

2. INFORMATION SUMMARY

THE FOLLOWING INFORMATION SUMMARY IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT THE MTHB GROUP AND SHOULD BE READ IN CONJUNCTION WITH THE FULL TEXT OF THIS PROSPECTUS. INVESTORS SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER TO INVEST IN THE RESTRICTED ISSUE AND / OR THE SPECIAL ISSUE.

The following summary is qualified in its entirety by the more detailed information, including the Accountants' Report and Notes thereto, included elsewhere in this Prospectus.

2.1 History, Principal Activities and Group Structure

MTHB was incorporated in Malaysia under the Companies Act, 1965 on 28 December 2001 as a private limited company. It was converted to a public limited company on 7 August 2003. MTHB is principally an investment holding company.

The MTHB Group's principal activities are the manufacture, supply and installation of stone products. Being a Grade 7 contractor registered with the CIDB, the Group is able to undertake projects of unlimited value. Its products consist of tiles, slabs, kitchen and vanity tops and other value-added items made from dimensional stones such as marble, granite, travertine and limestone. These dimension stone products, mainly from marble and granite, include tiles that are cut to size for installation on floors and walls, as well as custom-crafted structures. Dimension stone products from travertine and limestone are also manufactured to a lesser degree.

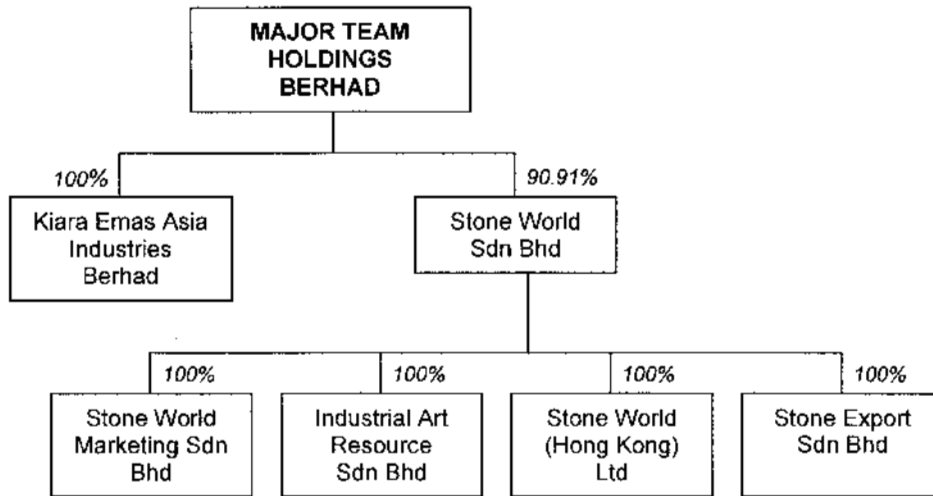
The Group's principal markets are Malaysia, Singapore, Brunei, the Philippines, Japan, Thailand and Saudi Arabia. Its market is a niche market catering mainly to luxury residential properties and condominiums as well as commercial properties including hotels, office buildings, shopping malls and other types of commercial properties. It has completed a number of major assignments both locally and internationally, such as the Kuala Lumpur Sentral Station, the Commuter Rail Station at the Kuala Lumpur International Airport, the RHB Bank Berhad and the American International Assurance Co. Ltd. headquarters in Kuala Lumpur, the Phileo Damansara and Phileo Avenue office complexes, the Jurong Town Council headquarters in Singapore, the Singapore Expo project, and the Philippine Bank Commercial Centre in Manila. The Group's stone processing plant in Pasir Gudang, Johor is equipped with technologically advanced machinery that enables the Group to produce high quality products that meet international standards.

As at 14 August 2003, the Group has secured contracts worth approximately RM41.14 million, both locally and internationally, and has tendered for local and international projects worth approximately RM112.529 million.

