

## 6. RESTRUCTURING SCHEME OF KIARA EMAS

### 6.1 Background Information on Kiara Emas

Kiara Emas was incorporated in Malaysia under the Companies Act, 1965 on 2 March 1996 as a private limited company under the name of Kiara Budaya Sdn. Bhd. On 27 June 1996, it changed its name to Hup Lee Amalgamated Sdn. Bhd. It was converted into a public limited company on 4 July 1996 and assumed the name of Hup Lee Amalgamated Berhad. On 4 October 1996, Kiara Emas assumed its present name. It was listed on the Second Board of the KLSE on 3 April 1997.

The previous principal activity of Kiara Emas was investment holding. Its former subsidiaries were previously involved in the manufacture, fabrication and assembly of the body parts of buses and trucks. However, with the exception of Zoomlink, which is a property holding company, all the other former subsidiaries of Kiara Emas had ceased operations by December 2001. Kiara Emas has been designated as an affected listed issuer under the KLSE's Practice Note 4/2001, as there is a deficit in its adjusted shareholders' equity, as defined in the KLSE's Practice Note 4/2001. Accordingly, trading in the company's Shares has been suspended since 12 February 2001. On 29 July 2003, Kiara Emas was also designated as an affected listed issuer under the KLSE's Practice Note 10/2001.

On 17 January 2002, the Board of Directors of Kiara Emas had, through AmMerchant Bank, announced the following proposals and proposed exemption to the KLSE:-

- (a) Proposed scheme of arrangement between Kiara Emas, its shareholders and MTHB under Section 176 of the Companies Act, 1965 whereby the shareholders of Kiara Emas will exchange five (5) Shares in Kiara Emas for one (1) new Share to be issued by MTHB ("**Proposed Shareholders' Scheme**");
- (b) Proposed settlement of the amounts owing to the financial institution creditors of Kiara Emas involving a waiver of 80% of the said amounts and the settlement of 20% of the said amounts by the issuance of 2% 5-year redeemable convertible unsecured loan stocks by MTHB ("**Proposed Debt Settlement**");
- (c) Proposed disposal of all of the existing subsidiaries of Kiara Emas for a total cash consideration of RM1.00 only ("**Proposed Disposal**");
- (d) Proposed acquisition by MTHB of 90.91% of the issued and paid-up capital of Stone World, comprising 50,192,602 Shares, from Excellent Avenue for a total 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 ("**Proposed Acquisition**");
- (e) Proposed special issue of 13,000,000 new Shares by MTHB, preferably to Bumiputra investors, at an issue price of RM1.00 per Share ("**Proposed Special Issue**");
- (f) Proposed renounceable restricted issue of 7,999,999 new Shares by MTHB to the existing shareholders of Kiara Emas on the basis of one (1) new Share for each Share held upon the completion of the Proposed Shareholders' Scheme, at an issue price of RM1.00 per Share ("**Proposed Restricted Issue**");
- (g) Proposed unconditional mandatory offer by MTHB to the two (2) remaining shareholders of Stone World to acquire from them the remaining 5,021,541 Shares in Stone World ("**Offer Shares**"), representing 9.09% of the issued and paid-up capital of Stone World, not owned by MTHB upon the completion of the Proposed Acquisition ("**Proposed Mandatory Offer**");
- (h) Proposed transfer of the listing status of Kiara Emas on the Second Board of the KLSE to MTHB ("**Proposed Transfer of Listing Status**"); and

- (i) Proposed exemption to Excellent Avenue, Ample Potential and Mr. Wong Thiam Loy from the obligation to undertake a mandatory offer for the remaining Shares in MTHB not held by them upon the completion of the Proposals (“**Proposed Exemption**”).

On 22 April 2002, Kiara Emas and two (2) of its former 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. Following that, AmMerchant Bank had, on 5 August 2002, announced on behalf of Kiara Emas that the company proposed to enter into the Creditors’ Scheme instead of the Proposed Debt Settlement. On 10 October 2002, the High Court of Malaya at Seremban had granted an extension of the aforementioned restraining orders for a period of nine (9) months from 22 October 2002 to 22 July 2003. The High Court of Malaya at Seremban had on 15 July 2003 granted a further extension of the restraining orders for a period of twelve (12) months from 23 July 2003 to 22 July 2004.

The objective of the Restructuring Scheme is to restructure the outstanding liabilities of Kiara Emas in a manner that would be beneficial to the company, its creditors and its shareholders, as the Restructuring Scheme offers a better alternative to the creditors and shareholders as compared to the prospect of recovery in the event of the liquidation of Kiara Emas without the Restructuring Scheme. The details of the Restructuring Scheme are set out in Section 6.2 below.

## 6.2 Restructuring Scheme of Kiara Emas

The Restructuring Scheme of Kiara Emas involves the following exercises:-

### 6.2.1 Shareholders’ Scheme

The Shareholders’ Scheme involves the following:-

- (a) The establishment of a new investment holding company, Major Team Holdings Sdn Bhd (“**MTHSB**”), which is to become the holding company of Kiara Emas and Stone World. MTHSB is a company which was incorporated as a shelf company and is to be used as an investment holding company to facilitate the restructuring of Kiara Emas.
- (b) The conversion of MTHSB to a public limited company and the change of its name to MTHB.
- (c) An exchange of Shares whereby shareholders of Kiara Emas who were named as depositors in the CDS Record of Depositors on 13 August 2003, being the books closure date for the Shareholders’ Scheme, have exchanged five (5) Kiara Emas Shares for one (1) new MTHB Share.

The said exchange of Shares amounts in effect to a capital reduction of RM0.80 for each Share in Kiara Emas.

The mechanism for the said exchange of Shares is as follows:-

- (i) The shareholders of Kiara Emas who were named as depositors in the CDS Record of Depositors on 13 August 2003, being the books closure date for the Shareholders’ Scheme, had their Shares cancelled and replaced by new MTHB Shares on the basis of one (1) new MTHB Share credited as fully paid-up for every five (5) Kiara Emas Shares held; and

- (ii) Out of the credit of RM39,999,999 which arose in the accounts of Kiara Emas as a result of the cancellation (pursuant to Section 64 of the Companies Act, 1965) of its entire issued and paid-up capital of RM39,999,999 divided into 39,999,999 Shares, RM39,999,997 was utilised to reduce the accumulated losses of Kiara Emas and the remaining RM2 was applied in paying up in full at par two (2) new Shares in the capital of Kiara Emas which were allotted and issued, credited as fully paid-up, to MTHB. Kiara Emas has issued to MTHB one (1) certificate for two (2) Shares in Kiara Emas.

A notice of books closure in relation to the recall and cancellation of the Kiara Emas Shares and the issuance of new MTHB Shares in replacement thereof, was despatched to the shareholders of Kiara Emas on 9 August 2003. The books closure for the Shareholders' Scheme was effected on 13 August 2003 and 7,999,999 new MTHB Shares were issued to the shareholders of Kiara Emas on 18 August 2003.

