as disclosed in Section 5 "Information on the MTHB Group" of this Prospectus, no capital of the Company or its subsidiary companies has been issued or is proposed to be issued for cash within the two (2) years preceding the date of this Prospectus.
9. The name and address of the auditors are set out in Section 1 "Corporate Directory" of this Prospectus.
10. The manner in which copies of this Prospectus together with the official Application Forms and envelopes may be obtained is set out in Section 12 "Procedure for Application and Acceptance for the Special Issue" of this Prospectus.

## 11.5 Expenses and Commission

1. Save as disclosed in Section 3.6 "Expenses of the Restricted Issue and the Special Issue" of this Prospectus, there have been no commissions, discounts, brokerages or other special terms granted or paid by MTHB or its subsidiary companies within the two (2) years preceding the date of this Prospectus in connection with the issue or sale of any Shares or debentures of the Company or its subsidiary companies for subscribing or agreeing to subscribe or procuring or agreeing to procure subscription for any Shares or debentures of MTHB or its subsidiary companies and no director or proposed director or Promoter or expert is entitled to receive any such payment.
2. Expenses incidental to the Restructuring Scheme including the listing of and quotation for the entire issued and paid-up share capital of the Company on the Second Board of the KLSE, amounting to approximately RM2.0 million will be financed by the proceeds from the disposal of a piece of land by HLCSB, a former wholly owned subsidiary of Kiara Emas.
3. No amount or benefit has been paid or given within the two (2) years preceding the date hereof, nor is it intended to be so paid or given, to any Promoter, director or substantial shareholder of the Company, save as disclosed in Section 7.3 "Board of Directors – Directors' Remuneration" and Section 7.10 "Related-Party Transactions" of this Prospectus.

## 11.6 Material Contracts and Agreements

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Company or its subsidiary companies within the two (2) years preceding the date of this Prospectus and no current and/or subsisting material agreements which have been entered into by the Company or its subsidiary companies:-

### MTHB Group (excluding Kiara Emas)

No.	Date	Parties	Nature of Contract
<b>Material Contracts</b>			
1.	17.01.2002, 01.08.2002 and 05.08.2003	Kiara Emas, Excellent Avenue (as vendor) and MTHB (as purchaser)	A Sale and Purchase Agreement whereby MTHB agreed to acquire 50,192,602 Shares in Stone World from Excellent Avenue for a consideration of RM50,000,000 to be satisfied by the issuance of 50,000,000 new Shares in MTHB at an issue price of RM1.00 per Share. The parties subsequently entered into a Supplemental Agreement dated 1 August 2002 and a Second Supplemental Agreement dated 5 August 2003.
2.	05.08.2003	Excellent Avenue, MTHB and AmTrustee Berhad ("AmTrustee")	By a Profit Guarantee And Stakeholder Agreement entered into between Excellent Avenue, MTHB and AmTrustee pursuant to the Sale And Purchase Agreement referred to in item 1 above, Excellent Avenue guaranteed that the aggregate profit after taxation of Stone World and its subsidiary and associated companies for the two (2) financial years ending 31 December 2002 and 2003 shall not be less than Ringgit Malaysia Twelve Million (RM12,000,000.00), and agreed to secure the guaranteed profit in the manner stated therein inter alia by way of placement of shares by Excellent Avenue with AmTrustee as stakeholder upon the terms and subject to the conditions therein contained.
3.	22.06.1992	Stone World (as lessee) and Perbadanan Kemajuan Ekonomi Negeri Johor ("PKENJ") (as lessor)	A Lease Agreement whereby Stone World agreed to accept from PKENJ a lease over all that piece of land identified as Lot PLO 466 (Zone II), Pasir Gudang Industrial Estate for a period of thirty (30) years for a total consideration of RM5,590,915 (with an option to renew for a further period of thirty (30) years upon the same terms and conditions as the existing lease, save and except for the lease consideration).
4.	01.03.1995	Stone World and Fimco Management Sdn. Bhd. ("Fimco")	A Management Agreement whereby Fimco was appointed by Stone World to provide management services including company secretarial, legal, personnel and general administration services for a term commencing from 1 January 1995 and ending on 31 December 1997 or such extended date as the parties may agree in writing for an annual fee of RM360,000 subject to annual review. Mr. Wong Thiam Loy is a director and an indirect substantial shareholder of Fimco. Although the Management Agreement has been extended for a further term of three (3) years from 2 January 2002, the parties have, vide a letter dated 2 January 2002, agreed that the Management Agreement shall be mutually terminated in writing upon the completion of the Restructuring Scheme.