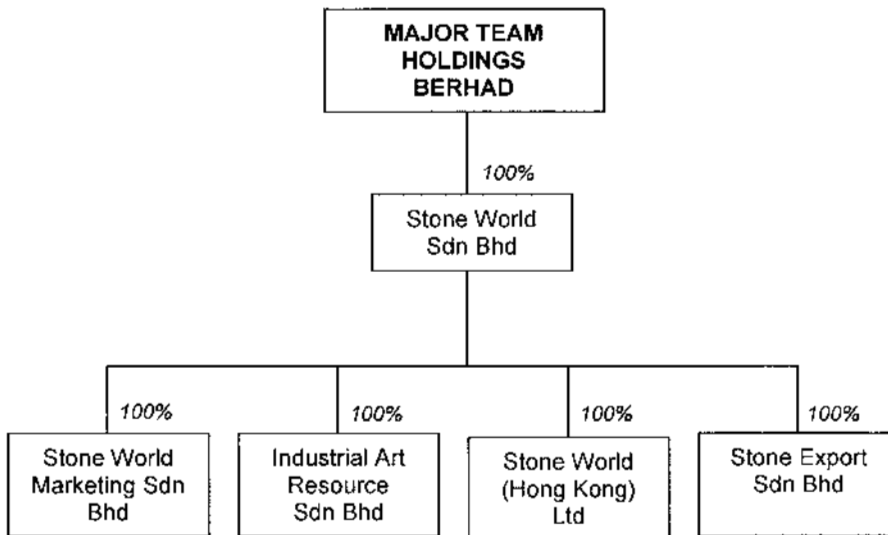
Pursuant to the Restructuring Scheme (details of which are set out in Section 6 of this Prospectus), MTHB had on 18 August 2003 acquired the entire issued and paid-up share capital of Kiara Emas. Kiara Emas is presently listed on the Second Board of the KLSE. It has been designated as an affected listed issuer under the KLSE's Practice Notes 4/2001 and 10/2001. The trading of Kiara Emas Shares on the KLSE has been suspended since 12 February 2001. Pursuant to the Transfer of Listing Status, the listing status of Kiara Emas on the Second Board of the KLSE will be transferred to MTHB and Kiara Emas will be de-listed from the Second Board of the KLSE. The control held by MTHB in Kiara Emas is intended to be temporary, as Kiara Emas has been acquired exclusively for the purpose of implementation of the Restructuring Scheme with a view to its subsequent disposal or liquidation upon the listing of MTHB on the KLSE.

Pursuant to the Restructuring Scheme, MTHB had also on 15 August 2003 acquired 90.91% of the issued and paid-up share capital of Stone World comprising 50,192,602 Shares from Excellent Avenue. Stone World is the main operating subsidiary of the MTHB Group.

The MTHB Group's current corporate structure is set out below:-



MTHB will proceed to complete the Mandatory Offer for the remaining 5,021,541 Offer Shares in Stone World representing the remaining 9.09% of the issued and paid-up share capital of Stone World currently not held by MTHB. Subsequent to the listing of MTHB on the KLSE, MTHB will also dispose of the entire issued and paid-up share capital of Kiara Emas or liquidate Kiara Emas, thus resulting in the final corporate structure of the Group to be as follows:-



Further information on the above companies is disclosed in Section 5 "Information on the MTHB Group" and Section 11 "Further Statutory and Other General Information" of this Prospectus.

2.2 Shareholdings of Promoters, Substantial Shareholders, Directors and Key Management Personnel

Based on the Register of Members of MTHB as at the date of this Prospectus, the direct and indirect shareholdings of the Promoters, substantial shareholders, directors and key management personnel of the Group in 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		Indirect		Direct		Indirect		Direct		Indirect	
		No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
Promoters / Substantial Shareholders													
Ample Potential ^a	Malaysia	-	-	4,489	7.74	-	-	4,489	6.32	4,489	5.68	4,489	5.68
Excellent Avenue	Malaysia	50,000	86.21	-	-	50,000	70.42	-	-	50,000	63.29	-	-
Wong Thiam Loy	Malaysian	20	0.04	^d 54,489	93.95	20	0.03	^d 54,489	76.75	^e 41	0.05	^d 58,979	74.66
Substantial Shareholders													
Exclusive Vest Holdings Sdn Bhd ^b	Malaysia	-	-	50,000	86.21	-	-	50,000	70.42	-	-	50,000	63.29
Kong See Kuan ^c	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	-	-
Directors													
Tan Sri Dato' Kamanuzzaman Bin Shariff	Malaysian	-	-	-	-	-	-	-	-	-	-	-	-
Yap Chee Keong	Malaysian	-	-	-	-	-	-	-	-	-	-	-	-
Loh Chen Peng	Malaysian	-	-	-	-	-	-	-	-	-	-	-	-
Michael Lim Hee Kiang	Malaysian	-	-	-	-	-	-	-	-	-	-	-	-
Teoh Tek Siong	Malaysian	-	-	-	-	-	-	-	-	-	-	-	-
Key Management Personnel													
Cheong Choi Seng	Malaysian	-	-	-	-	-	-	-	-	-	-	-	-
Tan Kin Giou	Malaysian	-	-	-	-	-	-	-	-	-	-	-	-
Kang Seok Sik	Korean	-	-	-	-	-	-	-	-	-	-	-	-
Lim Pin Hoon	Malaysian	-	-	-	-	-	-	-	-	-	-	-	-
Kam Choo You	Malaysian	-	-	-	-	-	-	-	-	-	-	-	-
Tan Chew Peng	Malaysian	-	-	-	-	-	-	-	-	-	-	-	-
Ong Hooi Voon	Malaysian	-	-	-	-	-	-	-	-	-	-	-	-
Ong Cheng Hoon, Christina	Malaysian	-	-	-	-	-	-	-	-	-	-	-	-

