

5. INFORMATION ON THE CBHB GROUP

5.1 History

CBHB was incorporated in Malaysia under the Act on 9 March 2002 as a public company. CBHB is principally an investment holding company.

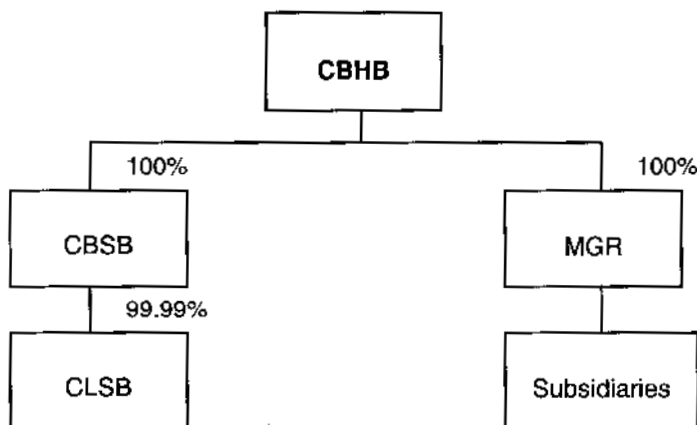
CBHB's registered office is located at 14-2, Jalan 4A/27A, Section 2, Wangsa Maju, 53300 Kuala Lumpur. The principal place of business of CBHB and its subsidiaries is located at 28, Jalan SS 24/13, Taman Megah, 47301 Petaling Jaya, Selangor. The Group also has a branch office, which is located at 88, Jalan Kebudayaan 1, Taman Universiti, 81300 Skudai, Johor.

Pursuant to the Restructuring Scheme (details of which are set out in Section 6 of this Prospectus), CBHB had on 24 March 2003 acquired the entire issued and paid-up share capital of MGR.

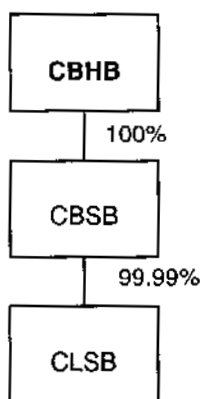
MGR is presently listed on the Second Board of the KLSE. Nevertheless, the trading of the MGR Shares on the KLSE has been suspended since 11 October 2001. As part of the Restructuring Scheme, the listing status of MGR will be transferred to CBHB and MGR will be delisted from the Second Board of the KLSE. Pursuant to the Transfer to Main Board, CBHB will be listed on the Main Board of the KLSE. The control held by CBHB in the MGR Group is intended to be temporary as the MGR Group has been acquired and held exclusively for the implementation of the Restructuring Scheme with a view to its subsequent disposal upon the listing of CBHB on the KLSE.

Pursuant to the Restructuring Scheme, CBHB had also on 25 February 2003 acquired the entire issued and paid-up share capital of CBSB. The CBSB Group is principally involved in general construction works, focusing on infrastructure and building works.

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



However, upon the listing of CBHB on the KLSE, CBHB will dispose of the entire issued and paid-up share capital of MGR, resulting in the final corporate structure of the Group to be as follows:-



Details of the subsidiaries and associated companies of CBHB are set out in Section 5.3 below.

5.2 Share Capital and Changes in Issued and Paid-up Capital

The present authorised share capital of CBHB is RM500,000,000 comprising 500,000,000 Shares whilst its issued and paid-up share capital is RM95,249,500 comprising 95,249,500 Shares.

The changes in the issued and paid-up share capital of CBHB since its incorporation are as follows:-

Date of Allotment	No. of Shares	Par Value (RM)	Consideration	Total (RM)
09.03.2002	10,000	1.00	Cash	10,000
25.02.2003	2,512,500	1.00	Issue of new Shares pursuant to the Share Exchange	2,522,500
25.02.2003	92,727,000	1.00	Issue of new Shares pursuant to the Acquisition of CBSB	95,249,500

In addition to the above, the following securities have been/will be issued by the Company:-

- (i) RM18,500,000 nominal value of ICULS, which have been issued on 25 February 2003 pursuant to the ICULS and RCULS Issue;
- (ii) RM10,000,000 nominal value of RCULS, which have been issued on 25 February 2003 pursuant to the ICULS and RCULS Issue; and
- (iii) 24,000,000 Warrants, which will be issued pursuant to the Warrant Issue.

5.3 Subsidiaries and Associated Companies

The details of the subsidiaries and associated companies of CBHB are set out below:-

Name of Company	Date/ Place of Incorporation	Issued and Paid-Up Capital (RM)	Equity Interest (%)	Principal Activities
CBSB	21.11.1983 Malaysia	16,000,000	100.00	General construction works
MGR	08.08.1985 Malaysia	50,250,000	100.00	Extracting of timber and integrated timber activities (ceased operation on 31 May 2002)
<u>Subsidiary of CBSB</u>				
CLSB	20.09.1994 Malaysia	2,000,000	99.99	Property investment and development
<u>Subsidiaries of MGR</u>				
Parakaya Plywood Sdn Bhd (Receiver and Manager Appointed)	11.07.1990 Malaysia	46,667,000	100.00	Manufacturing and marketing of veneer and plywood (ceased operation on 1 July 2001)
Kimanis Bay Timbers Sdn Bhd	03.03.1979 Malaysia	8,306,422	100.00	Manufacturing and trading of sawn timber products (ceased operation on 1 July 2001)
Eastern Ascend Sdn Bhd	03.06.1993 Malaysia	100	100.00	Logs trading (ceased operation in 1999)
MGR Grand Resort Sdn Bhd	12.12.1996 Malaysia	10,000	100.00	Dormant

Name of Company	Date/ Place of Incorporation	Issued and Paid-Up Capital (RM)	Equity Interest (%)	Principal Activities
MGR Wood Manufacturing Sdn Bhd	02.05.1997 Malaysia	10,000	100.00	Dormant
Parakaya Fancy Plywood Sdn Bhd	23.07.1996 Malaysia	100,000	100.00	Manufacturing and trading of fancy plywood and polyester plywood (ceased operation in 1998)
<u>Subsidiary of Parakaya Plywood Sdn Bhd (Receiver and Manager Appointed)</u>				
Dapu Raya Sdn Bhd	20.07.1989 Malaysia	1,000,000	100.00	Logging (ceased operation in 1997)
<u>Associated Companies of MGR</u>				
Lotus Blossom Sdn Bhd	21.08.1987 Malaysia	250,000	50.00	Extracting and trading of logs (ceased operation in May 1998)
Techasil Enterprise Sdn Bhd	16.02.1996 Malaysia	10,000	40.00	Dormant
Goodpasture Sdn Bhd	02.10.1995 Malaysia	2	50.00	Extracting and trading of logs (ceased operation in October 1997)
MGR Digital Sdn Bhd	13.06.1997 Malaysia	10,000	40.00	Dormant

5.3.1 CBSB

(i) History and Business

CBSB was incorporated in Malaysia under the Act as a private limited company on 21 November 1983. As at 11 April 2003 (being the last practicable date prior to the printing of this Prospectus), CBSB is a wholly-owned subsidiary of CBHB.