No.	Date	Parties	Nature of Contract
<b>Material Agreements</b>			
5.	05.02.2001	Stone World (as tenant) and Impressive Repute Sdn. Bhd. ("IR") (as landlord)	A Tenancy Agreement whereby Stone World agreed to accept from IR a tenancy of all that piece of land held under Geran 10923 Lot 256, Section 89A, Daerah Wilayah Persekutuan, Bandar Kuala Lumpur together with a two-storey building erected thereon bearing the postal address of No. 388, Jalan Tun Razak, 50400 Kuala Lumpur for a term of three (3) years commencing from 1 October 2000 and expiring on 30 September 2003 (with an option to renew for a further term of three (3) years at an increased rate of 20% above the market rate) at a monthly rental of RM35,000. Mr. Wong Thiam Loy is a director and an indirect substantial shareholder of IR.
6.	07.10.1997	LKH Trading Sdn Bhd ("LKH") and Stone World	The parties have, vide a letter dated 4 February 2002, mutually agreed to amend the provision in the Tenancy Agreement to the extent that Stone World shall have the option to renew the tenancy for a further term of three (3) years at the prevailing market rate, and on terms and conditions to be agreed upon. For the calendar years 2001 and 2002, IR has, at its sole discretion and on an ad hoc basis, reduced the monthly rental to RM15,000 per month.  Supply Agreement entered into between LKH and Stone World whereby LKH agreed to purchase and Stone World agreed to sell, supply and deliver the sub-contract goods therein mentioned, ie. granite floor and wall tiles for the construction project of the proposed Berjaya Star City Mixed Development at Jalan Imbi, Kuala Lumpur to be constructed by Invescor-Dumez Jaya-Woh Hup Joint Venture ("Contractor") for Berjaya Ditan Sdn Bhd ("Owner"), and upon and subject to other terms and conditions therein contained.
7.	04.07.2001	Prestige Builder Sdn Bhd ("PBSB") and Stone World	Under the said Agreement, LKH agreed to pay to Stone World a sum equivalent to the sub-contract sum received by LKH from the Contractor ("Net Sum") less a commission of 8% of a gross sum (ie. aggregate of the Net Sum and any sums which may have been deducted by the Contractor on account of liquidated damages, delays or other reasons whatsoever) before sales tax of 10%.  The sub-contract sum under the sub-contract between the Contractor and LKH is stated in the said Agreement as RM10,317,728.85 subject to variations under the said sub-contract.
8.	21.11.2002	Samsung Corporation-Tiong Seng Contractors (Pte) Ltd. J.V. ("Samsung") and Stone World	By a letter of acceptance dated 4 July 2001 from PBSB to Stone World, PBSB has appointed Stone World as its domestic direct sub-contractor for the supply and delivery of marble, granite and sandstone for the proposed development of 31 units of houses at Lot 50358 Kuala Lumpur, at a contract price of RM2,405,667.60 and upon the terms and conditions contained therein.
9.	13.06.2002	JDC Corporation ("JDC") and Stone World	By a letter of award and a formal sub-contract dated 21 November 2002 from Samsung to Stone World, Samsung has awarded to Stone World a sub-contract for the supply and delivery of natural marble and granite stones for the proposed 32-storey National Trades Union Congress building at Raffles Quay/Marina Boulevard, at an estimated sub-contract sum of S\$2,846,477.21 excluding 3% goods and services tax, and upon the terms and conditions contained therein.
10.	04.07.2003	Dragages Singapore Pte Ltd ("DSPL") and Stone World	By a letter dated 13 June 2002 from Stone World to JDC and accepted by JDC, Stone World has submitted to JDC a revised quotation for the supply and delivery of granite and marble for the AW project in Japan, at a contract price of USD100,000.00, and upon the terms and conditions contained therein.  By a Sub-Contract dated 4 July 2003 between DSPL and Stone World, DSPL has awarded to Stone World a sub-contract for the supply and delivery of marble for the proposed condominium housing development on Lots 107, 547, 552, 553 and 100-11 known as the Belmont Green Condominium, at the sub-contract price of S\$182,000.00.

No.	Date	Parties	Nature of Contract
11.	19.07.2002	Hiap Aik Construction Berhad (Special Administrators Appointed) ("HACB") and Stone World	By a letter of award dated 19 July 2002 from HACB to Stone World, HACB has awarded to Stone World a sub-contract for the supply and installation of stoneworks for wall and floor finishes for the proposed construction of one (1) block of 22-storey office building with 3 storeys of basement car-park on Lot 288, Seksyen 63, Bandar Kuala Lumpur for YTR Harta Sdn Bhd, at the sub-contract sum of RM3,226,273.40 and upon the terms and conditions therein contained.
12.	15.05.2002	Ireka Engineering & Construction Sdn Bhd ("Ireka") and Stone World	By a letter of acceptance dated 15 May 2002 from Ireka to Stone World, Ireka has appointed Stone World as its sub-contractor for the supply and installation of granite works for the proposed refurbishment of an existing 16-storey office block (Wisma AIA) with additional carpark block (3½ storeys) at No. 99, Jalan Ampang, Kuala Lumpur, at a provisional contract sum of RM2,301,706.88, and upon the terms and conditions contained therein.
13.	07.03.2002	Taisei Corporation ("Taisei") and Stone World	By a letter of award dated 7 March 2002 from Taisei to Stone World, Taisei has appointed Stone World as its sub-contractor for the supply, delivery and installation of stone works for the proposed bungalow project at Lot 12, Jalan Palong, The Mines Resort City, at a contract sum of RM1,100,000.00, and upon the terms and conditions contained therein.
14.	29.07.2002	Bukit Kiara Properties Sdn Bhd ("BKP") and Stone World	By a letter of tender acceptance dated 29 July 2002 from BKP to Stone World, BKP has accepted Stone World's tender for the supply and installation of marble works for the proposed residential development comprising 19 units of bungalows and one (1) block of 4-storey condovilla on Lots 1904 & 1905, Mont' Kiara, Mukim Batu, Bandar Kuala Lumpur, at a contract sum of RM971,089.00, and upon the terms and conditions contained therein.
15.	02.06.2003	HACB, YTR Harta Sdn Bhd ("YTR") and Stone World	By a letter dated 2 June 2003 from YTR to HACB, YTR has agreed to the proposed assignment by a deed of assignment for the sub-letting of the sub-structure works for the proposed construction of one (1) block of 22-storey office building with 3 storeys of basement car-park on Lot 288, Seksyen 63, Bandar Kuala Lumpur ("Lot 288 Project"), to Stone World as the principal sub-contractor for YTR, upon the terms and conditions contained therein and in the Deed of Assignment to be executed.
			By a letter from HACB to YTR dated 4 June 2003, it is stated that the final revised price payable to Stone World should be RM11.98 million.
			The parties are in the process of finalising the Deed of Assignment for the above proposed assignment.
16.	01.07.2003	HACB, Stone World and TSI Holdings Sdn Bhd ("TSI")	By an agreement dated 1 July 2003 made between HACB, Stone World and TSI, TSI (the domestic sub-contractor for the supply and installation of the GRC Islamic Screen for the Lot 288 Project) has agreed to the appointment of Stone World by HACB (the main contractor for the Lot 288 Project) as the principal sub-contractor for the Lot 288 Project, and has agreed to be bound by the terms of the letter of award dated 22 February 2002 from HACB to TSI whereby TSI was awarded the sub-contract for the supply and installation of the GRC Islamic Screen for the Lot 288 Project, upon the terms and conditions therein contained.
			The parties to the said agreement agreed that the sub-contract sum payable to TSI for the balance of the works is RM484,142.52. Payment will be made to TSI within 14 days from the date of receipt of payment from YTR.