Name	Nationality / Place of Incorporation	IV				V			
		After III and Mandatory Offer				After IV and Full Conversion of RCULS			
		Direct		Indirect		Direct		Indirect	
No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%		
Promoters / Substantial Shareholders									
Ample Potential	Malaysia	4,489	5.34	4,489	5.34	4,489	4.40	4,489	4.40
Excellent Avenue	Malaysia	^f 48,800	58.09	-	-	48,800	47.84	-	-
Wong Thiam Loy	Malaysian	41	0.05	^d 57,779	68.78	41	0.04	^d 57,779	56.64
Substantial Shareholders									
Exclusive Vest Holdings Sdn Bhd ^h	Malaysia	-	-	48,800	58.09	-	-	48,800	47.84
Kong See Kuan ^c	Malaysian	-	-	57,820	68.83	-	-	57,820	56.68
Teo Yong Sai	Malaysian	5,002	5.96	-	-	5,002	4.90	-	-
HLBB	Malaysia	4,489	5.34	-	-	12,259	12.02	-	-
Directors									
Tan Sri Dato' Kamaruzzaman Bin Shariff	Malaysian	-	-	-	-	-	-	-	-
Yap Chee Keong	Malaysian	-	-	-	-	-	-	-	-
Loh Chen Peng	Malaysian	-	-	-	-	-	-	-	-
Michael Lim Hee Kiang	Malaysian	-	-	-	-	-	-	-	-
Teoh Tek Siong	Malaysian	-	-	-	-	-	-	-	-
Key Management Personnel									
Cheong Choi Seng	Malaysian	-	-	-	-	-	-	-	-
Tan Kin Giou	Malaysian	-	-	-	-	-	-	-	-
Kang Seok Sik	Korean	-	-	-	-	-	-	-	-
Lim Pin Hoon	Malaysian	-	-	-	-	-	-	-	-
Kam Choo You	Malaysian	-	-	-	-	-	-	-	-
Tan Chew Peng	Malaysian	-	-	-	-	-	-	-	-
Ong Hooi Voon	Malaysian	-	-	-	-	-	-	-	-
Ong Cheng Hoon, Christina	Malaysian	-	-	-	-	-	-	-	-

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.

Of the Promoters, substantial shareholders, directors and key management personnel of the MTHB Group, only Ample Potential and Mr. Wong Thiam Loy will be entitled to the Restricted Issue. In the case of Ample Potential, it is assumed that HLBB will renounce its entitlement under the Restricted Issue to Ample Potential. Their respective entitlements are as follows:-

Name	No. of RI Shares
Ample Potential	4,489,400
Wong Thiam Loy	20,400

A description of the Promoters, substantial shareholders, directors and key management personnel, and their direct and indirect shareholdings in the Company, is disclosed in Section 7 "Shareholders, Directors and Key Management Personnel" of this Prospectus.

2.3 Pro-forma Historical Financial Record

The following table has been extracted from the Accountants' Report included in Section 9 of this Prospectus and should be read in conjunction with the notes and assumptions thereto. The pro-forma audited consolidated results of the Group for the past five (5) financial years ended 31 December 2002 and the five (5) months ended 31 May 2003 have been prepared for illustrative purposes only, based on the audited financial statements of MTHB and its subsidiary companies and on the assumption that the Group had been in existence throughout the period under review:-

	←-----Year Ended 31 December-----→					5 Months Ended 31 May 2003 RM'000
	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	
Turnover	16,278	20,091	35,806	31,997	24,250	15,731
Profit before interest, depreciation, taxation and amortisation	4,453	5,074	8,702	12,045	13,368	6,820
Interest income	3	-	15	-	-	-
Interest expense	(3,882)	(2,895)	(2,997)	(2,041)	(2,261)	(852)
Depreciation	(3,441)	(3,829)	(3,581)	(3,985)	(3,987)	(1,866)
Amortisation of goodwill	(11)	(11)	(11)	(11)	(11)	(5)
(Loss) / Profit before taxation	(2,878)	(1,661)	2,128	6,008	7,109	4,097
Taxation ^a	-	-	-	-	-	-
(Loss) / Profit after taxation	(2,878)	(1,661)	2,128	6,008	7,109	4,097
Number of Shares in issue during the year ('000)	84,002	84,002	84,002	84,002	84,002	84,002
Gross EPS (RM) ^b	(0.03)	(0.02)	0.03	0.07	0.08	^c 0.12
Net EPS (RM) ^b	(0.03)	(0.02)	0.03	0.07	0.08	^c 0.12