The principal activity of CBSB is that of general construction works.

(ii) Share Capital

The authorised share capital of CBSB is RM25,000,000 comprising 25,000,000 ordinary shares of RM1.00 each. The present issued and paid-up share capital of CBSB is RM16,000,000 comprising 16,000,000 ordinary shares of RM1.00 each.

The changes in the issued and paid-up share capital of CBSB since its incorporation are as follows:-

Date of Allotment	No. of Shares	Par Value (RM)	Consideration	Total (RM)
21.11.1983	2	1.00	Cash	2
21.09.1988	99,998	1.00	Cash	100,000
20.04.1990	300,000	1.00	Cash	400,000
25.07.1991	600,000	1.00	Cash	1,000,000
28.04.1994	1,000,000	1.00	Bonus Issue	2,000,000
15.08.1995	2,000,000	1.00	Bonus Issue	4,000,000
12.03.1998	4,000,000	1.00	Bonus Issue	8,000,000
30.05.2001	8,000,000	1.00	Bonus Issue	16,000,000

(iii) Subsidiaries and Associated Companies

CBSB does not have any associated company. The details of its only subsidiary, CLSB, are set out below:-

Name of Company	Date/ Place of Incorporation	Issued and Paid-Up Capital (RM)	Equity Interest (%)	Principal Activities
CLSB	20.09.1994 Malaysia	2,000,000	99.99	Property investment and development

5.3.2 CLSB**(i) History and Business**

CLSB was incorporated in Malaysia under the Act as a private limited company on 20 September 1994. As at 11 April 2003 (being the last practicable date prior to the printing of this Prospectus), CLSB is a 99.99% owned subsidiary of CBSB. The balance of 0.01% is held by KHL.

The principal activities of CLSB are that of property investment and development.

(ii) Share Capital

The authorised share capital of CLSB is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each. The present issued and paid-up share capital of CLSB is RM2,000,000 comprising 2,000,000 ordinary shares of RM1.00 each.

The changes in the issued and paid-up share capital of CLSB since its incorporation are as follows:-

Date of Allotment	No. of Shares	Par Value (RM)	Consideration	Total (RM)
20.09.1994	2	1.00	Cash	2
31.12.2001	37,051	1.00	Cash	37,053
31.12.2001	1,962,947	1.00	Capitalisation of advances made by CBSB to CLSB amounting to RM1,962,947	2,000,000

(iii) Subsidiaries and Associated Companies

CLSB does not have any subsidiaries and associated companies.

5.4 Business Overview

Upon the listing of CBHB on the KLSE and after the Disposal of MGR, the businesses of the CBHB Group will only include that of the CBSB Group, as follows:-

5.4.1 Principal Products and Services

The CBSB Group is principally involved in general construction works. The construction business of the CBSB Group focuses on infrastructure and building works which include the following: -

- Design, construction and maintenance of roads, bridges and other infrastructure construction;
- Construction of schools and institutions of higher learning such as universities and colleges;
- Construction of housing units such as staff quarters, hostels and residential colleges;
- Construction of hospitals;
- Infrastructure works for hotels; and
- Construction of commercial and residential buildings.

The CBSB Group has also completed complicated and highly specialised projects such as Beach Nourishment and Island Formation at Pantai Kok, Langkawi, Kedah; Water Circulation at Telaga Tujuh, Langkawi, Kedah; Kuala Lumpur International Airport Apron Control Tower, Selangor; Damansara Specialist Hospital, Selangor; and Ampang Puteri Specialist Hospital, Selangor.

Apart from the conventional type of construction works, the CBSB Group also offers D&B services. As at 11 April 2003, the CBSB Group has an experienced team of 40 civil, mechanical and electrical engineers to carry out this specific task. The D&B team primarily provides advice to clients on building technicalities and design. In this respect, the D&B team works closely with a group of architects and engineering consultants from the design stage of the construction project. This is to enable the building skills and practical experience of all parties to be leveraged in order to enhance the conception of the project and allow any potential problem areas to be resolved prior to the commencement of the project. Apart from this, the D&B team also carries out the co-ordination of submission to obtain approvals from relevant local authorities and the supervision of the construction of the projects until the issuance of the Certificate of Practical Completion. The D&B project currently undertaken by the CBSB Group include the design and construction of medium cost flats at Kota Damansara, Selangor.

CBSB is a Class A Contractor with Pusat Khidmat Kontraktor, Ministry of Entrepreneur Development. CBSB has earned its current status with its track record as proof. CBSB is also registered under category G7 with the CIDB. These registrations allow CBSB to tender for any government and private construction contracts without any limitation on the size and value of contracts.

The CBSB Group is the key contractor in most of the construction projects undertaken. This enables the CBSB Group to supervise the overall construction works to ensure the efficient and timely completion of the projects. Depending on the types and stages of the construction works, the CBSB Group may sub-contract out a portion of the construction works to third parties. As the CBSB Group focuses on building works, other contract works such as electrical, mechanical and piling works are normally contracted out for efficiency and cost purposes.

Conversely, depending on the availability of capacity, the CBSB Group may also undertake the sub-contract of construction works from other turnkey contractors. CBSB has acted as sub-contractor for prominent contractors such as PATI Sdn Bhd for the construction of Elevated Restaurant across Elite Highway near Subang Jaya, Selangor and Perbadanan Kemajuan Negeri Selangor for the construction of medium cost housing projects etc.

5.4.2 Demand and Principal Markets

Although most of the construction projects undertaken by the CBSB Group are concentrated in the state of Selangor, the CBSB Group has also executed projects in other states of Peninsular Malaysia, such as Pulau Pinang, Perak, Johor, Negeri Sembilan and Pahang.

Since 1985, the CBSB Group has successfully secured various contracts from both government bodies and private sectors. The CBSB Group has adopted a prudent approach in its selection process when tendering for construction projects. With this policy, about 90% of the CBSB Group's portfolio comprises projects undertaken by government and quasi-government bodies such as JKR, Dewan Bandaraya Kuala Lumpur, Tenaga Nasional Berhad, Tentera Udara Diraja Malaysia, University Teknologi MARA, Lembaga Pembangunan Langkawi, Perbadanan Kemajuan Negeri Selangor and Tunku Abdul Rahman College. The management of the CBSB Group believes this prudent emphasis has helped the CBSB Group to reduce its credit risks and allow the CBSB Group to operate in a low gearing position.

As at 11 April 2003, the CBSB Group has completed projects with a total contract value of approximately RM1.3 billion and has on-going projects with a total contract value of over RM443 million. Details of the CBSB Group's major completed and on-going projects are set out in Sections 5.4.4 and 5.4.5 of this Prospectus.

5.4.3 Sales and Marketing Strategies

YSC, the Managing Director of CBHB, together with his support team, are responsible for the overall marketing initiatives and contract biddings for the CBSB Group. Contracts are procured by the CBSB Group through the following methods:-

(i) Open Tender

This mode of bidding is sourced through advertisements in newspapers where suitable projects are selected and tendered at a competitive price. However, this method of bidding normally attracts a large number of tenderers and is therefore usually very competitive.