No.	Date	Parties	Nature of Contract
17.	01.07.2003	HACB, Stone World and APIC Sdn Bhd ("APIC")	<p>By an agreement dated 1 July 2003 made between HACB, Stone World and APIC, APIC (the domestic sub-contractor for the labour and material sub-contract for suspended ceiling works and framed partition for the Lot 288 Project) has agreed to the appointment of Stone World by HACB (the main contractor for the Lot 288 Project) as the principal sub-contractor for the Lot 288 Project, and has agreed to be bound by the terms of the letter of award dated 17 September 2001 from HACB to APIC whereby APIC was awarded the labour and material sub-contract for suspended ceiling works and framed partition for the Lot 288 Project, upon the terms and conditions therein contained.</p> <p>The parties to the said agreement agreed that the sub-contract sum payable to APIC for the balance of the works is RM812,646.34. Payment will be made to APIC within 14 days from the date of receipt of payment from YTR.</p>
18.	03.07.2003	Shimizu Corporation ("Shimizu") and Stone World	<p>By a letter dated 3 July 2003 from Stone World to Shimizu, Stone World has submitted to Shimizu a revised quotation for the supply and delivery of marble for the proposed residential development at St. Martin's Drive, Singapore at S\$202,351.00, and upon the terms and conditions contained therein.</p> <p>The said revised quotation has been accepted by Shimizu by a letter of acceptance dated 4 July 2003 from Shimizu to Stone World upon the terms and conditions therein contained.</p>
19.	13.06.2003	Adept Marketing Sdn Bhd ("AMSB") and Stone World	<p>By a purchase contract dated 13 June 2003 made between AMSB and Stone World, AMSB has agreed to purchase from Stone World "colonial cream" granite for the EXV Project in Japan, at the contract amount of USD192,586.92 and upon the terms and conditions therein contained. The said contract amount is revised to USD204,166.95 pursuant to a revised bill of quantity from AMSB dated 1 July 2003.</p> <p>The first shipment of the granite is to be at the end of August 2003 and the final shipment is to be at the end of October 2003.</p>
20.	16.07.1994	RHB Bank Berhad ("RHB") (formerly known as Development & Commercial Bank Bhd) and Stone World	<p>By a Loan Agreement dated 16 July 1994 between RHB and Stone World, RHB has granted to Stone World banking facilities of up to the principal amount of RM55,000,000.00 comprising term loan cum letter of credit facility, overdraft facility cum letter of guarantee facility and diverse credit facilities which comprise inter alia trade facilities and forward exchange contract line ("RHB Facilities") upon the terms and conditions therein contained.</p> <p>The RHB Facilities are secured by inter alia :-</p> <ul style="list-style-type: none"> <li>(a) a first legal charge over Stone World's lease of 30 years over the Leased Property (as therein defined);</li> <li>(b) a first debenture over all the fixed and floating assets of Stone World, both present and future; and</li> <li>(c) a guarantee by Mr Wong Thiam Loy in favour of RHB.</li> </ul> <p>By a Supplemental Agreement dated 3 January 1995 made between RHB and Stone World, RHB has agreed at the request of Stone World to restructure the term loan cum letter of credit facility ("TL Facility") of up to RM35,000,000.00 only with a sub-limit of RM6,000,000 for the letter of credit portion thereof, being part of the RHB Facilities, in the manner and upon the terms and conditions contained therein.</p> <p>Stone World has further covenanted in the aforesaid Supplemental Agreement inter alia, to put into a sinking fund with RHB various fixed deposits in the sums of RM1.0 million, RM6.0 million and RM7.0 million by the respective dates stipulated therein, and Stone World agreed that RHB may utilise the said sinking fund to part settle the TL Facility.</p>