Notes:-

The summarised pro-forma consolidated results of the MTHB Group were prepared for illustrative purposes only. MTHB was incorporated on 28 December 2001, hence only the results of MTHB for the period from 28 December 2001 to 31 December 2002 and for the five (5) months ended 31 May 2003 were consolidated with the results of the Stone World Group for the financial year ended 31 December 2002 and the five (5) months ended 31 May 2003 respectively.

There were no consolidated financial statements of the Stone World Group prior to the financial year ended 31 December 2000 as in the opinion of the Board of Directors of Stone World, the financial statements of Stone World's subsidiaries for the financial years ended 31 December 1998 and 1999 did not materially affect the financial statements of the Stone World Group.

The pro-forma consolidated results of the Stone World Group for the two (2) financial years ended 31 December 1998 and 1999, and the consolidated results of the Stone World Group for the three (3) financial years ended 31 December 2000 to 2002 and the five (5) months ended 31 May 2003, were prepared based on the audited financial statements of Stone World and its wholly owned subsidiary, Stone World Marketing Sdn Bhd, for the respective years/period, adjusted for deferred expenditure written off to the income statement as a result of the change in accounting policies in compliance with the Malaysian Accounting Standards Board (MASB) Standard No. 1. In the pro-forma consolidated results and the consolidated results, only the results of Stone World Marketing Sdn Bhd were consolidated with those of Stone World. The financial statements of the other subsidiaries of Stone World were not consolidated as in the opinion of the Board of Directors of Stone World, they did not materially affect the financial statements of the Stone World Group.

There were no minority interests, exceptional or extraordinary items in the financial years / period under review.

- a No provision for taxation had been made due to the utilisation of unabsorbed tax losses and unutilised reinvestment allowances brought forward from previous years.*
- b The gross and net EPS were calculated based on the (loss) / profit before taxation and net (loss) / profit after taxation of the pro-forma MTHB Group for the financial years / period respectively divided by the enlarged number of Shares of MTHB of 84,002,460 Shares before the conversion of the RCULS.*
- c Annualised*

There were no audit qualifications in the years/period under review. The Accountants' Report is set out in Section 9 of this Prospectus.

2.4 Pro-forma Consolidated Balance Sheets

The Pro-forma Consolidated Balance Sheets of the MTHB Group as at 31 May 2003, based on the audited financial statements of MTHB and its subsidiary companies and on the assumption that the Restructuring Scheme had been effected on that date, are shown below.

	Pro-forma I Existing	Pro-forma II After I and Shareholders' Scheme	Pro-forma III After II and Creditors' Scheme	Pro-forma IV After III and Acquisition	Pro-forma V After IV and Special Issue	Pro-forma VI After V and Restricted Issue	Pro-forma VII After VI and Mandatory Offer	Pro-forma VIII After VII and Full Conversion of RCULS
	RM	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS EMPLOYED								
PROPERTY, PLANT AND EQUIPMENT	-	-	-	54,823	54,823	54,823	54,823	54,823
INVESTMENT IN SUBSIDIARY COMPANIES	-	-	-	53	53	53	53	53
GOODWILL ON CONSOLIDATION	-	6,796	6,796	6,796	6,796	6,796	6,796	6,796
CURRENT ASSETS								
Inventories	-	-	-	31,079	31,079	31,079	31,079	31,079
Trade receivables	-	-	-	18,158	18,158	18,158	18,158	18,158
Amount owing by customers on contracts	-	-	-	1,395	1,395	1,395	1,395	1,395
Other receivables, deposits and prepayment	-	-	-	1,972	1,972	1,972	1,972	1,972
Amount owing by related companies	-	-	-	68	68	68	68	68
Cash and bank balances	2	-	-	75	13,075	21,075	14,279	14,279
	<u>2</u>	<u>-</u>	<u>-</u>	<u>52,747</u>	<u>65,747</u>	<u>73,747</u>	<u>66,951</u>	<u>66,951</u>
LESS: CURRENT LIABILITIES								
Trade payables	-	-	-	4,250	4,250	4,250	4,250	4,250
Amount owing to customers on contracts	-	-	-	1,600	1,600	1,600	1,600	1,600
Other payables and accruals	16,649	6,813	6,813	12,424	12,424	12,424	5,628	5,628
Amount owing to a director	-	-	-	50	50	50	50	50
Hire purchase payables	-	-	-	55	55	55	55	55
Bank borrowings	-	-	-	15,569	15,569	15,569	15,569	15,569
	<u>16,649</u>	<u>6,813</u>	<u>6,813</u>	<u>33,948</u>	<u>33,948</u>	<u>33,948</u>	<u>27,152</u>	<u>27,152</u>