For the past three (3) financial years ended 31 December 2002, the turnover contribution from contracts procured through the abovementioned method amounted to approximately 10% of the Group's turnover while gross profit margin achieved was in the range of 11% to 16%.

(ii) Tender by Invitation

Such clients will normally invite tenderers based on their track records and suitability for that particular project. With its good track records, the CBSB Group has participated in many of the tenders by invitation. Past records has also shown that the success rate in securing these projects is high.

For the past three (3) financial years ended 31 December 2002, the turnover contribution from contracts procured through the abovementioned method amounted to approximately 6% of the Group's turnover while gross profit margin achieved was in the range of 16% to 18%.

(iii) Direct Negotiation

The CBSB Group has been successful in securing projects through direct negotiation with the clients due to its track records and reputation in the construction sector. These construction projects are highly complicated and are usually on a fast track basis, whereby the clients do not have sufficient time to call for a tender. The projects are generally awarded based on the credentials of the contractor. Contracts secured by these means normally generate a higher margin for the CBSB Group.

For the past three (3) financial years ended 31 December 2002, the turnover contribution from contracts procured through the abovementioned method amounted to approximately 15% of the Group's turnover while gross profit margin achieved was in the range of 16% to 19%.

In addition to the above methods, as an effective marketing strategy to expand its portfolio, the CBSB Group also work together with certain contractors, namely FSB, PTSB and PPSSB to procure construction contracts. In this arrangement, these contractors would carry out the necessary marketing activities to bid and procure contracts as the main contractors. Nevertheless, YSC and his team work closely with these companies and provide the required resources to support any contract bid by them. In this respect, the CBSB Group has the required experience, technical expertise, personnel and equipment as well as financial standing (as evidenced by its ability to provide performance bonds for contracts marketed by these companies) to carry out a construction project and the CBSB Group has in the past carried out projects with a contract sum of more than RM60 million each. As such, YSC has an overseeing brief in contracts marketed by these companies, albeit an informal arrangement. Once the contracts are secured, CBSB would be nominated as the key contractor and would have full control over the management and execution of the construction works.

The CBSB Group has established good working relationships with these companies for over 18 years. To ensure a continuous working relationship, the CBSB Group has, through the Marketing Agent Agreements, formalised their relationships with these companies. With these agreements, these companies have committed to marketing exclusively for the CBSB Group.

The CBSB Group's strategy in maintaining the existing relationships with FSB, PTSB and PPSSB is solely to leverage on the marketing efforts of these companies in order to increase its portfolio of contracts. The CBSB Group believes its existing marketing arrangements have benefited the CBSB Group commercially through the constant procurement of new contracts and as such, the CBSB Group intends to continue with these favourable relationships in the future.

5.4.4 Major Completed Construction Projects

Details of the major construction projects, with contract value of RM5 million and above, completed by the CBSB Group as at 11 April 2003 are as follows:-

No.	Project Name	Marketed by/Awarded by	Principal	Contract Value (RM'000)	Commencement Date	Completion Date
1.	Construction of 6-storey Spastic Children Centre in Petaling Jaya for Persatuan Kanak-kanak Spastik Selangor dan Wilayah Persekutuan.	PTSB	Goh Hock Guan Associate	5,378	Oct 1995	Feb 1996
2.	Construction of Air Hitam Police Training Centre (Pulapah), Phase 1, Negeri Sembilan.	FSB	JKR Negeri Sembilan	21,889	Sep 1993	Apr 1996
3.	Construction and completion of an administration, research and training building at Kompleks Puspati Bangi, Selangor for Institut Penyelidikan Teknologi Nuklear Malaysia.	PPSSB	Idris Bhat & Associates	10,506	Nov 1994	May 1996
4.	Construction of a 5-storey distribution and marketing centre together with FAMA Head Office (Phase 1) on Lot No. 17304, Selayang, Selangor.	PPSSB	Pro-Act Design Architect	9,157	Jun 1995	Nov 1996
5.	Construction of a 19-storey condominium on Lot PTD 110146, Phase 1C (Package 3), Plentong, Masai, Johor.	CBSB	Seri Alam Properties Sdn Bhd	23,696	Sep 1994	Jan 1997
6.	Construction and completion of Damansara Specialist Hospital on Lot 1856, Jalan SS20/10, Damansara Utama, Petaling Jaya, Selangor.	FSB	Perunding Alam Bina	40,300	Mar 1995	Jan 1997
7.	Construction and completion of 2 lots of fire station, drill tower and 7-storey class "G" quarters in Damansara, Selangor.	FSB	JKR Selangor	7,197	May 1995	Feb 1997
8.	Construction and completion of Kompleks Masyarakat Penyayang Jalan Scotland, Pulau Pinang.	FSB	Veritas Architects	7,790	Feb 1995	Apr 1997
9.	Construction of a Kolej Tunku Abdul Rahman branch on part of Lot 930, Chuan Moh San Estate, Segamat, Johor.	PPSSB	Interdesign Sdn Bhd	16,978	Feb 1995	Aug 1997
10.	Kuala Lumpur International Airport ("KLIA") Apron Control Tower, Sepang, Selangor.	FSB	KLIA	14,597	Sep 1996	Apr 1998
11.	Construction of Hostel Building 2 and Secondary Gymnasium 2 (Phase 1A) at Kompleks Sukan Negara, Bukit Jalil, Wilayah Persekutuan.	PPSSB	Majlis Sukan Negara	21,955	Apr 1997	Jul 1998
12.	Construction and completion of a lecturer's apartment, students' hostel and Johor Community College on Lot 6227, Kampung Ungku Mohsin, Johor Bahru for Yayasan Pelajaran Johor ("YPJ") (Package 1B).	FSB	YPJ	7,500	Apr 1997	Aug 1998