No.	Date	Parties	Nature of Contract
21.	11.07.1995	RHB and Stone World	<p>By a Loan Agreement dated 11 July 1995 between RHB to Stone World, RHB has granted an additional overdraft facility of RM5.0 million to Stone World for working capital and trade financing purposes, upon the terms and conditions therein contained.</p> <p>The said additional overdraft facility is secured by:-</p> <ul style="list-style-type: none"> <li>(a) a second debenture incorporating a fixed and floating charge over Stone World's fixed and floating assets, both present and future to cover an additional sum of RM5.0 million;</li> <li>(b) a second legal charge over Stone World's lease of 30 years over the Leased Property for RM5.0 million; and</li> <li>(c) a guarantee by Mr Wong Thiam Loy in favour of RHB.</li> </ul>
22.	16.06.1997	K.L. International Airport Berhad ("KLIA") and Stone World	<p>By a Warranty Agreement dated 16 June 1997 entered into between Stone World as sub-contractor and KLIA as the employer, Stone World has, in consideration of KLIA consenting to the main contractor, ie. Perspec-Taisei-Kajima-Shimizu-Hazama Consortium ("PTKSHC") entering into a sub-contract with Stone World for the design, supply and installation of stone works for the main terminal building of the KL International Airport Project, warranted to KLIA inter alia that:-</p> <ul style="list-style-type: none"> <li>(a) it has carried out and will carry out and complete the sub-contract works and all obligations, duties and undertakings of Stone World under the said sub-contract when the same become due in accordance with the terms of the sub-contract;</li> <li>(b) the works designed by Stone World will when completed be fit for the purposes for which they are required and comply with statutory requirements; and</li> <li>(c) the sub-contract works and the equipment, materials and goods used therein will correspond as to description, quality and condition with the requirements of the sub-contract and be of sound manufacture and workmanship.</li> </ul> <p>Stone World further undertook to indemnify KLIA against:-</p> <ul style="list-style-type: none"> <li>(a) all liabilities which KLIA may have to any persons whatsoever and against any claims, demands, proceedings, damages, costs and expenses sustained by KLIA; and</li> <li>(b) any payment which KLIA is liable to make to PTKSHC in respect of additional sums suffered by PTKSHC or any other sub-contractor or supplier engaged for the project, that has arisen by reason of any breach by Stone World, its servants, agents, sub-contractors or suppliers of its obligations under the sub-contract or under this Warranty Agreement.</li> </ul>



No.	Date	Parties	Nature of Contract
23.	30.04.1998	Perspec-Taisei-Kajima-Shimizu-Hazama Consortium ("PTKSHC") and Stone World	<p>By a Guarantee of the Sub-Contract Works dated 30 April 1998 given by Stone World as sub-contractor in favour of PTKSHC as the main contractor, Stone World has inter alia guaranteed to PTKSHC that it will at its own cost, rectify and remedy any defect, inadequacy or unsuitability of design, manufacture, workmanship or materials or failure to meet in any or all respects the requirements of the sub-contract dated 18 October 1996 entered into between Stone World and PTKSHC for the design, supply and installation of stone work for kerb stones at the forecourts of the main terminal building of the KL International Airport Project ("KLIA Works"), that may arise or become apparent in any of the works executed and completed by Stone World, for the guarantee period of twenty (20) years from the date of substantial completion of the whole of the main contract works as certified in writing in the taking-over certificate for the whole of the main contract works, issued under the main contract.</p> <p>Stone World has agreed to indemnify PTKSHC from and against all claims, liabilities and losses suffered by PTKSHC which may arise out of or in connection with the said defective works or the remedying thereof either by Stone World, PTKSHC, KLIA or by others employed by KLIA or PTKSHC.</p>
24.	23.12.2002	RHB Insurance Berhad ("RHBIB") and Stone World	<p>A fire (commercial hazardous) insurance policy no. D99FFCH8026500KL was taken up by Stone World with RHBIB to insure the property known as PLO 466, Jalan Gangsa, Pasir Gudang Industrial Estate, 81700 Pasir Gudang, Johor (leased to it under a Lease Agreement dated 22 June 1992) ("Leased Property"), including all fixtures, furnishings, fittings, structures thereon, and all plant and machinery, tools and equipment thereon, for a total sum insured of RM55,277,200.00, upon the terms and conditions therein contained.</p> <p>The said insurance policy is subject to automatic renewal, unless otherwise instructed and the current renewed period of insurance is expiring on 22 December 2003. The annual premium payable is RM105,634.71.</p>
25.	25.06.2003	RHBIB and Stone World	<p>A fire (loss of profit) insurance policy no. D01FLOP8049837KL was taken up by Stone World with RHBIB in respect of the above-mentioned Leased Property to cover gross profits and wages, for a total sum insured of RM10,500,000.00, upon the terms and conditions therein contained. The said insurance policy is expiring on 24 June 2004. The annual premium payable is RM22,057.60.</p>
26.	27.05.1994	RHBIB and Stone World	<p>A Marine Cargo Open Cover insurance policy no. DSOC94554220B was taken up by Stone World with RHBIB to cover the import of raw materials (granite), stone processing machines, spare parts, accessories and the like and the export of finished products (machinery) for voyage from worldwide parts to Stone World's premises and from Stone World's premises to worldwide parts via any port in West Malaysia/Singapore, and from Stone World's premises/factory to its customers' premises anywhere in West Malaysia and Singapore or vice versa excluding any direct shipment to/from certain countries listed therein, and upon the terms and conditions therein contained. The said insurance policy is for the period from 27 May 1994 until it is cancelled. The limit of liability under the said insurance policy is RM2,500,000.00 for any one vessel other than lighter, RM2,500,000.00 for any one land conveyance, RM2,500,000.00 in any one locality in respect of any one accident or series of accidents arising out of the same event.</p>