	Pro-forma I Existing	Pro-forma II After I and Shareholders' Scheme	Pro-forma III After II and Creditors' Scheme	Pro-forma IV After III and Acquisition	Pro-forma V After IV and Special Issue	Pro-forma VI After V and Restricted Issue	Pro-forma VII After VI and Mandatory Offer	Pro-forma VIII After VII and Full Conversion of RCULS
	RM	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
NET CURRENT (LIABILITIES)/ASSETS	(16,647)	(6,813)	(6,813)	18,799	31,799	39,799	39,799	39,799
	<u>(16,647)</u>	<u>(17)</u>	<u>(17)</u>	<u>80,471</u>	<u>93,471</u>	<u>101,471</u>	<u>101,471</u>	<u>101,471</u>
FINANCED BY								
SHARE CAPITAL	2	8,000	8,000	58,000	71,000	79,000	84,002	102,002
RESERVE ON CONSOLIDATION	-	-	-	14,862	14,862	14,862	16,346	16,346
ACCUMULATED LOSSES	<u>(16,649)</u>	<u>(8,017)</u>	<u>(26,017)</u>	<u>(26,017)</u>	<u>(26,017)</u>	<u>(26,017)</u>	<u>(26,017)</u>	<u>(26,017)</u>
	(16,647)	(17)	(18,017)	46,845	59,845	67,845	74,331	92,331
RCULS	-	-	18,000	18,000	18,000	18,000	18,000	-
Minority interest	-	-	-	6,486	6,486	6,486	-	-
Hire purchase payables	-	-	-	140	140	140	140	140
Bank borrowings	-	-	-	9,000	9,000	9,000	9,000	9,000
	<u>(16,647)</u>	<u>(17)</u>	<u>(17)</u>	<u>80,471</u>	<u>93,471</u>	<u>101,471</u>	<u>101,471</u>	<u>101,471</u>
NTA per Share (RM)	(8,323.50)	(0.85)	(0.85)	0.69	0.75	0.77	0.80	0.84
Total borrowings	-	-	18,000	42,764	42,764	42,764	42,764	24,764
Gearing ratio (times)	-	-	(1.00)	0.91	0.71	0.63	0.58	0.27

The Pro-forma Consolidated Balance Sheets of the MTHB Group as at 31 May 2003 are set out in Section 8.8 of this Prospectus.

2.5 Risk Factors

Prospective investors, prior to making an investment in the Company, should carefully consider the risk factors inherent in and affecting the business of the Group and the Restricted Issue and the Special Issue. In addition, the discussion in this Prospectus contains forward-looking statements that involve risks and uncertainties. The Group's actual results when materialised could differ materially from those discussed herein. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in Section 4 "Risk Factors" of this Prospectus, and also include those discussed throughout this Prospectus.

The key risk factors that may affect the Group's future profitability are not limited to financial risks, market risks and industry risks. Risk factors also include the following:-

- (a) Business risks;
- (b) Economic, political and regulatory conditions;
- (c) Competition;
- (d) Debtors' collection;
- (e) Gearing and debt servicing capability;
- (f) Delay in completion of projects;
- (g) Dependence on key personnel;
- (h) Availability and supply of raw materials;
- (i) Foreign exchange risk;
- (j) Forward-looking statements;
- (k) Achievability of forecasts;
- (l) Controlling shareholders of MTHB;
- (m) Future capital injections;
- (n) Environmental concerns;
- (o) Threat of substitutes;
- (p) Breakout of fire, energy crisis and other emergency crisis;
- (q) Sales Contribution from Related-Party Company
- (r) Insurance coverage on assets;
- (s) Risk of rapid or over-expansion of business;
- (t) Risk of legal uncertainties;
- (u) Risk of technological changes;
- (v) No prior public market for MTHB Shares and possible volatility of share price; and
- (w) Failure or delay in the listing of MTHB.

Details of the aforementioned risks are provided in Section 4 "Risk Factors" of this Prospectus.

If you are unsure about any of the information contained in Section 4 "Risk Factors" of this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser.