No.	Project Name	Marketed by/Awarded by	Principal	Contract Value (RM'000)	Commencement Date	Completion Date
13.	Construction and completion of Sekolah Menengah Taman Dato' Ahmad Razali Ampang, Hulu Langat, Selangor.	PTSB	JKR Selangor	5,463	May 1997	Oct 1998
14.	Construction and completion of 1 block of 3-storey administration office together with 2-storey car park basement on Lot No. 6 (PT769), Persiaran Damai, Seksyen 11, Shah Alam, Selangor.	PPSSB	Telekom Malaysia Berhad	16,308	Jul 1997	Jan 1999
15.	Construction and completion of 2 blocks of health clinic comprising 2- and 3-storey Tenaga Nasional Berhad building and electricity substation within Seremban Hospital, Negeri Sembilan.	FSB	Kementerian Kesihatan	12,568	Jun 1997	Aug 1999
16.	Construction of a computer centre, social science school and Pusat Pendidikan Iktisas Lanjutan comprising 1 block of 2-storey administration block, 1 block of 1-storey theatrettes and ancillary works on part of Lot 9094, Jalan Genting Kelang, Setapak, Kuala Lumpur.	PPSSB	Kolej Tunku Abdul Rahman	6,963	Apr 1998	Sep 1999
17.	Construction and completion of a health clinic type 3 and quarters ID, 4F & 8G at Sungai Baru Tengah, Daerah Alor Gajah, Melaka.	PTSB	JKR Melaka	7,090	Oct 1998	Dec 1999
18.	Construction and completion of 1 block of 12-storey hostel block and 1 block of 5-storey classroom with 2 level of car park on Lot 5, Section 10, Jalan Bukit Kajang, Ulu Langat, Selangor for United Chinese School Committees Association of Malaysia ("USCAM").	CBSB	USCAM	22,374	Oct 2000	Oct 2001
19.	Construction and completion of a health clinic type 3 and quarters 1D, 4F & 12G on Lot 5179, Juasseh, Kuala Pilah, Negeri Sembilan.	FSB	JKR Negeri Sembilan	7,199	May 1999	Jan 2001
20.	Construction and completion of Sekolah Menengah Agama Tinggi Hishammuddin, Kampung Jawa, Klang, Selangor.	FSB	JKR Daerah Klang	18,100	Apr 1999	Feb 2001
21.	Construction of 204 units of 4- & 5-storey living quarters at Kompleks Kediaman Awam, Kubang, Negeri Sembilan.	FSB	JKR Sepang	9,865	Nov 1999	Feb 2001
22.	Construction and completion of Bangunan Tambahan Fakulti Alam Bina at Universiti Teknologi Malaysia ("UTM") campus, Skudai, Johor.	FSB	UTM	5,932	Oct 1999	Jan 2001
23.	Construction and completion of abandoned works at Sekolah Menengah Alam Shah Ulu Yam, Selangor.	FSB	JKR Selangor	8,680	Jun 1999	May 2000

No.	Project Name	Marketed by/Awarded by	Principal	Contract Value (RM'000)	Commencement Date	Completion Date
24.	Construction and completion of academic block and Bengkel Kemahiran Hidup (RM6) and 2 blocks of hostels (RM7) at Maktab Penguruan Temenggong Ibrahim Johor Bahru, Johor.	FSB	JKR Johor	13,678	May 1999	Aug 2001
25.	Construction and completion of a building and 2-storey laboratory for SIRIM Wilayah Selatan and ancillary works on Plot 1, Lot 17464, Senai, Kulai, Johor Bahru, Johor.	CBSB	Standards and Research Institute of Malaysia	5,721	Dec 1999	Feb 2001
26.	Development of "tourist village" at Teluk Burau, Padang Mat Sirat, Langkawi, Kedah.	CBSB	Langkawi Development Authority	37,590	Jan 1999	Sep 2000
27.	Construction and completion of an office block, 5-storey flats, workshop, fire stop, guard post and ancillary works in Lot 277 & 278, Jalan Air Itam, Pulau Pinang.	FSB	JKR Pulau Pinang	5,127	Sep 2000	Apr 2002
28.	Expansion (Phase III) and infrastructure works (Package 2) comprising an administration block, workshop and library at Kampus Tetap, Universiti Teknologi MARA ("UiTM"), Cawangan Perak, Sri Iskandar, Perak.	PTSB	UiTM	26,947	Aug 2000	Apr 2002
29.	Construction and completion of 66 units of class C flats at Tentera Udara Diraja Malaysia ("TUDM") Subang, Selangor.	PTSB	TUDM	13,521	Oct 2001	Apr 2002
30.	Construction of the Business Administration and Information Technology College, Universiti Tenaga Nasional on Lot 1164 and part of Lot 559, 556, 557, 569, 570, 572, 573, 1050, 1051, 1054, 1165, 1166, 1167, 1168, 1169, 1170, 1171, 1172, 1173 and 1174, Jalan Puchong, Dengkil, Sepang, Selangor.	FSB	Tenaga Nasional Berhad	11,520	Jan 2001	Apr 2002
31.	Beach nourishment and island formation at Pantai Kok, Padang Mat Sirat, Langkawi, Kedah.	CBSB	Langkawi Development Authority	34,696	Aug 2000	May 2002
32.	Construction and completion of Tentera Laut Diraja Malaysia (Pularek) recruit training centre at Tanjung Pengelih, Pengerang Johor - Package 5B (III).	FSB	JKR Johor	10,969	Oct 2000	Mar 2002
33.	Construction of Asrama Eksekutif Institut Aminuddin Baki, Genting Highland, Pahang.	PPSSB	JKR Bentong	8,199	Jan 2001	Jul 2002
34.	Construction and completion of Sekolah Kebangsaan Dusun Nanding, Hulu Langat, Selangor.	PPSSB	JKR Selangor	5,787	Mar 2001	Jul 2002

No.	Project Name	Marketed by/Awarded by	Principal	Contract Value (RM'000)	Commencement Date	Completion Date
35.	Expansion works (Phase II) at Universiti Teknologi MARA ("UiTM") Perak branch consisting of 4 blocks of language/computer laboratory on part of Lot P.T. 605, Bandar Seri Iskandar, Mukim Bota, Perak Tengah, Perak.	FSB	UiTM	10,534	May 2001	Jun 2002
36.	Construction of office complex and residential houses for Badan Pencegah Rasuah at Jalan Dato' Klana Ma'mor Seremban, Negeri Sembilan.	FSB	JKR Seremban	14,112	Aug 2001	Nov 2002
37.	Construction of Makmal Kesihatan Awam Veterinar, Bandar Baru Salak Tinggi, Sepang, Selangor.	FSB	JKR Sepang	15,132	Feb 2001	Dec 2002
38.	Construction and completion of Sekolah Menengah Jalan Empat, Seksyen Empat, Bandar Baru Bangi, Hulu Langat, Selangor	CBSB	JKR Selangor	10,488	Apr 2001	Jan 2003
39.	Design, construction and completion of S.M.K Sri Lalang Kluang, Johor.	PTSB	JKR Johor	12,125	Sep 2001	Mar 2003

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5.4.5 On-going and Future Projects

As at 11 April 2003, the CBSB Group's on-going and future projects in hand amounted to approximately RM443 million. A total of approximately RM332 million (including a total of approximately RM3.2 million to be contributed by projects which have been completed) has yet to be billed by the CBSB Group.

No.	Project Name	Marketed by/ Awarded by	Principal	Contract Value (RM'000)	Commence- ment Date	Expected Completion Date	% Completed as at 11.04.03
1.	Construction and completion of Kompleks Islam Selangor at Seksyen 5, Shah Alam, Selangor.	FSB	JKR Selangor	62,546	May 2001	Dec 2003	90
2.	Design, construction and completion of 7-storey medium cost flats comprising 288 units at Seksyen 5, Phase 1, Kota Damansara, Selangor.	PTSB	Perbadanan Kemajuan Negeri Selangor	37,830	Nov 2001	Jun 2003	66
3.	Construction of a new campus for Tunku Abdul Rahman College ("TARC") Perak branch consisting of 1 block of 4-storey office building, 1 block of 3-storey library and laboratory, 2 blocks of 3-storey school building, 1 block of 2-storey lecture hall, 1 block of 2-storey canteen and student centre including infrastructure and ancillary works on Lot 181722, Mukim Kampar, Kinta District, Perak.	CBSB	TARC	20,098	May 2001	May 2003 ¹	98
4.	Construction and completion of 4 blocks of 5-storey residential buildings for class 'F' teacher and ancillary works at Sekolah Kebangsaan Seksyen 24, Shah Alam, Selangor.	PTSB	JKR Selangor	4,045	Feb 2002	May 2003 ²	94
5.	Construction of a 8-storey community commercial centre comprising commercial area, food court, wet market, levelled parking bays and public recreation on Lot 51020, Jalan 26/117A, Bandar Tun Razak, Cheras, Kuala Lumpur.	PTSB	Dewan Bandaraya Kuala Lumpur	19,933	Mar 2002	Jan 2004	45
6.	Development of a service apartment comprising 64 units of 10-storey, 128 units of 5-storey, 6 units of public unit facilities, 39 units of shoplots, 1 unit of electricity substation, 1 storey of lower ground carpark and 2 units of rubbish collection center on Tanah Majlis Agama Islam Selangor ("MAIS") at Lot No.2, Jalan RU3/9A, Seksyen 3, 40000 Shah Alam, Selangor.	PTSB	MAIS	18,316	Mar 2002	Aug 2003	74