## Kiara Emas

No.	Date	Parties	Nature of Contract
<b>Material Contracts</b>			
1.	19.08.2002	Kiara Emas and Messrs. Arthur Andersen & Co and Messrs. Hanafiah Raslan & Mohamed	A Settlement Agreement which represents a full and final settlement and compromise of all disputes between the parties thereto.
2.	12.08.2003	Kiara Emas and Spring Magnate Sdn Bhd ("SMSB")	By a Share Sale Agreement dated 12 August 2003 made between Kiara Emas and SMSB, Kiara Emas has agreed to sell and dispose of, all the five (5) existing subsidiaries of Kiara Emas, namely HLCSB, HLCHSB, HLRSB, HLTSB and Zoomlink, at a nominal cash consideration of RM1.00 only, to SMSB, being a special purpose vehicle set up to implement an orderly disposal or liquidation of the said subsidiaries of Kiara Emas.
<b>Material Agreements</b>			
3.	14.02.1997	HLBB and Kiara Emas	By a Letter of Guarantee issued by Kiara Emas in favour of HLBB dated 14 February 1997, Kiara Emas has guaranteed the repayment of the sum of RM9.0 million as security for banking facilities granted to HLCHSB.
4.	14.02.1997	HLBB and Kiara Emas	By a Letter of Guarantee issued by Kiara Emas in favour of HLBB dated 14 February 1997, Kiara Emas has guaranteed the repayment of the sum of RM12.0 million as security for banking facilities granted to HLCSB.
5.	27.03.1998	HLBB and Kiara Emas	By a Letter of Guarantee issued by Kiara Emas in favour of HLBB dated 27 March 1998, Kiara Emas has guaranteed the repayment of the sum of RM22.0 million as security for banking facilities granted to HLCSB.
6.	15.05.1997	AmMerchant Bank and Kiara Emas	By a Letter of Guarantee & Indemnity issued by Kiara Emas in favour of AmMerchant Bank dated 15 May 1997, Kiara Emas has guaranteed the repayment of the sum of RM8.0 million as security for the revolving credit facility granted to HLCHSB.
7.	19.03.1998	AmMerchant Bank and Kiara Emas	By a Letter of Guarantee & Indemnity issued by Kiara Emas in favour of AmMerchant Bank dated 19 March 1998, Kiara Emas has guaranteed the repayment of the sum of RM12.0 million as security for the domestic recourse factoring/invoice discounting facility granted to HLCHSB.
8.	23.05.1997	Malayan Banking Berhad ("MBB") and Kiara Emas	By a Corporate Guarantee issued by Kiara Emas in favour of MBB dated 23 May 1997, Kiara Emas has guaranteed the repayment of the sum of RM11.5 million as security for banking facilities granted to HLCSB.
9.	20.10.1997	Public Bank Berhad ("PBB") and Kiara Emas	By a Letter of Guarantee issued by Kiara Emas in favour of PBB dated 20 October 1997, Kiara Emas has guaranteed the repayment of the sum of RM14.0 million as security for banking facilities granted to HLCSB.

## 11.7 Material Litigation and Contingent Liabilities

### MTHB Group (excluding Kiara Emas)

Save as disclosed below, as at 14 August 2003, being the latest practicable date prior to the printing of this Prospectus, the MTHB Group is not engaged as plaintiff or defendant in any material litigation, claims, arbitration or prosecution, and the Board is not aware of any proceedings pending or threatened against the Group or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Group:-

No.	Nature of Litigation	Parties	Amount	Description
1.	Breach of contract to supply granite blocks	Stone World (as plaintiff) v. Chew Granite SA (Pty) Ltd. ("CG") (as defendant)	USD82,814.31 with interest and costs	<p>Stone World has instituted an action against CG in the High Court of South Africa (Witwatersrand Local Division) bearing Case No. 7209/01, in respect of defective granite blocks delivered to Stone World in April 1998. In March 2001, Stone World claimed against CG for a sum of USD82,814.31 with interest and costs. CG has filed its defence and a counterclaim on 29 October 2001 for a sum of USD7,384.23 with interest and costs.</p> <p>A trial date was fixed on 28 February 2003 but was vacated on that date as CG had filed defective pleadings which had to be rectified. The matter is now pending the fixing of a new trial date. The Board is of the view that the chances of succeeding in this suit are in Stone World's favour.</p>
2.	Breach of sale and purchase of granite blocks	Stone World (as plaintiff) v. European Granites Company (Eurograniet) B.V. ("EG") (as defendant)	USD193,575 and RM269,920.92 with interest and storage costs	<p>Stone World has instituted an action against EG on 7 August 2001 in the District Court of Rotterdam, the Netherlands in respect of a shipment of granite from Namibia to Stone World in April 1996. Stone World claimed against EG for sums of USD43,425, USD150,150 and RM269,920.92 with interest and storage costs.</p> <p>Stone World's claim against EG arose from an agreement for the sale and purchase of granite blocks wherein Stone World was the purchaser and EG was the seller of the granite blocks. Stone World claimed that EG had delivered granite blocks whose colour, measurements and quality were not in accordance with the agreement and that the shipment of granite blocks had arrived late. Stone World prayed inter alia for a declaration that the entire agreement was dissolved in a legally valid manner and an order that EG shall pay to Stone World the abovementioned sums.</p> <p>A Statement of Claim has been filed and served on EG and EG has filed its defence thereto on 24 January 2002. Stone World filed a Statement of Reply on 25 June 2002. EG submitted its Statement of Rejoinder on 31 October 2002. The Rotterdam District Court has deferred judgment until 28 January 2004.</p> <p>The Board is of the opinion that Stone World is likely to be successful in recovering the sums claimed from the defendant.</p>

No.	Nature of Litigation	Parties	Amount	Description
3.	Arbitration of construction agreement	Sambu (M) Sdn. Bhd. ("SSB") (as plaintiff) v. Stone World (as first defendant) and Pegasus Engineers Sdn Bhd (as second defendant)	RM1,225,008.10	<p>On 27 November 1995, SSB had filed Johor Bahru High Court Suit No. 22-284-95 against Stone World as the first defendant and Pegasus Engineers Sdn Bhd (the consultant engineer) as the second defendant for breach of an agreement made on 8 July 1992 between SSB as the contractor and Stone World for the construction of a factory in Johor Bahru for a sum of RM3,140,197.10. SSB claimed that Stone World had failed to pay the progressive payments for the construction cost of the factory in accordance with the terms of the said agreement. Judgement was entered against Stone World for a sum of RM1,915,189 by the Johor Bahru High Court. An appeal to the Court of Appeal was filed against the judgement but was subsequently withdrawn. The judgement sum was paid by Stone World to SSB. The remainder of the claim (for RM1,225,008.10) has been referred to arbitration. The parties have yet to appoint the arbitrator for this matter.</p> <p>Mr. Wong Thiam Loy has, vide a letter dated 30 June 2002, undertaken to indemnify Stone World against all claims which it may suffer arising from the above-mentioned arbitration, for a sum of up to RM1,225,008.10.</p>

### Kiara Emas

On 22 April 2002, Kiara Emas and two (2) of its subsidiaries, HLCSB and HLCHSB, had obtained restraining orders pursuant to Section 176 of the Companies Act, 1965 from the High Court of Malaya at Seremban for a period of six (6) months from 22 April 2002. On 10 October 2002 and 15 July 2003 respectively, the Court had granted two (2) extensions of the said restraining orders until 22 July 2004. During this period, no proceedings and no execution or other legal process may be commenced or continued with, and no distress may be levied against Kiara Emas, except by leave of the Court.