2.6 Principal Statistics Relating to the Restricted Issue and the Special Issue

The following statistics relating to the Restricted Issue and the Special Issue are derived from the full text of this Prospectus and should be read in conjunction with that text.

Share Capital	RM
Authorised	
150,000,000 ordinary shares of RM1.00 each	<u>150,000,000</u>
Issued and Fully Paid-Up	
58,000,001 ordinary shares of RM1.00 each	58,000,001
To be Issued Pursuant to the Special Issue	
13,000,000 ordinary shares of RM1.00 each	13,000,000
To be Issued Pursuant to the Restricted Issue	
7,999,999 ordinary shares of RM1.00 each	7,999,999
To be Issued Pursuant to the Mandatory Offer	
5,002,460 ordinary shares of RM1.00 each	5,002,460
Enlarged Capital Upon Listing	
84,002,460 ordinary shares of RM1.00 each	<u>84,002,460</u>
To be Issued Assuming Full Conversion of RCULS	
Up to 18,000,000 ordinary shares of RM1.00 each	18,000,000
Enlarged Capital Assuming Full Conversion of RCULS	
Up to 102,002,460 ordinary shares of RM1.00 each	<u>102,002,460</u>

The RI Shares and SI Shares to be issued pursuant to the Restricted Issue and the Special Issue are as follows:-

To be Issued Pursuant to the Restricted Issue	7,999,999 RI Shares
Issue Price per RI Share	RM1.00
To be Issued Pursuant to the Special Issue	13,000,000 SI Shares
Issue Price per SI Share	RM1.00

There is only one (1) class of shares in the Company, namely ordinary shares of RM1.00 each. The RI Shares and SI Shares shall rank pari passu in all respects with the existing issued Shares of the Company, including voting rights and rights to all dividends and distributions that may be declared, paid or made subsequent to the date of allotment thereof.

Pro-forma Consolidated NTA based on the Pro-forma Consolidated Balance Sheets as at 31 May 2003

Upon Issuance of the SI Shares

Pro-forma Consolidated NTA (RM'000)	53,049
Pro-forma Consolidated NTA per Share (RM)	0.75

Upon Issuance of the RI Shares

Pro-forma Consolidated NTA (RM'000)	61,049
Pro-forma Consolidated NTA per Share (RM)	0.77

Upon Completion of the Mandatory Offer

Pro-forma Consolidated NTA (RM'000)	67,535
Pro-forma Consolidated NTA per Share (RM)	0.80

Upon Full Conversion of RCULS

Pro-forma Consolidated NTA (RM'000)	85,535
Pro-forma Consolidated NTA per Share (RM)	0.84

Detailed calculations of the Pro-forma Consolidated NTA as at 31 May 2003 are set out in Section 8.8 of this Prospectus.

2.7 Consolidated Profit Forecast

MTHB Group

Financial Year Ending 31 December 2003

RM'000

Turnover	<u>13,501</u>
Consolidated profit before taxation	506
Less: Taxation	<u>(744)</u>
Consolidated loss after taxation	<u>(238)^a</u>

Assuming No Conversion of RCULS

No. of ordinary shares in issue ('000 Shares)	84,002 ^b
Basic loss per Share (sen)	(0.28) ^b
PE Multiple (times)	NA

Assuming Full Conversion of RCULS

No. of ordinary shares in issue ('000 Shares)	102,002 ^c
Diluted loss per Share (sen)	(0.23) ^c
PE Multiple (times)	NA

Notes:

- a *The consolidated loss after taxation for the financial year ending 31 December 2003 is based on the assumption that the Acquisition and the Mandatory Offer are simultaneously completed on 31 August 2003 as the directors are of the opinion that the financial effects of the timing differences arising from the completion of the Mandatory Offer are immaterial. Therefore, the results of the Stone World Group have been consolidated with the results of MTHB from 1 September 2003 onwards, that is with four (4) months of the forecast results of the Stone World Group included in the MTHB Group for the financial year ending 31 December 2003.*
- b *The basic loss per Share for the financial year ending 31 December 2003 has been calculated based on the consolidated loss after taxation divided by the enlarged number of Shares of MTHB of 84,002,460 Shares before the conversion of the RCULS.*

- c *The diluted loss per Share for the financial year ending 31 December 2003 has been calculated based on the consolidated loss after taxation divided by the enlarged number of Shares of MTHB of 102,002,460 Shares after the full conversion of the RCULS.*

Stone World Group

Financial Year Ending 31 December 2003

RM'000

Turnover	<u>40,504</u>
Consolidated profit before taxation	10,105
Less: Taxation	<u>(2,233)</u>
Consolidated profit after taxation	<u>7,872</u>

The Consolidated Profit Forecasts of the MTHB Group and the Stone World Group together with the Reporting Accountants' letter thereon, are set out in Section 8.7 of this Prospectus.