No.	Project Name	Marketed by/ Awarded by	Principal	Contract Value (RM'000)	Commencement Date	Expected Completion Date	% Completed as at 11.04.03
7.	Construction of a training centre for land guerrilla (second phase) at Gemas, Negeri Sembilan for Defence Ministry of Malaysia.	PTSB	TH Universal Builders Sdn Bhd	7,154	Apr 2002	May 2003 ³	78
8.	Housing development for armed forces and public servants at Lembah Klang, Kem Wardieburn, Jalan Genting Kelang, Setapak, Kuala Lumpur.	PTSB	Usahasama SPNB-LTAT Sdn Bhd	9,873	Jun 2002	Sep 2003	51
9.	Construction of Kompleks Belia Dan Sukan Daerah Klang, Selangor.	PTSB	JKR Selangor	19,386	Jul 2002	Jun 2003	50
10.	Construction of the Institut Aminuddin Baki Tower on part of Lot 10355, Sri Layang, Genting Highlands, Pahang.	FSB	JKR Bentong	12,987	Jul 2002	Nov 2003	50
11.	Construction of a 7-storey TNB office building on Lot 9496, Jalan Dato' Bandar Tunggal, Seremban, Negeri Sembilan.	FSB	Tenaga Nasional Berhad ("TNB")	19,067	Feb 2003	Sept 2004	2
12.	Construction of 7 blocks of building comprising one block of 7-storey administration building, one block of 3-storey library, one 2-storey block of canteen and entertainment room, one block of 2-storey large and small lecture hall, one block of 2-storey laboratory, 2 blocks of 2- or 3-storey lecture rooms and tutorial rooms on part of Lot 9094, Jalan Genting Kelang, Mukim Setapak, Kuala Lumpur.	CBSB	TARC	24,687	Aug 2002	Jul 2003	60
13.	Construction and completion of a primary school (Phase 2) and other related works on P.T. 7359 Precinct 8, Wilayah Persekutuan Putrajaya.	FSB	Perbadanan Putrajaya	29,098	Aug 2002	Nov 2003	22
14.	Construction of a 6 blocks of 5-storey apartment for Universiti Tenaga Nasional ('UNITEN') students, comprising 306 units of student rooms, 3 units of counsellor rooms, 6 units of resident rooms, 3 units of surau, 3 units of warden office, 1 unit of TNB substation, 1 pump house, 1 unit of tank suction room on Plot E, UNITEN Campus, KM 7, Jalan Kajang-Puchong, 43009 Kajang, Selangor.	FSB	TNB	25,664	Sept 2002	Nov 2003	23
15.	Construction of an Engineering Office for Jabatan Bomba dan Penyelamat Malaysia, in Bandar Baru Salak Tinggi, Sepang, Selangor.	FSB	JKR Selangor	32,458	Sep 2002	Mar 2004	18

No.	Project Name	Marketed by/ Awarded by	Principal	Contract Value (RM'000)	Commence- ment Date	Expected Completion Date	% Completed as at 11.04.03
16.	Construction of a 4-block apartment comprising 460 units, a car park level at Block E, a cafeteria building with a swimming pool, 2 units of rubbish compartments, 2 units of guard houses and 2 units of TNB substations on PT 11530 and part of PT 1640, Jalan Pertiwi, Taman Maluri, Mukim Ampang, Kuala Lumpur.	CBSB	Syarikat Maluri Sdn Bhd	28,053	Oct 2002	April 2004	24
17.	Repair and reconstruction of a jetty for Jabatan Laut at Port Klang, Selangor.	PPSSB	JKR, Selangor	8,423	Nov 2002	Nov 2003	17
18.	Construction and completion of Kolej Komuniti Parliamendi Antara Gapi, Mukim Hulu Selangor, Selangor.	FSB	Kementerian Pendidikan Malaysia	12,927	Nov 2002	Nov 2003	14
19.	Construction of 182 units of double storey link and 1 power substation (Phase 5A1) on part of Lot 72084, Mukim Klang, Bandar Botanic, Selangor.	CBSB	Harum Intisari Sdn Bhd	20,415	Dec 2002	Mar 2004	18
20.	Construction of Kompleks Kejuruteraan & Teknologi at Universiti Putra Malaysia, Serdang, Selangor.	PPSSB	Universiti Putra Malaysia	30,068	Dec 2002	Jun 2004	11
TOTAL				<u>443,028</u>			

Notes:-

- 1 CBSB had, via its letter dated 31 January 2003, made an application to TARC to extend the completion of this project from 31 January 2003 to 8 March 2003. Subsequently, on 3 March 2003, CBSB made another application to TARC for a further extension of time to 8 May 2003 to complete the project. The outcome of the said applications are pending as at 11 April 2003.
- 2 CBSB had, via its letter dated 17 February 2003, made an application to PTSB to extend the completion of this project from 25 February 2003 to 25 May 2003. The outcome of the said application is pending as at 11 April 2003.
- 3 CBSB had, via its letter dated 13 March 2003, made an application to PTSB to extend the completion of this project from 20 March 2003 to 20 May 2003. The outcome of the said application is pending as at 11 April 2003.

5.4.6 Availability of Raw Materials

The main raw materials used by the CBSB Group in its operation are bricks, steel, concrete etc., which are obtained from established manufacturers and traders in the Klang Valley as well as other parts of the country. The CBSB Group has been in the past, able to secure a steady supply of materials for its operations at relatively stable and competitive prices and is confident that it will be able to continually do so in the future.

5.4.7 Sub-contracting

Depending on the types and value of the construction projects involved, the CBSB Group may sub-contract part of its projects to smaller contractors. As the CBSB Group is focused on building works, other contract works such as electrical, mechanical and piling works are normally contracted out. In doing so, the financial requirements and exposure are significantly less for the CBSB Group. Further, it also allows the CBSB Group to fully utilise its capabilities and resources to undertake other lucrative construction jobs.