As at 14 August 2003, being the latest practicable date prior to the printing of this Prospectus, Kiara Emas is engages in the following material litigation:-

No.	Suit No./Date of Suit	Parties	Amount	Description
1.	D7-22-1860-2001 Kuala Lumpur High Court  Date of suit: 25.10.2001	Malayan Banking Berhad ("MBB") (as plaintiff) v. Hup Lee Coachbuilders Sdn. Bhd. ("HLCSB") and Kiara Emas (as defendants)	RM10,972,274.87 with interest and costs	<p>MBB has claimed against HLCSB (as borrower) and Kiara Emas (as guarantor) to recover the outstanding sum of RM10,972,274.87 as at 31 July 2001 (with interest at 6.70% per annum from 1 January 2001 to 24 September 2001, and at 6.40% per annum effective from 25 September 2001) plus 1.50% per annum and 1% per annum respectively from 1 August 2001 to the date of realisation pursuant to the facilities granted by MBB to HLCSB and guaranteed by Kiara Emas, with costs.</p> <p>HLCSB and Kiara Emas have filed a Statement of Defence in respect of the above claim. MBB has filed an application for summary judgement. HLCSB and Kiara Emas have filed an application to strike out MBB's writ and statement of claim. MBB's application for summary judgement and HLCSB's and Kiara Emas' application to strike out the writ of summons have been fixed for hearing on 26 July 2004. The restraining order granted by the Seremban High Court on 22 April 2002 to Kiara Emas, HLCSB and HLCHSB (expiring on 22 July 2004) has been served on MBB.</p> <p>This claim will be settled through the Creditors' Scheme.</p>

No.	Suit No./Date of Suit	Parties	Amount	Description
2.	D4(D8)-22-2375-2000 Kuala Lumpur High Court  Date of suit: 23.12.2000	HLBB (as plaintiff) v. HLCSB and Kiara Emas (as defendants)	(a) RM5,298,060.11 with interest  (b) RM3,681,241.49 with interest  (c) Costs	HLBB has commenced an action against HLCSB (as borrower) and Kiara Emas (as guarantor) on 23 December 2000. The action arose from a revolving credit facility of RM5,000,000 ("RC Facility") and an ad hoc revolving credit facility of RM6,000,000 ("Ad Hoc RC Facility") which are inter alia secured by a Letter of Guarantee issued by Kiara Emas in favour of HLBB dated 27 March 1998 for the sum of RM22,000,000.  HLBB claimed against HLCSB and Kiara Emas for:-  (a) A sum of RM5,298,060.11 in respect of the RC Facility up to 30 November 2000 with interest thereon at 7.4% per annum from 1 December 2000 until the date of full settlement;  (b) A sum of RM3,681,241.49 in respect of the Ad Hoc RC Facility up to 30 November 2000 with interest thereon at 7.9% per annum from 1 December 2000 until the date of full settlement; and  (c) Costs.  HLCSB and Kiara Emas have filed their notice of appearance and defence to the above claim. HLBB has also filed an application for summary judgment on 14 May 2001. The matter is fixed for hearing on 5 September 2003.  This claim will be settled through the Creditors' Scheme.
3.	D4(D8)-22-2374-2000 Kuala Lumpur High Court  Date of suit: 23.12.2000	HLBB (as plaintiff) v. Hup Lee Coachbuilders Holdings Sdn. Bhd. ("HLCHSB") and Kiara Emas (as defendants)	RM3,178,836.06 with interest and costs	HLBB commenced proceedings against HLCHSB (as borrower) and Kiara Emas (as guarantor) on 23 December 2000. This proceeding arose from a revolving credit facility of RM3,000,000 granted by HLBB to HLCHSB which is inter alia secured by a Letter of Guarantee issued by Kiara Emas in favour of HLBB dated 14 February 1997 for the sum of RM9,000,000.  HLBB claimed against HLCHSB and Kiara Emas for a sum of RM3,178,836.06 up to 30 November 2000 with interest thereon at 7.4% per annum from 1 December 2000 until the date of full settlement and costs. HLCHSB and Kiara Emas have filed their notice of appearance and defence to the above claim. HLBB has also filed an application for summary judgment on 14 May 2001. The matter is fixed for hearing on 5 September 2003.  This claim will be settled through the Creditors' Scheme.