Following the completion of the Shareholders' Scheme, Kiara Emas has become a wholly owned subsidiary of MTHB, and the shareholders of Kiara Emas have become shareholders of MTHB. It is the intention of MTHB to hold Kiara Emas exclusively for the implementation of the Restructuring Scheme with a view to its subsequent disposal or liquidation.

## 6.2.2 Creditors' Scheme

The terms of the Creditors' Scheme are as follows:-

### (a) Bank Creditors

- (i) The claims of the Bank Creditors are determined on the basis of a cut-off date of 31 March 2001, being the date of the latest audited accounts of Kiara Emas at the time of the announcement of the Restructuring Scheme;
- (ii) The total amount owing to the Bank Creditors as at 31 March 2001, net of assets charged, shall be settled in the following manner:-
  - (A) 70% shall be waived; and
  - (B) 30% shall be settled by the issuance of 2% 5-year redeemable convertible unsecured loan stocks ("RCULS") by MTHB, on the basis of RM1.00 nominal value of RCULS for every RM1.00 of debt;
- (iii) 50% of the interest accruing on the total amount owing to the Bank Creditors as at 31 March 2001, for the period commencing on 1 April 2001 and ending on the date of issuance of the RCULS, inclusive of both dates, shall be payable by Kiara Emas in cash on the date of issuance of the RCULS. The remaining 50% of the interest shall be waived; and
- (iv) All corporate guarantees given by Kiara Emas for the benefit of its former subsidiaries shall be discharged and released upon the issuance of the RCULS and the payment of the accrued interest.

### (b) Other Creditors

- (i) The claims of the Other Creditors are determined on the basis of a cut-off date of 31 March 2001, being the date of the latest audited accounts of Kiara Emas at the time of the announcement of the Restructuring Scheme;

- (ii) The total amount owing to the Other Creditors as at 31 March 2001 shall be settled in the following manner:-
- (A) 70% shall be waived; and
- (B) 30% shall be settled by the issuance of the RCULS by MTHB, on the basis of RM1.00 nominal value of RCULS for every RM1.00 of debt; and
- (iii) The total amount owing to the Other Creditors as at 31 March 2001 is non-interest bearing. Other Creditors incurred after 31 March 2001 which are not included as part of the Creditors' Scheme will be paid in cash in the normal course of events.
- (c) The RCULS shall not be rated by any rating agency, as they are to be issued pursuant to a debt conversion and do not constitute an offer or invitation to subscribe for or purchase the RCULS for the purpose of raising fresh proceeds.
- (d) Upon the implementation of the Creditors' Scheme, all claims by the Scheme Creditors shall be deemed to have been fully satisfied and the Scheme Creditors shall have no further claims against Kiara Emas.

The following table shows a summary of the Creditors' Scheme as approved by the Scheme Creditors at the Court Convened Creditors' Meeting on 18 July 2003:-

Name of Scheme Creditor	Total Debt as at 31.03.2001 (RM)	Amount to be Waived (RM)	Amount to be Settled in RCULS (RM)
HLBB	25,898,859	18,129,201	7,769,658
Public Bank Berhad	9,856,993	6,899,895	2,957,098
Malayan Banking Berhad	10,699,237	7,489,466	3,209,771
AmMerchant Bank	3,127,975	2,189,582	938,393
Other Creditors	212,164	148,515	63,649
Contingency Amount *	10,204,772	7,143,341	3,061,431
<b>Total</b>	<b>60,000,000</b>	<b>42,000,000</b>	<b>18,000,000</b>

**Note -**

- \* Due to the incomplete accounting records of Kiara Emas and its former subsidiaries, a contingency amount has been provided in anticipation of a possible shortfall (if any) in the provision of actual debt liabilities.

The salient terms and conditions of the RCULS, as set out in the table below, are based on the draft Trust Deed which has not been executed:-

Issuer	: MTHB
Total nominal amount	: Up to RM18,000,000
Ratio	: RM1.00 nominal value of RCULS for every RM1.00 nominal value of debt.
Issue price	: 100% of the nominal value
Form and denomination	: The RCULS will be issued in registered form and in multiples of RM1.00 each.
Interest rate	: The RCULS shall bear interest at the rate of 2% per annum, payable annually in arrears from the date of issue during the five (5) year period that they remain outstanding, except that the last interest payment shall be made on the maturity date of the RCULS.
Maturity date	: Five (5) years from the date of issue of the RCULS. Where such date falls on a day that is not a Market Day, then the maturity date shall be deemed to fall on the Market Day immediately following such date.
Conversion price	: RM1.00 per new Share in MTHB. The conversion price will be subject to adjustment under certain circumstances in accordance with the provisions of the trust deed to be executed by MTHB. However, no adjustment shall be made if the resultant conversion price is below the par value of the Shares.
Conversion period	: The RCULS shall be convertible into MTHB Shares at any time throughout their tenure.
Mode of conversion	: By tendering RM1.00 nominal value of RCULS for one (1) new Share in MTHB.
Redeemability	: Unless otherwise converted, the RCULS will be redeemed by MTHB at 100% of their nominal value in cash on the maturity date. In addition, the RCULS shall be immediately repayable if MTHB does not comply with the terms of payment under the trust deed constituting the RCULS, subject to any applicable grace periods or cure periods therein.
Transferability	: The RCULS cannot be offered, sold, transferred or otherwise disposed of, directly or indirectly, except with the consent of the SC.
Status	: The RCULS shall be unsecured obligations of MTHB and shall rank pari passu in all respects, without priority amongst themselves and with all other present and future unsecured and unsubordinated obligations of MTHB from time to time outstanding, but shall be subordinated to all other obligations and liabilities of MTHB which are preferred solely by the laws of Malaysia.
Constitution	: The RCULS will be constituted by a trust deed to be executed by MTHB and a duly authorised trustee who will act for the benefit of the holders of the RCULS.
Trustee	: AmTrustee Berhad
Status of new MTHB Shares to be issued	: The new MTHB Shares to be issued pursuant to the conversion of the RCULS shall rank pari passu in all respects with the then existing Shares of MTHB, except that they will not be entitled to any dividends, rights, allotments and/or any other distributions that may be declared, made or paid, the entitlement date of which is prior to the allotment date of such new Shares.
Listing	: The RCULS will not be listed. However, an application will be made for the listing of the new MTHB Shares arising from the conversion of the RCULS, on the Second Board of the KLSE.
Rating	: The RCULS will not be rated.

### 6.2.3 Disposal

As an integral part of the Restructuring Scheme, Kiara Emas has disposed of all of its subsidiaries to Spring Magnate Sdn. Bhd. ("SPV"), a special purpose vehicle set up for that purpose, on 15 August 2003, for a nominal cash consideration of RM1.00. This nominal consideration takes into account the audited net liabilities position of the said subsidiaries as at 30 June 2002 and their respective losses for the period ended 30 June 2002.