The list of the CBSB Group's major sub-contractors as at 31 December 2002 (being the date of the latest available audited consolidated financial statements of CBSB) is as follows:-

Name	Details of services provided	Length of business relationship (years)
Wing Soon Piling & Construction Sdn Bhd	Piling works	16
HKY Industries Sdn Bhd	Fixing of aluminium doors, windows, ceiling and partition	9
SBF Builders Sdn Bhd	Fixing of timber roof truss	8
Liew Fat Company	Tiling works	7
Soon Seng Plumbing	Plumbing, sanitary, water reticulars and rain water drainage piping works	6
Professional Surfaces Sdn Bhd	Carpeting and vinyl tiling	6
APG Geo-Systems Sdn Bhd	Bore piling works	6
Aluwina Marketing Sdn Bhd	Aluminium and steel works	5
Kejuruteraan Asastera Sdn Bhd	Electrical works	5
Tan Bock Kwee & Sons Sdn Bhd	Earthworks	3

5.4.8 Competitive Conditions

The level of competition in the local construction sector is currently high. However, the directors of CBHB are of the view that the CBSB Group has been and will be in a favourable position to compete in the market place due to the following reasons:-

- **Established Market Presence**

The CBSB Group believes it has an established market presence with its track record in the successful completion and delivery of projects. This has enabled the CBSB Group to build up substantial goodwill over the years with its clients, particularly amongst government and quasi-government bodies who have awarded most of the contracts undertaken by the CBSB Group.

- **Skilled and Experienced Personnel**

The CBSB Group is led by YSC, the founder and Managing Director of CBSB. YSC, who is also presently the Managing Director of CBHB, has more than 20 invaluable years of experience in the construction industry. YSC takes a hands-on approach toward the day-to-day running of the CBSB Group's business. In the undertaking of any project, YSC is supported by a workforce of 123 people (as at 11 April 2003), including 40 civil, mechanical and electrical engineers and 10 quantity surveyors, who have extensive experience and expertise in construction activities. This has put the CBSB Group in a favourable position to compete in the market place.

The profile of its key management staff is detailed in Section 8.6.2 of this Prospectus.

- **Strong Financial Base**

Works carried out by the CBSB Group are mainly financed through internally generated funds, which includes paid-up capital, working capital and billings. This prudent policy has put the CBSB Group in a favourable cashflow and low gearing position. Additionally, the CBSB Group has a good financial standing with local financial institutions that have collectively extended over RM30 million worth of credit facilities to the CBSB Group as at 11 April 2003.

- **Established Relationship with Suppliers and Sub-Contractors**

The CBSB Group has over the years build up close working relationships with its business associates in order to foster greater co-operation and efficiency in completing its projects within the scheduled time frame. In this respect, the CBSB Group's prompt payments to its suppliers and sub-contractors have allowed the CBSB Group to have a good credit standing amongst its suppliers and sub-contractors. With the strong support given to the CBSB Group by these parties, the CBSB Group has been able to maintain its competitiveness in pricing, quality and timely delivery.

5.4.9 Product Quality Assurance

The CBSB Group is committed to continuously improve the quality and standards of its systems and work processes applied in the execution of projects. This is evidenced by the accreditation received by CBSB from the Standards and Research Institute of Malaysia in 2002 which certifies that the provision of construction services for buildings and infrastructure works (excluding turnkey projects) of CBSB has met the Quality Management Systems ISO 9001:2000 ("ISO") requirements.

In meeting the criteria for the ISO, all projects awarded by government or private sectors have been executed by the CBSB Group in accordance with a comprehensive quality management system. The system does not only set out the general procedures for implementation, it also sets out the criteria and time frame for efficient quality management.

5.4.10 Governing Laws and Regulations

The CBSB Group's operations are governed by the terms of the licences awarded by Pusat Khidmat Kontraktor of the Ministry of Entrepreneur Development and CIDB to CBSB, which set out the types and nature of activities in which a construction company can undertake. Apart from the above, the CBSB Group is also governed by other legislations such as Occupational Safety and Health Act, 1994. Although the CBSB Group has always worked to ensure strict compliance with these rules and regulations, no assurance can be given that any future changes to the present rules and regulations will not have an adverse impact on the CBSB Group's operations.

5.4.11 Employees

As at 11 April 2003, the CBSB Group has 123 employees. None of the employees is represented by unions of any kind. The CBSB Group has not experienced any work stoppages and has enjoyed good relationships with its employees.

The employment structure of the CBSB Group as at 11 April 2003 is as follows:-

Category of employees	Number of employees			Total
	< 1 year	1 – 5 years	> 5 years	
Managerial and professional	22	7	18	47
Technical and supervisory	6	4	4	14
Clerical and related occupations	3	-	-	3
General workers	-	-	5	5
Field workers	-	20	34	54
TOTAL	31	31	61	123

The CBSB Group actively promotes the training and development of the skills of its employees through on-the-job training under close supervision and guidance of senior engineers. The CBSB Group also encourages its employees to keep up with the industry's development by attending seminars, courses and exhibitions.

5.4.12 Major Customers

The list of the CBSB Group's major customers as at 31 December 2002 (being the date of the latest available audited consolidated financial statements of CBSB) is as follows:-

Name / % of total turnover	Projects undertaken	Length of business relationship (years)
(>20%) PTSB	Expansion and infrastructure works at Universiti Teknologi MARA; construction of flats at Tentera Udara Diraja Malaysia Subang, Selangor; construction of head office and quarters for Jabatan Laut, Johor; and construction of Fakulti Kejuruteraan Mekanikal-Universiti Teknologi Malaysia, Johor.	18
Langkawi Development Authority	Development of Langkawi Tourist Village and Telaga Tujuh at Langkawi, Kedah; and beach nourishment and island formation at Pantai Kok, Langkawi, Kedah.	7
(10-20%) FSB	Construction of Jabatan Pentadbiran Awam, Pulau Pinang; construction of Business Administration and Information Technology College at Universiti Tenaga Nasional; construction of Tentera Laut Diraja Malaysia (Pularek) recruit centre, Johor; construction of Makmal Kesihatan Awam Veterinar, Sepang, Selangor; and construction of office complex and residential houses for Badan Pencegah Rasuah, Seremban.	18
(< 10%) United Chinese School Committees Association of Malaysia ("USCAM")	Construction of a hostel block and classroom with car park for USCAM, Kajang.	14

The CBSB Group is not overly dependent on any major customers for its business as it has in the past secured construction projects from various principals.

5.4.13 Major Suppliers

The list of the CBSB Group's major suppliers as at 31 December 2002 (being the date of the latest available audited consolidated financial statements of CBSB) is as follows:-

Name / % of cost of purchases	Details of purchases	Length of business relationship (year)
(>10%)		
Chuan Huat Industrial Marketing Sdn Bhd	Building material	9
CMCM Perniagaan Sdn Bhd	Building material	14
Unipati Concrete Sdn Bhd	Concrete	9
(5-10%)		
Posim Berhad	Building material	14
New Sungai Buluh Industries Sdn Bhd	Bricks and lime	13
Shoon Li Huat Sdn Bhd	Timber products	15
Supermix Concrete (Malaysia) Sdn Bhd	Concrete	11
(<5%)		
Syarikat Perniagaan Aik Hin	Petrol and diesel	11
Entermax Sdn Bhd	Sand and quarry	6
UCP Marketing (M) Sdn Bhd	Concrete piles	9

The CBSB Group is not reliant on any particular suppliers as the CBSB Group has been in the past, able to secure steady supply of materials for its operations at relatively stable prices from various established manufacturers and traders in the Klang Valley and other parts of Malaysia.