2.8 Dividend Forecast

Due to the need to finance the future business expansion of the MTHB Group, the Board is of the view that MTHB would not be in a position to declare any dividend in respect of the financial year ending 31 December 2003.

2.9 Utilisation of Proceeds

The gross proceeds of the Restricted Issue and the Special Issue amounting to RM20,999,999 will be utilised for the following purposes:-

Purpose	RM'000
Settlement of 50% of the interest accruing on the total amount owing to the Bank Creditors as at 31 March 2001 pursuant to the Creditors' Scheme	6,796
Working capital of the Stone World Group	14,204
	<u>21,000</u>

Details of the utilisation of proceeds are set out in Section 3.5 "Utilisation of Proceeds" of this Prospectus.

2.10 Material Contracts and Agreements, Material Litigation, Borrowings, Capital Commitments and Contingent Liabilities

2.10.1 Material Contracts and Agreements

Save as disclosed below, as at 14 August 2003, being the latest practicable date prior to the printing of this Prospectus, 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
Material Contracts			
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
Material Agreements			
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 Trade 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. 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.
10.	04.07.2003	Dragages Singapore Pte Ltd ("DSPL") and Stone World	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	Hlap 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, Section 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, Section 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> <ol style="list-style-type: none"> (a) a first legal charge over Stone World's lease of 30 years over the Leased Property (as therein defined); (b) a first debenture over all the fixed and floating assets of Stone World, both present and future; and (c) a guarantee by Mr Wong Thiam Loy in favour of RHB. <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"> (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; (b) a second legal charge over Stone World's lease of 30 years over the Leased Property for RM5.0 million; and (c) a guarantee by Mr Wong Thiam Loy in favour of RHB.
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"> (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; (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 (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. <p>Stone World further undertook to indemnify KLIA against:-</p> <ul style="list-style-type: none"> (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 (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.

No.	Date	Parties	Nature of Contract
23.	30.04.1998	Perspec-Taisei-Kajima-Shimizu-Hazama Consortium ("PTKSHC") and Stone World	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.
24.	23.12.2002	RHB Insurance Berhad ("RHBIB") and Stone World	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.
25.	25.06.2003	RHBIB and Stone World	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. 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.
26.	27.05.1994	RHBIB and Stone World	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. 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.

Kiara Emas

No.	Date	Parties	Nature of Contract
Material Contracts			
1.	19.08.2002	Kiara Emas and Messrs. Arthur Andersen & Co and Messrs. Hanafiah Rastian & Mohamad	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 HLCSEB, 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.
Material Agreements			
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 HLCSEB.
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 HLCSEB.
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 HLCSEB.
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 HLCSEB.

2.10.2 Material Litigation

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	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. 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.
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	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. 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. 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. The Board is of the opinion that Stone World is likely to be successful in recovering the sums claimed from the defendant.

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 inter alia, 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) 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 Akmal binti Ibrahim, Hajjah Radziah binti Hussein and Dato' Tan Hooi Chong (as defendants)	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>

2.10.3 Borrowings

As at 14 August 2003 (being the latest practicable date prior to the printing of this Prospectus), the total borrowings of the Group (excluding Kiara Emas) amounted to approximately RM25.279 million, comprising the following:-

Interest-Bearing Borrowings	Repayable within 12 Months RM'000	Repayable after 12 Months RM'000
Hire purchase payables	82	177
Bank borrowings	16,020	9,000

The Group's bank borrowings are secured by the following:-

- (i) A first and second legal charge over Stone World's leasehold land and factory buildings;
- (ii) A first and second fixed and floating charge over Stone World's assets; and
- (iii) A personal guarantee by a director of Stone World.

The directors of the Company confirm that the Group (excluding Kiara Emas) has not defaulted on payments of either interest and/or principal sums in respect of any outstanding borrowings throughout the financial year ended 31 December 2002 and the period ended 14 August 2003, being the latest practicable date prior to the printing of this Prospectus.

Save as disclosed above, the Group (excluding Kiara Emas) does not have any other capital outstanding or loan capital created but unissued or mortgages or charges outstanding on 14 August 2003.

2.10.4 Capital Commitments

MTHB Group (excluding Kiara Emas)

As at 14 August 2003 (being the latest practicable date prior to the printing of this Prospectus), the directors of MTHB are not aware of any capital commitments incurred or known to be incurred by the MTHB Group which may have a material impact on the financial position or business of the MTHB Group.