The Board, after taking into consideration the audited financial position of the former subsidiaries of Kiara Emas with an aggregate amount of RM152.2 million in net liabilities as at 30 June 2002, is of the opinion that the disposal consideration of RM1.00 is fair and reasonable. Furthermore, all corporate guarantees given by Kiara Emas to the Bank Creditors for the benefit of its former subsidiaries shall be discharged and released upon the issuance of the RCULS and the payment of accrued interest pursuant to the Creditors' Scheme.

A sale and purchase agreement in respect of the Disposal was entered into between Kiara Emas and the SPV on 12 August 2003 and the Disposal was completed on 15 August 2003. Based on the net book value of Kiara Emas' investment in its former subsidiaries of RM1.00 as per its audited accounts as at 30 June 2002, the Disposal did not generate any gain or loss to Kiara Emas and the MTHB Group, as the original cost of investment in the said subsidiaries had been written down to RM1.00.

Information on the former subsidiaries of Kiara Emas, which have been disposed of to the SPV, is set out in the following table:-

Name of Subsidiary	Issued and Paid-Up Capital (RM)	Audited Net Liabilities as at 30.06.2002 (RM'000)	Audited Loss for Period Ended 30.06.2002 (RM'000)	Effective Equity Interest (%)	Principal Activities
Hup Lee Coachbuilders Sdn Bhd	10,414,468	(63,048)	(25,790)	100.00	Ceased operations in December 2001
Hup Lee Coachbuilders Holdings Sdn Bhd	400,005	(78,277)	(4,536)	100.00	Ceased operations in December 2001
Hup Lee Repairs Sdn Bhd	40,004	(1,527)	(1,091)	100.00	Ceased operations in December 2001
Hup Lee Ticketing Sdn Bhd	5	(9,166)	(92)	100.00	Ceased operations in 2000
Zoomlink Development Sdn Bhd *	5,880,000	(197)	(6,029)	100.00	Property holding and rental of property

**Note:-**

It was discovered in December 2001 that the freehold land owned by Zoomlink with an audited net book value of RM5.931 million as at 31 March 2001 had been charged to HLBB in 1995 as security for a credit facility of RM56 million extended by HLBB to Ardent Link Sdn Bhd ("Ardent Link"), a company in which certain former directors of Kiara Emas have an interest. Ardent Link has been a tenant of part of the above-mentioned land since 1 January 1997. The said facility is in default and the hearing date of the originating summons filed by HLBB to effect foreclosure on the said land has been adjourned to 2 October 2003.

Kiara Emas had on 3 April 2002 submitted a report to the KLSE in connection with the above-mentioned land charge, with a copy extended to the SC. For reasons of prudence, the carrying net book value of the said land of RM5.931 million had been fully provided for in the audited accounts for the financial period ended 30 June 2002.

Anuarul Azizan Chew & Co., an independent accounting firm, has been appointed by the Scheme Creditors to manage the SPV and implement an orderly disposal or liquidation of all the said subsidiaries. All net proceeds will be distributed to the respective creditors of the said subsidiaries based on their legal rights. The SPV shall also take all necessary legal actions to recover the debts owing to the said subsidiaries.

#### 6.2.4 Acquisition

On 15 August 2003, MTHB had acquired 90.91% of the issued and paid-up capital of Stone World comprising 50,192,602 Shares from Excellent Avenue for a total consideration of RM50,000,000 satisfied by the issuance of 50,000,000 new Shares in MTHB at an issue price of RM1.00 per Share. The Acquisition was made pursuant to a conditional Sale and Purchase Agreement entered into between Kiara Emas, Excellent Avenue and MTHB on 17 January 2002, a Supplemental Agreement dated 1 August 2002 and a Second Supplemental Agreement dated 5 August 2003.

The salient terms of the Acquisition are as follows:-

##### (a) Stone World Shares Acquired Free From Encumbrances

The Shares in Stone World are acquired free from all claims, charges, liens, encumbrances and equities together with all rights attached thereto and all dividends and distributions declared, paid or made in respect thereof on and after the date of the Sale and Purchase Agreement.

##### (b) Rights Attaching to Consideration Shares

The new MTHB Shares issued as consideration for the Acquisition rank pari passu in all respects with the existing issued and fully paid-up Shares of MTHB except that they are not entitled to any dividends declared or paid prior to 15 August 2003, being the completion date of the Acquisition.

##### (c) Discharge of Guarantees

Following the completion of the Acquisition, MTHB will procure the release of all individual and corporate guarantees given in favour of financial institutions as security for credit facilities extended to the Stone World Group.

MTHB has further agreed to indemnify the guarantors against all claims, demands, actions, proceedings, costs and expenses which may be incurred or suffered by them arising from the said guarantees after the completion date of the Acquisition.

##### (d) Profit Guarantee

On 5 August 2003, Excellent Avenue, MTHB and AmTrustee Berhad ("**Stakeholder**") had entered into a Profit Guarantee and Stakeholder Agreement ("**Profit Guarantee Agreement**") on the following terms:-

- (i) Excellent Avenue warrants and guarantees to MTHB that the aggregate audited profit after taxation and minority interests of the Stone World Group for the financial year ended 31 December 2002 and the financial year ending 31 December 2003 ("**Guaranteed Financial Years**") shall not be less than RM12,000,000 ("**Guaranteed Aggregate Profit**");

- (ii) The Guaranteed Aggregate Profit is cumulative. If the Stone World Group shall make a profit after taxation and minority interests for both the Guaranteed Financial Years but fails to meet the Guaranteed Aggregate Profit, Excellent Avenue shall pay and indemnify MTHB for the shortfall in the Guaranteed Aggregate Profit.

If the Stone World Group shall make a loss after taxation and minority interests for the Guaranteed Financial Years, Excellent Avenue shall indemnify MTHB for the total loss after taxation and minority interests, in addition to the payment and indemnification of the Guaranteed Aggregate Profit, subject to a maximum liability of RM50,000,000.