5.4.14 Interruption in Operations

There has been no interruptions in the CBSB Group's business that have had a significant effect on its operations during the past twelve (12) months preceding 11 April 2003 (being the last practicable date prior to the printing of this Prospectus).

5.5 Management Continuity Plan

The Group presently has in place a consolidated corporate structure, comprising a professional and experienced management team to handle the day-to-day management of the Group. The management team is led by YSC, the founder of CBSB and who is presently the Managing Director of CBHB. He is in turn, supported by a team of 13 senior management staff handling the various key functions of the Group, from project implementation, finance, accounts, legal, administration, marketing to procurement.

The Group acknowledges the need for an effective management continuity plan in order to identify and develop the next generation of leaders and management to facilitate an effective transition and better equip the Group to meet the changing demands of the business environment. The Group's strategies to ensure management continuity entails the implementation of the following human resource policies:-

(i) Identification and Selection Process

- The Group's strategy for management continuity is driven by its top management. The Executive Chairman and Managing Director, together with the Executive Directors are involved in the process of identifying key competencies/requirements for managers and higher positions. Job and candidate profiles are developed for management position in alignment with the business goals, strategies and culture of the Group.
- The senior/middle management, assisted by the Human Resource Department, is involved in the implementation and execution of executive selection and development processes.

- The Group has established a replacement planning system, involving the identification of multiple succession candidates for a management position, prior to the position becoming vacant. In this respect, the Group presently has a line of succession – i.e. a list of employees who have been designated by their managers to perform the manager’s duties, responsibilities and function in his/her absence – identified for every management position. This system is applied further down the organisational chart to cover all supervisory position.

(ii) Training and Development

- Upon the management staff joining the Group, a formal induction programme is carried out and the Group’s history, objectives, business, policies and plans are communicated to the management staff.
- The key management of the Group is involved in defining the Group’s goals and managing the Group’s strategic issues. They are encouraged to be familiar with the Group’s network (i.e. customers, suppliers, bankers and business associates) through their election into the evaluation team responsible for the tendering of construction projects for the Group.
- The Group also emphasizes on-the-job training. The senior management staff are assigned a manager or a team of managers, depending on the size of the respective departments headed by them, to support them in their daily responsibilities. The senior management staff will be responsible to coach and mentor their sub-ordinates and ensure that the latter gain the required skills and experience.
- The management staff are exposed to multiple situations, tasks and projects to build their competencies. Management staff may be required to spend a period of time rotating through all aspects of the Group’s business, from project implementation, to marketing and finance before becoming part of the management team.
- The Group also provides on-going formal training and general management development programmes, covering both management and technical courses and workshops, which may be conducted in-house, by professionals or by the CIDB.

(iii) Evaluation and Review

- Management performance appraisals (incorporating key performance indicators) have been implemented across the various departments in the Group.
- Periodic performance reviews are carried out, with open discussions and feedback encouraged amongst the managers and their sub-ordinates.

(iv) Compensation

- To promote loyalty and commitment among its existing employees and to attract new qualified professionals, the Group constantly reviews its staff remuneration and incentive policies by benchmarking against the industry average.
- The Group may also implement an employee share option scheme in the future to provide its employees, especially those at the management level, with an incentive to remain with the Group for the necessary period of time.

5.6 Other Matters

The Inland Revenue Board ("IRB") had on 20 March 2003 paid a visit to the office of the Group and left with various documents pertaining to the Group. The Board is not aware of the purpose of the visit as no written notice nor explanation was furnished by the IRB. The Board considers the said visit to be a routine review carried out by the IRB and is in the process of obtaining further clarification from the IRB.

To the best knowledge of the Board, the Board confirms that the tax matters of the Group are in order and as such, does not expect the Group to incur any material additional tax liability. Notwithstanding this, the IRB has, upon the completion of their assessment of the Group's tax position, the authority to impose additional tax on the Group. At this point in time, the Group is unable to ascertain neither the outcome of the IRB's review nor the quantum of this contingent liability.

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6. RESTRUCTURING SCHEME OF MGR

6.1 Background Information on MGR

MGR was incorporated in Malaysia under the Act on 8 August 1985, under the name of MGR Timber Marketing Sdn Bhd, as a private limited company. MGR subsequently changed its name to MGR Corporation Sdn Bhd on 10 January 1992 and on 15 February 1992, MGR was converted into a public company and assumed its current name of MGR. MGR was listed on the Second Board of the KLSE on 9 December 1992. The trading of the MGR Shares on the KLSE has been suspended since 11 October 2001.

MGR is principally engaged in extracting timber and integrated timber activities, which consist of the manufacturing and marketing of timber and timber related products. In October 2001, the existing operations of MGR were temporarily suspended due to cashflow constraints and MGR then commenced the provision of moulding and kiln-dried services of timber. Nevertheless, all operations and services of MGR were subsequently suspended on 31 May 2002.

On 11 October 2001, Kevin How, Adam Primus Varghese bin Abdullah and Wong Lai Wah of Messrs Ernst & Young were appointed by Danaharta as special administrators of MGR pursuant to Section 24 of the Danaharta Act. BDO Binder was appointed as the Independent Advisor to review the reasonableness of the Workout Proposal prepared by the SA.

On 5 March 2002, the SA, on behalf of MGR, announced that the SA had on 5 March 2002 entered into a conditional Principal Agreement with the shareholders of CBSB, namely YSC, KHL, Pertiwi Positif, Takrif Jaya and Capai Hasil for the purpose of implementing a restructuring scheme for the MGR Group.

On 20 May 2002, the SA, on behalf of MGR, announced that the SA had on 16 May 2002 entered into a supplemental agreement ("First Supplemental Agreement") to vary certain terms and conditions of the Principal Agreement, including the terms of the proposals within the restructuring scheme announced on 5 March 2002.

AmMerchant Bank, on behalf of MGR, announced on 3 June 2002 that Danaharta had approved the Workout Proposal on 31 May 2002. The Workout Proposal includes a restructuring scheme for the MGR Group, details of which are set out in Section 6.2 below. Subsequently, the parties to the Principal Agreement had on 7 June 2002 entered into a second supplemental agreement to incorporate the changes in the terms and conditions of the Principal Agreement and First Supplemental Agreement, as presented to and approved by Danaharta on 31 May 2002.

The Workout Proposal prepared by the SA had been approved by an independent adviser, i.e. BDO Binder. The IA, vide their letter dated 30 May 2002, is of the opinion that the Workout Proposal is fair and reasonable to the shareholders of MGR and the MGR Creditors. Pursuant to Sections 45 and 46 of the Danaharta Act, the Workout Proposal only requires the approval of the Danaharta and the secured creditors of MGR (if any). The SA had confirmed that, at the point of formulation of the Workout Proposal, there are no secured creditors of MGR known to the SA.