Kiara Emas

As at 14 August 2003 (being the latest practicable date prior to the printing of this Prospectus), the directors of Kiara Emas are not aware of any capital commitments incurred or known to be incurred by Kiara Emas which may have a material impact on the financial position of Kiara Emas.

2.10.5 Contingent Liabilities

The contingent liabilities pertaining to Kiara Emas, as disclosed below, will not be assumed by the MTHB Group as the contingent liabilities of Kiara Emas will be fully settled pursuant to the Creditors' Scheme.

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 directors of MTHB are not aware of any contingent liabilities which, upon becoming enforceable, may have a material impact on the financial position or business of the MTHB Group:-

Name of Company	Amount (RM)	Description
Stone World	48,554	Bank guarantee in favour of THG Construction Sdn Bhd for a performance bond.
Stone World	19,325	Bank guarantee in favour of Ketua Kanan Telekom Malaysia Berhad being telephone deposit.
Stone World	20,000	Bank guarantee in favour of Tenaga Nasional Berhad being guarantee of payment.
Stone World	100,000	Bank guarantee in favour of Ketua Pengarah Kastam Malaysia being guarantee for security of revenue in matters of safekeeping/moving/transferring duty goods as well as payment of customs tax, excise duty, sales tax, service tax, fines and any other claims which are required to be paid.
Stone World	115,085	Bank guarantee in favour of Ireka Engineering & Construction Sdn Bhd for supply and installation of granite works.
Stone World	220,000	Bank guarantee in favour of Tenaga Nasional Berhad being guarantee of payment.
Stone World	232,500	Bank guarantee (Amendment No. 001) in favour of EKD Construction Sdn Bhd for performance and completion of works as stated in Sub-Contract.
Stone World	515,886	Bank guarantee in favour of LKH Trading Sdn Bhd for supply and delivery of granite floor and wall tiles for the Berjaya Star City Mixed Development Project at Lots 145 and 339, Section 52, Jalan Imbi, Kuala Lumpur
Total	1,271,350	

Note:-

The above-mentioned bank guarantees are necessary to facilitate the ordinary course of business of the Stone World Group.

Kiara Emas

Save as disclosed below, as at 14 August 2003 (being the latest practicable date prior to the printing of this Prospectus), the directors of Kiara Emas are not aware of any contingent liabilities which, upon becoming enforceable, may have a material impact on the financial position of Kiara Emas:-

Name of Company	Amount (RM)	Description
Kiara Emas	8,000,000	Letter of Guarantee and Indemnity dated 15 May 1997 in favour of AmMerchant Bank as security for the Revolving Credit Facility granted to Hup Lee Coachbuilders Holdings Sdn Bhd ("HLCHSB").
Kiara Emas	12,000,000	Letter of Guarantee and Indemnity dated 19 March 1998 in favour of AmMerchant Bank as security for the Domestic Recourse Factoring/Invoice Discounting Facility granted to HLCHSB.
Kiara Emas	9,000,000	Letter of Guarantee dated 14 February 1997 in favour of HLBB as security for the banking facilities granted to HLCHSB.
Kiara Emas	12,000,000	Letter of Guarantee dated 14 February 1997 given to HLBB as security for the banking facilities granted to Hup Lee Coachbuilders Sdn Bhd ("HLCSB").
Kiara Emas	22,000,000	Letter of Guarantee dated 27 March 1998 given to HLBB in respect of banking facilities granted to HLCSB.
Kiara Emas	11,500,000	Corporate Guarantee dated 23 May 1997 in favour of Malayan Banking Berhad as security for the banking facilities granted to HLCSB.
Kiara Emas	14,000,000	Letter of Guarantee dated 20 October 1997 in favour of Public Bank Berhad as security for the banking facilities granted to HLCSB.
Total	88,500,000	**

Note:-

** *This amount will be fully settled pursuant to the Creditors' Scheme.*

The current directors of Kiara Emas do not have any personal knowledge of the events and transactions prior to their appointments, which have given rise to contingent liabilities affecting Kiara Emas and its former subsidiaries. As a consequence of the discovery of significant discrepancies in the accounting and other records of Kiara Emas and its former subsidiaries, which are also incomplete, the directors of Kiara Emas are unable to confirm, save as disclosed above and in Section 11.7 "Material Litigation and Contingent Liabilities", that all contingent liabilities have been disclosed and further that any such disclosure is accurate and complete.

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. 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.

The above-mentioned contingent liabilities will be addressed through the Creditors' Scheme. Pursuant to the Creditors' Scheme, 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 to the Scheme Creditors and the payment of the accrued interest to the Bank Creditors.