Excellent Avenue shall make payment to MTHB within 30 days of receipt of notice from the Stakeholder or MTHB;

- (iii) As security for the profit guarantee, Excellent Avenue shall deposit with the Stakeholder, cash and/or shares quoted on the KLSE (collectively "**Deposited Securities**") with an aggregate market value of not less than RM14,400,000, being 120% of the Guaranteed Aggregate Profit ("**Security Margin**");
- (iv) The Stakeholder shall review the aggregate market value of the Deposited Securities on the last Market Day of every three (3) months ending 31 March, 30 June, 30 September and 31 December after the first date of deposit until 30 June 2004 (each such day shall hereinafter be referred to as a "**Review Date**"). The market value of all Deposited Securities that are quoted shares shall be the volume-weighted average market price of such shares for the three (3) months ending on the day immediately prior to the relevant Review Date;
- (v) In the event that the aggregate market value of the Deposited Securities shall fall below RM13,200,000, being 110% of the Guaranteed Aggregate Profit ("**Minimum Security Margin**"), Excellent Avenue shall, within 14 days from the date of a written notice from the Stakeholder, deposit with the Stakeholder, such additional shares and/or cash as shall be necessary to achieve and maintain the Security Margin;
- (vi) In the event that the aggregate market value of the Deposited Securities shall exceed RM18,000,000, being 150% of the Guaranteed Aggregate Profit ("**Maximum Security Margin**"), for a consecutive period of not less than 30 days prior to the relevant Review Date, the Stakeholder shall, upon receipt of a written request from Excellent Avenue, release to Excellent Avenue such number or amount of Deposited Securities as shall have an aggregate market value equivalent to the amount by which the market value of the Deposited Securities exceeds the Maximum Security Margin;
- (vii) In the event that Excellent Avenue shall fail to pay any shortfall in the Guaranteed Aggregate Profit to MTHB, the Stakeholder is authorised to sell the Deposited Securities at such times, in such manner, for such consideration and to such persons as the Stakeholder may deem fit. If the amount recovered upon such sale shall be insufficient to pay for the shortfall, Excellent Avenue shall pay the difference to MTHB, failing which MTHB shall take such action as it deems necessary to recover such difference;



- (viii) The Profit Guarantee Agreement shall subsist until such time as the auditor of the Stone World Group shall issue a written certificate stating that:-
  - (A) All amounts due and payable to MTHB by reason of any shortfall in respect of the Guaranteed Aggregate Profit have been paid by Excellent Avenue to MTHB; or
  - (B) There is no shortfall in the Guaranteed Aggregate Profit; and
- (ix) Subject to the prior approval of the shareholders of MTHB and the SC being obtained where necessary, the provisions of the Profit Guarantee Agreement may be varied by mutual consent of the parties.

**(e) Liabilities to be Assumed by MTHB Arising From Acquisition**

Apart from the release of all individual and corporate guarantees given in favour of financial institutions as security for credit facilities extended to the Stone World Group, MTHB will not assume any other liabilities arising from the Acquisition.

The consideration for the Acquisition was arrived at on a willing-buyer willing-seller basis after taking into consideration the following:-

- (a) The audited consolidated NTA of Stone World as at 31 December 2001 (being the date of the latest audited financial statements available prior to the application to the SC on the Restructuring Scheme on 5 August 2002) was RM60,109,159. 90.91% of the audited consolidated NTA is approximately RM54,642,433. The purchase consideration therefore represents a discount of approximately RM4,642,433 or 8.50% to the relevant proportion of the audited consolidated NTA of Stone World as at 31 December 2001;
- (b) The earnings potential of the Stone World Group; and
- (c) The profit guarantee as stated above.

The Board is of the opinion that the purchase consideration of RM50,000,000 is fair and reasonable after taking into consideration the financial position and long term prospects of the Stone World Group and the satisfaction of the purchase consideration by way of an issuance of Shares in MTHB in the overall context of the Restructuring Scheme.

For purposes of illustration only, the purchase consideration of RM50,000,000 represents the following net PE Multiples:-

	Profit After Taxation of the Stone World Group RM'000	Net PE Multiple Represented by Purchase Consideration (Times)
Financial Year Ended 31.12.2002 – Audited	7,112	7.03
Financial Year Ending 31.12.2003 – Forecast	7,872	6.35
Financial Year Ending 31.12.2003 – Annualised based on audited results for the five (5) months ended 31.05.2003	9,866	5.07

Based on the audited consolidated NTA of the Stone World Group as at 31 May 2003 of RM71.348 million, the purchase consideration represents a price-to-NTA ratio of approximately 0.70 times.

#### 6.2.5 Special Issue and Restricted Issue

Following the completion of the Shareholders' Scheme and the Acquisition, the former minority shareholders of Kiara Emas currently hold 3,490,199 Shares in MTHB representing approximately 6.02% of the enlarged issued and paid-up capital of MTHB. The SC's Policies and Guidelines on Issue/Offer of Securities require at least 25% of a listed company's issued and paid-up capital to be held by public shareholders. The SC has, in its approval letter on the Restructuring Scheme dated 24 December 2002, stated that MTHB shall be required to comply with the public shareholding spread requirement within six (6) months from the date of its listing on the KLSE.

In order to achieve the public shareholding spread requirement, to increase its Bumiputra equity participation, to further strengthen its NTA and cash flow position, and to give the former shareholders of Kiara Emas an opportunity to increase their shareholding following the completion of the Shareholders' Scheme, MTHB is now undertaking the following Share issues:-

- (a) A special issue of 13,000,000 new Shares ("**SI Shares**"), for placement to selected Bumiputra/non-Bumiputra investors, at an issue price of RM1.00 per SI Share; and
- (b) A renounceable restricted issue of 7,999,999 new Shares ("**RI Shares**") to the Entitled Shareholders of MTHB, on a rights basis of one (1) RI Share for each Share held upon the completion of the Shareholders' Scheme, at an issue price of RM1.00 per RI Share.

Further details of the Restricted Issue and the Special Issue are set out in Sections 3.3 and 3.4 of this Prospectus.

### 6.2.6 Mandatory Offer

As the shareholding of MTHB in Stone World exceeds 33% of Stone World's issued and paid-up capital following the completion of the Acquisition, MTHB is obliged to extend an unconditional mandatory offer to the two (2) remaining shareholders of Stone World, namely Mr. Teo Yong Sai and Mr. Wong Thiam Loy, to acquire from them the remaining 5,021,541 Shares in Stone World not already owned by MTHB ("**Offer Shares**"). The offer letter in respect of the Mandatory Offer will be despatched to the offeree shareholders of Stone World within fourteen (14) days after 15 August 2003, being the completion date of the Acquisition.

On 7 July 2003, the SC had approved MTHB's application for an exemption from Section 9 of the Code, which requires the provision of a cash consideration in respect of the Mandatory Offer, on the basis that the offeree shareholders of Stone World had given written irrevocable undertakings that they would only accept a share consideration for the Mandatory Offer.

In view of the above, the consideration for the Mandatory Offer shall be satisfied through the issuance of new Shares in MTHB at an issue price of RM1.00 per Share on the basis of 0.9962 new MTHB Shares for each Offer Share. The price payable for each Offer Share, being RM0.9962, is similar to the price paid for Stone World Shares under the Acquisition. The consideration payable to each offeree shareholder of Stone World shall be rounded up to the nearest whole number of MTHB Shares.

Assuming full acceptance of the Mandatory Offer, 5,002,460 new MTHB Shares will be issued as consideration for the Mandatory Offer, and Ample Potential and/or Excellent Avenue will undertake a placement of 1,200,000 MTHB Shares to investors in order for MTHB to comply with the public shareholding spread requirement.

The new MTHB Shares to be issued pursuant to the Mandatory Offer will rank *pari passu* in all respects with the existing Shares of MTHB, save as regards any dividends, rights, allotments and/or any other distributions that may be declared, made or paid prior to the date of allotment of such new Shares.