No.	Suit No./Date of Suit	Parties	Amount	Description
4.	MT1-22-572-2001 Shah Alam High Court  Date of suit: 23.11.2001	Public Bank Berhad ("PBB") (as plaintiff) v. HLCSB and Kiara Emas (as defendants)	RM10,237,498.01 with interest and costs	<p>PBB commenced proceedings on 23 November 2001 and claimed against HLCSB (as borrower) and Kiara Emas (as guarantor) for a sum of RM1,025,625.27 with interest thereon (at 3.5% per annum above PBB's base lending rate) from 1 November 2001 until the date of full payment, a further sum of RM9,211,872.74 with interest (at 3.5% per annum above PBB's base lending rate) on the accrued sum of RM8,850,000 from 1 November 2001 until the date of full payment, and costs. The said claim arose from the credit facilities comprising <i>inter alia</i>, overdraft, letter of credit, trust receipt, bankers acceptance and bankers guarantee totalling RM10,000,000 granted by PBB to HLCSB and guaranteed by Kiara Emas.</p> <p>The Writ of Summons in respect of this claim has been served on HLCSB and Kiara Emas. HLCSB and Kiara Emas have filed a statement of defence. PBB has filed an application for summary judgement. HLCSB and Kiara Emas have filed their affidavit in reply to oppose the said application for summary judgement. The hearing date for the said application has yet to be fixed by the court.</p> <p>The matter has been struck out by the court on 5 August 2002 when it was fixed for show cause before the judge as the lawyer was late for the show cause. PBB has filed an application to the court on 5 September 2002 to reinstate the above action. The said application is fixed for hearing on 16 October 2003. PBB has also filed an application to the court on 3 January 2003 for leave to amend its aforesaid application for reinstatement of the above action. No hearing date has been fixed for this application yet.</p> <p>The restraining order granted by the Seremban High Court on 22 April 2002 to Kiara Emas, HLCSB and HLCHSB (expiring on 22 July 2004) has been served on PBB.</p> <p>This claim will be settled through the Creditors' Scheme.</p>
5.	D7-22-421-01 Kuala Lumpur High Court  Date of suit: 16.11.2001	AmBank Berhad ("AmBank") (suit formerly filed under AmMerchant Bank) (as plaintiff) v. Kiara Emas and HLCHSB (as defendants)	RM3,111,850.36 and interest at the rate of 9% per annum from 9 March 2001 until the date of full settlement	<p>A writ of summons was filed against the defendants on 16 March 2001 for the outstanding sum of RM3,111,850.36 as at 8 March 2001 and interest at the rate of 9% per annum from 9 March 2001 until the date of full settlement. The defendants had filed their Defence on 29 May 2001.</p> <p>AmBank had filed an application for a summary judgment in October 2001 and several hearings were held on 28 November 2001, 4 December 2001, 29 January 2002, 11 April 2002 and 9 July 2002. A summary judgment was obtained by AmBank on 25 July 2002.</p> <p>However, due to the restraining order granted by the Seremban High Court on 22 April 2002 to Kiara Emas, HLCSB and HLCHSB (expiring on 22 July 2004), AmBank has vide a letter from its solicitors dated 17 April 2003 given an undertaking not to enforce and/or execute the said summary judgment against both the defendants pending the completion of the Restructuring Scheme.</p> <p>This claim will be settled through the Creditors' Scheme.</p> <p>AmMerchant Bank has filed an application for leave to intervene to set aside the judgment obtained against Kiara Emas and HLCHSB on 25 July 2002. The hearing for this application is fixed on 13 August 2003.</p>

No.	Suit No./Date of Suit	Parties	Amount	Description
6.	22-88-2002 Seremban High Court  Date of suit: 10.06.2002	Kiara Emas (as plaintiff) v. Public Merchant Bank Berhad ("PMBB") (as defendant)	RM1,243,549.00 and contribution towards accumulated losses of Kiara Emas to be assessed	<p>Kiara Emas has commenced a suit against PMBB for breach of its duties and failure to exercise reasonable skill and care in its role as adviser and underwriter in the listing of Kiara Emas on the Second Board of the KLSE in 1997. Kiara Emas claimed that PMBB has failed to disclose material facts that may affect the listing of Kiara Emas. Kiara Emas claimed for inter alia a sum of RM1,243,549.00 and contribution towards accumulated losses of Kiara Emas to be assessed.</p> <p>Kiara Emas has obtained an anton pillar order against PMBB on 10 June 2002. The order was duly executed against PMBB on 14 June 2002. PMBB has filed an application to set aside the anton pillar order and also to strike out the suit against it.</p> <p>On 21 October 2002, the defendant's application to set aside the amendments made in the amended writ of summons and statement of claim was dismissed with costs. The defendant's appeal against the decision of the registrar in dismissing its application to set aside the amendments made in the amended writ of summons and statement of claim is fixed for mention on 13 October 2003. The defendant's application to strike out the writ of summons and statement of claim is fixed for clarification/hearing on 29 August 2003 following the Court's direction that the parties file written submissions in English in respect of the hearing. The defendant's application to set aside the anton pillar order dated 10 June 2002 is fixed for mention on 13 October 2003.</p> <p>The solicitors acting for Kiara Emas are of the opinion that Kiara Emas has a fair chance of succeeding in this suit as the documents seized under the anton pillar order have shown that PMBB was negligent in promoting Kiara Emas to be listed.</p>
7.	22-168-2002 Seremban High Court  Date of suit: 12.09.2002	Kiara Emas (as plaintiff) v. Messrs Wong Chooi & Mohd Nor ("WCMN") (as defendants)	RM1,243,549.00 and contribution towards accumulated losses of Kiara Emas to be assessed	<p>Kiara Emas sued WCMN for breach of its duties and failure to exercise reasonable skill and care in its role as advising solicitors in the listing of Kiara Emas on the Second Board of the KLSE in 1997 and for its failure to disclose material facts that may affect the listing of Kiara Emas. Kiara Emas is claiming for inter alia the sum of RM1,243,549.00 and contribution towards accumulated losses of Kiara Emas to be assessed.</p> <p>The Writ of Summons and Statement of Claim have been served on WCMN and WCMN has filed its Statement of Defence. Kiara Emas is preparing its response to the Statement of Defence. A pre-trial notice to attend for case management has been fixed for hearing on 10 September 2003.</p> <p>The solicitors handling the matter are of the opinion that Kiara Emas has a fair chance of success in this suit.</p>