MTHB will not assume any liabilities arising from the Mandatory Offer.

### 6.2.7 Transfer of Listing Status

Upon the completion of the Shareholders' Scheme, the Acquisition, the Special Issue and the Restricted Issue, the listing status of Kiara Emas on the Second Board of the KLSE will be transferred to MTHB.

### 6.2.8 Exemption

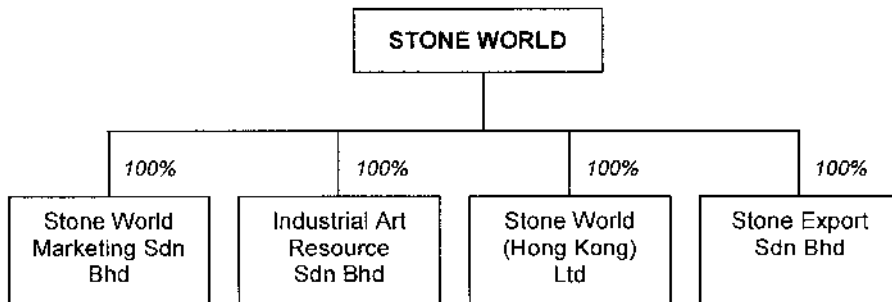
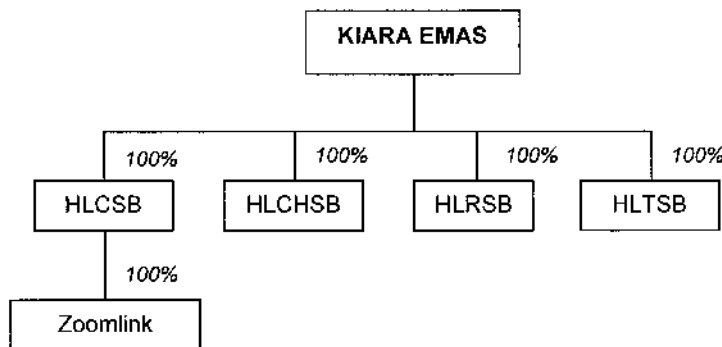
Upon the completion of the Shareholders' Scheme and the Acquisition, Excellent Avenue, Ample Potential, Mr. Wong Thiam Loy, Exclusive Vest Holdings Sdn. Bhd. and Madam Kong See Kuan (collectively "**Concert Parties**") collectively own, directly and indirectly, 54,509,800 MTHB Shares representing approximately 93.98% of the enlarged issued and paid-up capital of MTHB. Pursuant to Part II of the Code, the Concert Parties are required to extend a mandatory offer to the rest of the shareholders of MTHB to acquire all the remaining Shares in MTHB not owned by them.

An application was made to the SC on 4 September 2002 by AmMerchant Bank on behalf of the Concert Parties under Practice Note 2.9.3 of the Code to seek an exemption from the obligation to undertake a mandatory offer. Practice Note 2.9.3 allows an application for an exemption to be made where the objective of a transaction is to save the financial position of a company whose voting shares are being acquired by an urgent rescue operation. The SC had approved the application on 24 December 2002.

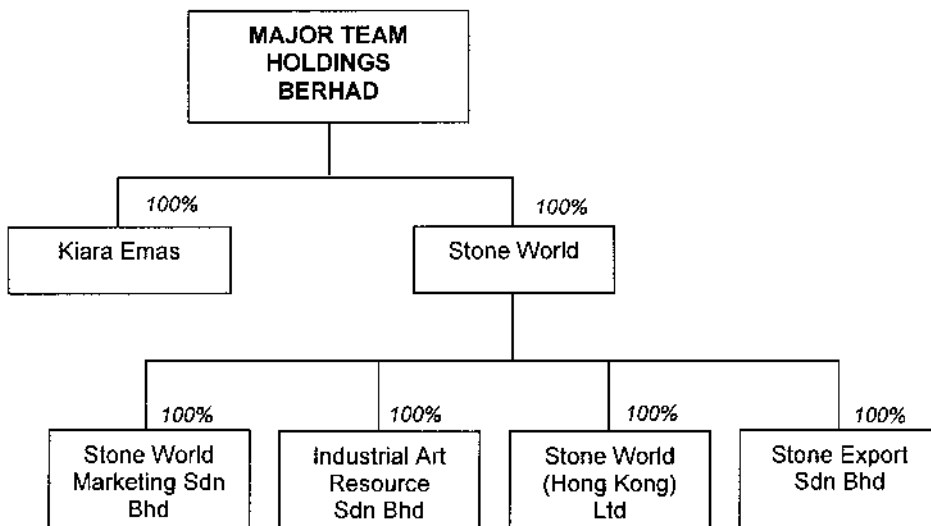
### 6.3 Group Structure

The group structures of Kiara Emas and Stone World before the Restructuring Scheme and the group structure of MTHB after the Restructuring Scheme are set out below:-

#### (a) Before the Restructuring Scheme



#### (b) After the Restructuring Scheme



#### 6.4 Approvals and Conditions

The Special Issue and the Restricted Issue form an integral part of the Restructuring Scheme. The Restructuring Scheme has been approved by the following authorities:-

<b>Authorities</b>	<b>Date(s) of Approval Letter(s)</b>
SC	: 2 December 2002, 24 December 2002, 7 March 2003, 18 March 2003, 20 June 2003, 7 July 2003, 7 August 2003 and 25 August 2003.
FIC	: 8 October 2002 and 30 December 2002
MITI	: 28 August 2002

In addition to the above approvals, the KLSE has vide its letters dated 17 June 2003, 30 June 2003 and 22 August 2003 approved the following matters in respect of the implementation of the Restructuring Scheme:-

- (a) The shortening of the Notice of Books Closure for the Shareholders' Scheme to two (2) clear Market Days instead of twelve (12) clear Market Days as required pursuant to Chapter 6 of the KLSE Listing Requirements;
- (b) The shortening of the Notice of Books Closure for the Restricted Issue to two (2) clear Market Days instead of twelve (12) clear Market Days as required pursuant to Chapter 6 of the KLSE Listing Requirements;
- (c) The Company must ensure that the PAL is received by the Entitled Shareholders at least four (4) clear Market Days prior to the closing of the Restricted Issue;
- (d) An exemption from the trading of the PAL in respect of the Restricted Issue on the KLSE; and
- (e) The re-quotation of the entire enlarged issued and paid-up capital of MTHB on the KLSE will be carried out after the completion of the Restructuring Scheme instead of one (1) Market Day after the books closure date as normally required by the KLSE.

The Restructuring Scheme is subject to and conditional upon the following:-

- (a) The approval of the SC for the Restructuring Scheme, which was obtained on 24 December 2002, subject to the following conditions:-

Conditions	Status of Compliance
(i) AmMerchant Bank / MTHB is required to inform the SC of the total amount of debt which will be settled by the issuance of the RCULS by MTHB, prior to the issuance of the RCULS;	Will be complied with.
(ii) MTHB / Kiara Emas is required to disclose the following matters in the circular to shareholders and prospectus:-	
(A) Details pertaining to the Disposal, including the valuation of the existing subsidiaries of Kiara Emas to be disposed of and the disposal consideration of RM1.00;	Complied with in Section 4 of the Explanatory Statement cum Circular to the shareholders of Kiara Emas dated 27 June 2003 ("ES"), and Section 6.2.3 of this Prospectus.
(B) Comments of Kiara Emas / MTHB and AmMerchant Bank on the reasonableness of the valuation of the existing subsidiaries of Kiara Emas to be disposed of and the valuation of Stone World;	The comments of the Board have been provided in Sections 4 and 5.4 of the ES, and Sections 6.2.3 and 6.2.4 of this Prospectus.  On 7 March 2003, the SC had approved AmMerchant Bank's application to waive this condition in respect of AmMerchant Bank.
(C) In relation to the proposal for MTHB to comply with the 25% public shareholding spread requirement, MTHB is required to comply with the aforementioned requirement within six (6) months from the date of its listing on the KLSE;	Complied with in Section 7 of the ES, and Section 6.2.5 of this Prospectus.
(D) The total trade debts of Stone World, the ageing analysis of the aforementioned debts and of debts which are exceeding the credit period. In this connection, the directors of Stone World / MTHB are required to comment / provide a statement on the recoverability of trade debts which are exceeding the credit period;	The total trade debts of Stone World and the ageing analysis of the aforementioned debts, based on the audited accounts for the financial year ended 31 December 2002, have been disclosed in Section 10 of Appendix 8 of the ES.  The total trade debts of Stone World and the ageing analysis of the aforementioned debts, based on the audited accounts for the five (5) months ended 31 May 2003, have been disclosed in Section 8.3 of this Prospectus.
(E) The involvement of the directors / key management of the MTHB Group in other companies. In this connection, the directors of the MTHB Group are required to provide comments on the implications of their involvement in other companies, on their abilities to manage the MTHB Group, as well as mitigating factors / steps which have been taken or will be taken to overcome any negative implications as a result of the involvement of the directors of the MTHB Group in other companies. The directors and key management of the MTHB Group are also required to furnish to the SC, written confirmations on the implications of their involvement in other companies, on their abilities to manage the MTHB Group, prior to the issuance of the circular to shareholders of Kiara Emas and the prospectus of MTHB; and	Based on the audited accounts for the financial year ended 31 December 2002 and the five (5) months ended 31 May 2003, there are no trade debts which have exceeded the credit period of six (6) months.  Complied with in Section 11 of Appendix 8 of the ES, and Section 7.6 of this Prospectus.  On 18 December 2002, in fulfilment of this condition, Mr. Wong Thiam Loy and Mr. Tan Kin Giou, the directors of Stone World, and Mr. Tan Chew Peng, a key management officer of Stone World, have provided written confirmations to the SC that their involvement in other companies will not jeopardise their responsibilities in respect of the Stone World Group.  Tan Sri Dato' Kamaruzzaman bin Shariff and Mr. Yap Chee Keong, the executive directors of MTHB, had on 31 July 2003, and Mr. Cheong Choi Seng, the Chief Executive Officer of the MTHB Group, had on 23 July 2003, provided written confirmations to the SC that their involvement in other companies will not jeopardise their responsibilities in respect of the MTHB Group.
(F) A management succession plan to ensure the continuity of the management of the company, pursuant to the Restructuring Scheme;	Complied with in Section 12 of Appendix 8 of the ES, and Section 5.5.2 of this Prospectus.

Conditions	Status of Compliance
(iii) MTHB is required to:-	
(A) Furnish two (2) copies of the investigative report on the past losses of Kiara Emas to the SC, within six (6) months from 24 December 2002. The results of the investigative report will have to be announced; and	On 3 June 2003, AmMerchant Bank had furnished two (2) copies of the investigative due diligence report on the past losses of Kiara Emas to the SC. On 3 June 2003 and 6 June 2003, AmMerchant Bank had submitted an application to the SC, on behalf of Kiara Emas and MTHB, to vary the condition which requires the results of the report to be announced, so as to replace the said condition with a condition which requires Kiara Emas to announce that the investigative report on the past losses of Kiara Emas has been completed and furnished to the SC. The decision of the SC on this application has yet to be received.
(B) Take appropriate actions, should there be any non-compliance by the past management / board of directors of Kiara Emas, or any parties which have caused the losses of Kiara Emas, including actions to recover the losses recorded by Kiara Emas in the previous years, as well as submit reports to the relevant authorities on the aforementioned non-compliance;	<p>Kiara Emas has taken the following actions and filed reports of its investigation into the reasons for its past losses to the following authorities:-</p> <ul style="list-style-type: none"> <li>(i) Legal suits against former employees and directors and persons connected with them;</li> <li>(ii) Legal suits against Public Merchant Bank Berhad and M/s Wong Chooi &amp; Mohd Nor in respect of their duties as advisers in the listing of Kiara Emas on the Second Board of the KLSE;</li> <li>(iii) Letters to the SC dated 20 May 2002, 4 July 2002, 10 January 2003, 13 January 2003, 3 March 2003 and 5 May 2003;</li> <li>(iv) Letter to the KLSE dated 3 April 2002; and</li> <li>(v) Police reports made in March 2002.</li> </ul>
(iv) The allocation of excess shares pursuant to the Restricted Issue must be transparent and conducted fairly;	Will be complied with.
(v) The trade debts of the Stone World Group must be fully provided for, where:-	On 9 June 2003/18 August 2003, the Board of Directors of Stone World had provided a written confirmation to the SC and Kiara Emas/MTHB that:-
(A) The amounts are disputed or questionable; or	(i) In respect of the audited consolidated financial statements of Stone World for the financial year ended 31 December 2002/five (5) months ended 31 May 2003, there are no trade debts which are exceeding the credit period of six (6) months granted to customers;
(B) Legal action has been taken or commenced; or	(ii) No provision for bad and doubtful debts has been made in the audited consolidated financial statements of Stone World for the financial year ended 31 December 2002/five (5) months ended 31 May 2003 as in the opinion of the Board of Directors of Stone World, there are no trade debts which fall under the categories required to be provided by the SC; and
(C) The age of the debts is more than six (6) months.	(iii) The Board of Directors of Stone World is of the opinion that no provision for bad and doubtful debts is required to be made in the financial forecast and projections of the Stone World Group.
<p>In this connection, the directors of MTHB are required to furnish to the SC, written confirmations that the trade debts which are exceeding the credit period are recoverable and that provision for bad / doubtful debts has been made in the financial statements as well as the financial forecast / projections of the MTHB Group as stated above, prior to the issuance of the circular to shareholders of Kiara Emas.</p>	