No.	Suit No./Date of Suit	Parties	Amount	Description
8.	22-89-2002 Seremban High Court  Date of suit: 10.06.2002	Kiara Emas (as plaintiff) v. Dato' Haji Abdul Halim Bin Abdul Samad, To' Puan Wan Zainon @ Wan Zainon Akmal binti Ibrahim, Hajjah Radziah binti Hussein and Dato' Tan Hooi Chong for breach of fiduciary duties and failure to report a true and fair view of the financial affairs of Kiara Emas and its subsidiaries and overstatement of profits. In this suit, Kiara Emas claimed for a sum of RM17,757,200.00 and further damages to be assessed.	RM17,757,200.00 and further damages to be assessed	<p>Kiara Emas has commenced a suit against Dato' Haji Abdul Halim Bin Abdul Samad, To' Puan Wan Zainon @ Wan Zainon Akmal binti Ibrahim, Hajjah Radziah binti Hussein and Dato' Tan Hooi Chong for breach of fiduciary duties and failure to report a true and fair view of the financial affairs of Kiara Emas and its subsidiaries and overstatement of profits. In this suit, Kiara Emas claimed for a sum of RM17,757,200.00 and further damages to be assessed.</p> <p>Kiara Emas has obtained a mareva injunction against all the defendants but only managed to serve on the first, second and fourth defendants on 13 June 2002. The third defendant is still unable to be located. Kiara Emas has filed a Notice of Discontinuance dated 8 July 2002 to withdraw the suit against the first defendant with no orders as to costs and no liberty to file afresh.</p> <p>The second defendant has on 19 June 2002 set aside by way of ex parte, the ex parte mareva injunction and has also filed an application to strike out the suit by Kiara Emas. Kiara Emas has filed a Notice of Discontinuance dated 2 December 2002 to withdraw the suit against the second defendant with no orders as to costs and with no liberty to file afresh. Kiara Emas has obtained leave to commence committal proceedings against the fourth defendant for failing to comply with the mareva injunction order.</p> <p>The suit is fixed on 29 October 2003 for the mention of the Notice of Motion for committal against the fourth defendant and the mention of the fourth defendant's application for stay of proceedings pending his appeal to the Court of Appeal against the High Court's denial to hear him until he purges his contempt.</p> <p>This suit is also fixed for the mention of the application of Phang Siew Loong (a witness to the trial) to set aside a writ of subpoena on 29 October 2003.</p> <p>This matter is pending the fourth defendant obtaining leave from the Official Assignee to proceed to defend this suit and pending Kiara Emas application for leave to proceed with this action against the fourth defendant.</p> <p>The solicitors acting for Kiara Emas are of the opinion that there is a good chance of success in respect of this suit based on the evidence presented to the court.</p>

Save as disclosed in Section 8.5 "Working Capital, Borrowings, Contingent Liabilities and Material Commitments" of this Prospectus, the MTHB Group does not have any outstanding contingent liabilities as at the date of this Prospectus.



### 11.8 Public Take-Overs

During the last and the current financial year, there have been:-

- (a) No public take-over offers by third parties in respect of the Company's and its subsidiary companies' shares; and
- (b) No public take-over offers by the MTHB Group in respect of other companies' shares.

### 11.9 Consents

- (a) The written consents of the Adviser and Placement Agent, Solicitors, Trustee, Principal Bankers, Registrars and Company Secretaries to the inclusion in this Prospectus of their names in the form and context in which their names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (b) The written consent of the Auditors and Reporting Accountants to the inclusion in this Prospectus of their name, Accountants' Report, letter relating to the Consolidated Profit Forecasts of the MTHB Group and the Stone World Group for the financial year ending 31 December 2003 and letter relating to the Pro-forma Consolidated Balance Sheets of the MTHB Group as at 31 May 2003 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.

### 11.10 Insurance Policies

The MTHB Group has purchased the following types of insurance policies:-

- (a) Fire – Loss of Profit;
- (b) Fire – Commercial Hazardous; and
- (c) Marine Cargo Open Cover (Import and Export).

The salient terms of the insurance policies have been included in Section 11.6 "Material Contracts and Agreements" of this Prospectus.

### 11.11 Documents for Inspection

Copies of the following documents may be inspected at the registered office of the Company during office 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 agreements as set out in Section 11.6 "Material Contracts and Agreements" of this Prospectus;
- (c) The Directors' Report and Accountants' Report as included herein;
- (d) The Reporting Accountants' letters relating to the Consolidated Profit Forecasts of the MTHB Group and the Stone World Group for the financial year ending 31 December 2003 and the Pro-forma Consolidated Balance Sheets of the MTHB Group as at 31 May 2003 as included herein;
- (e) The audited accounts of MTHB and Stone World and its subsidiaries for the past five (5) financial years ended 31 December 2002 and the five (5) months ended 31 May 2003;

- (f) The audited accounts of MTHB and Stone World and its subsidiaries for the past five (5) financial years ended 31 December 2002 and the five (5) months ended 31 May 2003;
- (g) The cause papers in relation to the material litigation referred to in Section 11.7 "Material Litigation and Contingent Liabilities" of this Prospectus; and
- (h) The consent letters referred to in Section 11.9 "Consents" of this Prospectus.

#### **11.12 Responsibility Statement**

This Prospectus has been seen and approved by the directors and promoters of MTHB and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement herein false or 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 assumptions made.

AmMerchant Bank Berhad, being the Adviser, 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 Special Issue and the Restricted Issue (as herein defined), and is satisfied that any profit forecast (for which the directors of the Company are fully responsible), prepared for inclusion in this Prospectus has been stated by the directors after due and careful enquiry and has been duly reviewed by the Reporting Accountants.