Conditions	Status of Compliance
<p>In this connection, the vendors of Stone World are required to provide compensation for any bad debts which exist on the date of completion of the implementation of the Proposals, in respect of which appropriate provision has not been made or disclosure has not been made in the circular to shareholders / prospectus of MTHB;</p>	<p>On 9 June 2003/18 August 2003, the Board of Directors of Kiara Emas/MTHB had also provided a written confirmation to the SC that the Board was of the opinion that no provision for bad and doubtful debts was required to be made in the financial forecast and projections of the MTHB Group.</p>
<p>(vi) The Audit Committee of MTHB is required to monitor, and the directors of MTHB are required to report on, the profit guarantee given by the vendors of Stone World, based on the financial status of MTHB, every year in the annual report of the MTHB Group until the profit guarantee expires; and</p>	<p>On 9 June 2003/18 August 2003, Excellent Avenue and Exclusive Vest Holdings Sdn Bhd had provided written irrevocable undertakings to the SC and MTHB, that they will compensate MTHB for any bad and doubtful debts of the Stone World Group which exist on the date of completion of the implementation of the Restructuring Scheme, in respect of which provision has not been made in the audited consolidated financial statements of Stone World for the financial year ended 31 December 2002/five (5) months ended 31 May 2003 or the financial forecast and projections of the Stone World Group and the MTHB Group, or in respect of which disclosure has not been made in the ES and in this Prospectus.</p> <p>The requirement to monitor the profit guarantee has been included in the terms of reference of the Audit Committee of MTHB.</p> <p>The Board will report on the profit guarantee every year in the annual report of the MTHB Group until the profit guarantee expires.</p>
<p>(vii) A moratorium is imposed on Excellent Avenue in relation to the disposal of the shares in MTHB which Excellent Avenue will receive in consideration for its disposal of the Stone World Group. In this connection, Excellent Avenue is not allowed to sell, transfer or assign 50% of its shareholding in MTHB for one (1) year from the date of listing of the said shares. Thereafter, Excellent Avenue is permitted to sell, transfer or assign not more than one third of the shares under moratorium every year.</p>	<p>In its press release dated 11 March 2003, the SC had announced, <i>"With regards to acquisitions of assets resulting in reverse take-overs of listed companies, a moratorium will be imposed on 50% of the consideration securities to be received by the vendors of the assets to be injected, whereby the vendors will not be allowed to sell, transfer or assign the securities for one year from the date the securities are listed on the KLSE. Thereafter, the securities are not subjected to any moratorium requirement. This new treatment of moratorium would apply automatically to proposals which have been approved by the SC since October 2002."</i></p>
<p>The above-mentioned moratorium condition is also imposed on the ultimate shareholders of Excellent Avenue, whereby all the said ultimate shareholders are required to provide undertakings that they will not sell, transfer or assign their shareholdings in Excellent Avenue for the duration of the above-mentioned moratorium condition.</p>	<p>The moratorium condition, which has been fully accepted by Excellent Avenue, will be specifically endorsed on the Share certificates of MTHB representing the Moratorium Shares, to ensure that the Company's Registrars shall not register any transfer not in compliance with the moratorium condition.</p>
<p>Nevertheless, Excellent Avenue will be able to apply the SC's guidelines on moratorium which will be announced in connection with the implementation of the final phase of disclosure-based regulation.</p>	<p>On 25 August 2003, Exclusive Vest Holdings Sdn Bhd ("EVHSB"), the sole shareholder of Excellent Avenue, had provided a written irrevocable undertaking to the SC and MTHB, that it will not sell, transfer or assign its shareholding in Excellent Avenue for the duration of the moratorium condition.</p>
	<p>On 25 August 2003, Mr. Wong Thiam Loy and Madam Kong See Kuan, the sole shareholders of EVHSB, had also provided written irrevocable undertakings to the SC and MTHB, that they will not sell, transfer or assign their respective shareholdings in EVHSB for the duration of the moratorium condition.</p>
	<p>On 25 August 2003, the SC had approved Excellent Avenue's application to pledge 14,400,000 Moratorium Shares to AmTrustee Berhad ("<b>Stakeholder</b>") as security for the profit guarantee, and 10,600,000 Moratorium Shares to HLBB as security for the credit facilities to be extended by HLBB to Ample Potential to finance Ample Potential's subscription for the Restricted Issue. The said approval is subject to the following conditions:-</p>



Conditions	Status of Compliance
(viii) MTHB and AmMerchant Bank are required to obtain the SC's approval for any variations made to the terms and conditions for the issuance of the RCULS.	<p>(a) The moratorium condition imposed on the Moratorium Shares shall remain; and</p> <p>(b) Excellent Avenue, the Stakeholder and HLBB shall each provide a written confirmation that the beneficial owner of the Moratorium Shares to be deposited with the Stakeholder and HLBB shall remain unchanged, and that any disposal, transfer or assignment of rights to the Moratorium Shares shall not be executed without the prior consent of the SC.</p>
Prior to the issuance of the RCULS, MTHB and AmMerchant Bank are required to furnish to the SC the following:-	Not applicable
(A) Trust deed in respect of the RCULS which has been executed; and	Will be complied with.
(B) Form FMF/JPB ("Facility Maintenance File") to the SC and Bank Negara Malaysia.	

The SC has also imposed the following conditions in relation to the utilisation of the proceeds of the Special Issue and the Restricted Issue:-

Conditions	Status of Compliance
(ix) The SC's approval must be obtained for any changes to the utilisation of proceeds if such changes involve the utilisation of the proceeds for purposes other than the core business of MTHB;	<p>On 18 March 2003, the SC had approved Kiara Emas' application to increase the proposed utilisation of the proceeds of the Special Issue and the Restricted Issue, for the payment of 50% of the interest accruing to the Bank Creditors from 1 April 2001 to the date of issuance of the RCULS, by up to RM225,000 per month, on the basis that the Board of Directors of Kiara Emas expected the RCULS to be issued after 31 March 2003, being the date originally submitted to the SC in Kiara Emas' application for the Restructuring Scheme.</p> <p>On 25 August 2003, the SC had approved Kiara Emas' application to further increase the proposed utilisation of the proceeds of the Special Issue and the Restricted Issue, for the payment of the aforementioned interest, up to RM6,796,000, based on the assumption that the Restructuring Scheme will be completed and the RCULS will be issued on 31 December 2003.</p>
(x) The approval of the shareholders of MTHB must be obtained for the utilisation of the proceeds as originally proposed, and also for any changes to the utilisation of the proceeds of 25% or more. Should the proposed change be less than 25%, an appropriate disclosure must be made to the shareholders of MTHB;	The approval of the shareholders of Kiara Emas for the utilisation of proceeds as set out in Section 3.5 of this Prospectus has been obtained at the EGM convened on 18 July 2003.
(xi) Any extension of time from the time frame specified by MTHB for the utilisation of the proceeds must be approved by resolution of the board of directors of MTHB and fully disclosed to the KLSE; and	Not applicable
(xii) Appropriate disclosure on the status of the utilisation of the proceeds must be made in the quarterly reports and annual reports of MTHB until the proceeds have been fully utilised.	Will be complied with.

(b) The approval of the SC for the following:-

- (i) The proposed advance by MTHB of up to approximately RM13.8 million of the proceeds of the Special Issue and the Restricted Issue to Stone World to be used as working capital ("**Proposed Advance**"); and
- (ii) An exemption from compliance with the SC's Guidelines on the Offering of Private Debt Securities ("**PDS Guidelines**") for the Proposed Advance.

The approval of the SC for the above was obtained on 2 December 2002, subject to the following conditions:-

- (i) The Proposed Advance is a private loan between MTHB and Stone World, and is neither transferable nor tradeable; and

- (ii) AmMerchant Bank shall furnish to the SC a written confirmation that the condition mentioned in paragraph (i) above has been fulfilled. A confirmation from AmMerchant Bank to this effect has been furnished to the SC on 20 December 2002.

On 20 June 2003, the SC had approved Kiara Emas' application to increase the amount of the Proposed Advance, from RM13.8 million up to the balance of the total proceeds of the Special Issue and the Restricted Issue remaining after paying for 50% of the interest accruing on the total amount owing to the Bank Creditors as at 31 March 2001, for the period commencing on 1 April 2001 and ending on the date of issuance of the RCULS, inclusive of both dates;

- (c) The approval of the SC for an exemption for the RCULS from the rating requirement of the PDS Guidelines ("**Rating Exemption**"), which was obtained on 2 December 2002, subject to the following conditions:-
  - (i) Kiara Emas is required to obtain the approval of a majority of the Scheme Creditors, in accordance with Section 176 of the Companies Act, 1965; and
  - (ii) AmMerchant Bank shall furnish to the SC a written confirmation that the approval of a majority of the Scheme Creditors as mentioned in paragraph (i) above has been obtained.

AmMerchant Bank has furnished a written confirmation to the SC on 25 July 2003, following the approval of the Scheme Creditors for the Creditors' Scheme being obtained at the Court Convened Creditors' Meeting on 18 July 2003;

- (d) The approval of the FIC, which was obtained on 8 October 2002 and 30 December 2002, subject to the condition that MTHB shall increase its Bumiputra equity to at least 30% within one (1) year from the date of its listing on the Second Board of the KLSE;
- (e) The approval of the MITI, which was obtained on 28 August 2002 subject to the conditions that:-
  - (i) The approvals of the SC and FIC shall be obtained;
  - (ii) Stone World shall consult the MITI to fulfil its equity conditions within three (3) years from the date of the MITI's approval; and
  - (iii) HLCSB shall surrender its manufacturing licence to the Malaysian Industrial Development Authority;
- (f) The approval-in-principle of the KLSE for:-
  - (i) The admission of MTHB to the Official List of the KLSE and the listing of and quotation for the entire enlarged issued capital of MTHB and the new MTHB Shares to be issued upon the conversion of the RCULS, on the Second Board of the KLSE; and
  - (ii) The removal of Kiara Emas from the Official List of the KLSE and the delisting of Kiara Emas' entire issued capital therefrom.

An application will be made to the KLSE to seek the above-mentioned approval-in-principle within three (3) Market Days from the date of issuance of this Prospectus;

- (g) The approval of the Scheme Creditors at the Court Convened Creditors' Meeting, which was obtained on 18 July 2003;
- (h) The approval of the shareholders of Kiara Emas at the Court Convened Shareholders' Meeting and the EGM, which was obtained on 18 July 2003;

- (i) The approval of the Court for the Shareholders' Scheme and the Creditors' Scheme, which was obtained on 31 July 2003. An office copy of the Court order has been lodged with the ROC on 4 August 2003;
- (j) The approval of the lenders of Stone World pursuant to the requirements of their respective facility agreements or security documents, which was obtained on 10 June 2003; and
- (k) The execution of the Profit Guarantee Agreement by Excellent Avenue on 5 August 2003.

## 6.5 Moratorium on Sale of Shares

In its approval letter dated 24 December 2002, the SC had stated that Excellent Avenue would be able to apply the SC's guidelines on moratorium which will be announced in connection with the implementation of the final phase of disclosure-based regulation. In its press release dated 11 March 2003, the SC had announced the following:-

*"With regards to acquisitions of assets resulting in reverse take-overs of listed companies, a moratorium will be imposed on 50% of the consideration securities to be received by the vendors of the assets to be injected, whereby the vendors will not be allowed to sell, transfer or assign the securities for one year from the date the securities are listed on the KLSE. Thereafter, the securities are not subjected to any moratorium requirement. This new treatment of moratorium would apply automatically to proposals which have been approved by the SC since October 2002."*

In line with the above and in accordance with the condition imposed by the SC in its approval letter dated 24 December 2002, a total of 25,000,000 Shares in MTHB, representing 50% of the 50,000,000 MTHB Shares received by Excellent Avenue as consideration for the Acquisition, will be placed under moratorium ("**Moratorium Shares**"). Excellent Avenue will not be allowed to sell, transfer or assign the Moratorium Shares for one (1) year from the date of listing of MTHB on the Second Board of the KLSE.

The moratorium condition, which has been fully accepted by Excellent Avenue, will be specifically endorsed on the Share certificates of MTHB representing the Moratorium Shares, to ensure that the Company's Registrars shall not register any transfer not in compliance with the moratorium condition.

On 25 August 2003, Exclusive Vest Holdings Sdn Bhd ("**EVHSB**"), the sole shareholder of Excellent Avenue, had provided a written irrevocable undertaking to the SC and MTHB, that it will not sell, transfer or assign its shareholding in Excellent Avenue for the duration of the moratorium condition.

On 25 August 2003, Mr. Wong Thiam Loy and Madam Kong See Kuan, the sole shareholders of EVHSB, had also provided written irrevocable undertakings to the SC and MTHB, that they will not sell, transfer or assign their respective shareholdings in EVHSB for the duration of the moratorium condition.

On 25 August 2003, the SC had approved Excellent Avenue's application to pledge 14,400,000 Moratorium Shares to AmTrustee Berhad ("**Stakeholder**") as security for the profit guarantee, and 10,600,000 Moratorium Shares to HLBB as security for the credit facilities to be extended by HLBB to Ample Potential to finance Ample Potential's subscription for the Restricted Issue. The said approval is subject to the following conditions:-

- (a) The moratorium condition imposed on the Moratorium Shares shall remain; and
- (b) Excellent Avenue, the Stakeholder and HLBB shall each provide a written confirmation that the beneficial owner of the Moratorium Shares to be deposited with the Stakeholder and HLBB shall remain unchanged, and that any disposal, transfer or assignment of rights to the Moratorium Shares shall not be executed without the prior consent of the SC.