MGR had on 23 February 2001 announced that MGR is an "affected listed issuer" pursuant to the KLSE's Practice Note No. 4/2001 ("PN4") by virtue of (1) a deficit in the MGR Group's adjusted shareholders' equity and (2) the disclaimer opinion expressed by the auditors in respect of the MGR Group's going concern based on the latest audited financial statements of the MGR Group for the financial year ended 30 September 2000. According to the SC's announcement on 3 September 2001 in relation to the "Flexibilities For Distressed Listed Companies", MGR is deemed a "Distressed Listed Company" by virtue of the company being an "affected listed issuer" under PN4.

6.2 Restructuring Scheme of the MGR Group

The restructuring scheme of MGR Group, as set out in the Workout Proposal, involves the following exercises:-

6.2.1 Incorporation of CBHB

The incorporation of CBHB involved the establishment of a new public company, i.e. CBHB, which is to be used as an investment holding company to facilitate the restructuring of MGR. CBHB will subsequently assume the listing status of MGR pursuant to the Restructuring Scheme and MGR will be delisted.

6.2.2 Share Exchange

The Share Exchange involved an exchange of 50,200,000 MGR Shares for 2,512,500 Shares on the basis of twenty (20) MGR Shares for one (1) new Share.

A notice of book closure in relation to the recall of the MGR Shares and the issuance of the Shares in exchange for the MGR Shares have been despatched to the shareholders of MGR on 28 January 2003. The book closure date for the Share Exchange had been effected on 10 February 2003 and 2,512,500 new Shares were issued on 25 February 2003. The said exchange in effect amounted to a capital reduction of RM0.95 for each existing MGR Share. As a result of the Share Exchange, MGR became a wholly-owned subsidiary of CBHB. It is the intention of CBHB to acquire and hold MGR exclusively for the implementation of the Restructuring Scheme with a view to its subsequent disposal.

6.2.3 Acquisition of CBSB

CBHB had on 25 February 2003 acquired the entire issued and paid-up share capital of CBSB comprising 16,000,000 ordinary shares of RM1.00 each for a total consideration of RM92,727,000. The Acquisition of CBSB was made pursuant to a conditional Sale and Purchase Agreement entered into between CBHB and the CBSB Vendors on 23 April 2002 (including a supplemental letter executed on 24 February 2003).

As a result of the Acquisition of CBSB, CBSB became a wholly-owned subsidiary of CBHB.

The purchase consideration of RM92,727,000 was arrived at on a willing-buyer willing-seller basis after taking into consideration the following:-

- (i) The historical profit performance of the CBSB Group for the financial years ended 31 December 2001; and
- (ii) The earnings potential of the CBSB Group.

For illustration purposes only, based on the forecast consolidated PAT of CBSB for the financial year ended 31 December 2002 (being the financial forecast prepared by the Company for inclusion in the application to the SC in respect of the Restructuring Scheme on 7 June 2002) of approximately RM13.91 million, the purchase consideration translates into a net PE Multiple of approximately 6.7 times. Based on the audited consolidated NTA of CBSB as at 31 December 2001 (being the latest audited financial statements available prior to the date of application to the SC on the Restructuring Scheme of 7 June 2002) of approximately RM38.29 million, the purchase consideration represents a price to NTA of approximately 2.4 times.

The purchase consideration of RM92,727,000 was satisfied by the issuance of 92,727,000 new Shares at the par value of the Shares, i.e. RM1.00 per Share, which have been apportioned to the CBSB Vendors in the following manner:-

CBSB Vendors	No. of Shares held in CBSB	%	Purchase consideration (RM)	No. of Consideration Shares
YSC	10,321,600	64.51	59,818,188	59,818,188
KHL	960,000	6.00	5,563,620	5,563,620
Pertiwi Positif	3,590,400	22.44	20,807,939	20,807,939
Takrif Jaya	614,400	3.84	3,560,717	3,560,717
Capai Hasil	513,600	3.21	2,976,536	2,976,536
	16,000,000	100.00	92,727,000	92,727,000

The Shares issued in relation to the Acquisition of CBSB rank pari passu in all respect with the then existing Shares.

6.2.4 Exemption

Upon the completion of the Acquisition of CBSB, the CBSB Vendors collectively own 92.727 million Shares, representing approximately 97.35% of the enlarged issued and paid-up share capital of CBHB. Pursuant to Part II Section 6 of the Code, upon completion of the Acquisition of CBSB, the CBSB Vendors will be required to extend a mandatory take-over offer for the remaining Shares not already owned by the CBSB Vendors. In addition to this, YSC may also be required to extend a mandatory take-over offer for the remaining Shares not already owned by YSC arising from the increase in YSC's shareholding upon the conversion/exercise of the ICULS/RCULS/Warrants to be issued to/procured by YSC pursuant to the Restructuring Scheme.

An application under Practice Note 2.9.3 of the Code (exemption under rescue operation) was made to the SC on 14 August 2002 for an exemption to the abovementioned mandatory take-over obligations.

The SC had vide its letter dated 13 November 2002 approved the exemption to the CBSB Vendors from the obligation to undertake a mandatory take-over offer for the remaining Shares not already owned by the CBSB Vendors upon the completion of the Acquisition of CBSB.

However, the SC will only consider the exemption to YSC from the obligation to undertake a mandatory take-over offer for the remaining Shares not already owned by YSC upon the conversion/exercise of the ICULS/RCULS/Warrants to be issued to/procured by YSC pursuant to the Restructuring Scheme after the following conditions have been fulfilled:-

- (i) YSC obtains the approval from the independent shareholders of MGR/CBHB/SA (if applicable) in accordance with the "white-wash" procedures, as stated under paragraphs 5(b)(i)-(iv), Practice Note 2.9.1 of the Code. Approval from the said shareholders, if obtained, will be valid for the whole tenure of the ICULS, the RCULS and the Warrants.
- (ii) CBHB will not be allowed to undertake any corporate proposals which would change the percentage shareholding of YSC in CBHB, prior to YSC's conversion/exercise of the ICULS/RCULS/Warrants which would result in a mandatory take-over offer obligation by YSC;
- (iii) YSC is not allowed to be involved in any trading of the Shares/ICULS/RCULS/Warrants during the whole tenure of the ICULS/RCULS/Warrants. However, YSC may sell/convert/exercise the Shares/ICULS/RCULS/Warrants which are held by him on the condition that his shareholding in the voting shares of CBHB is maintained above 33%;
- (iv) If the conversion/exercise of the ICULS/RCULS/Warrants by YSC results in an increase in YSC's equity interest in CBHB exceeding the mandatory offer limit, YSC and AmMerchant Bank are required to inform the SC of the said transaction and confirm that all the conditions to the approval as stated in paragraphs (i), (ii) and (iii) above, have been fully satisfied. YSC and AmMerchant Bank are also required to make an appropriate announcement to inform CBHB's shareholders; and

- (v) If YSC has converted/exercised the ICULS/RCULS/Warrants held by YSC to a level where the exemption from the mandatory offer is no longer required, YSC and AmMerchant Bank are required to make an appropriate announcement to inform CBHB's shareholders.

In view of the conditions imposed by the SC, YSC had on 21 January 2003 notified MGR that he will not be pursuing the abovementioned exemption.

6.2.5 Debt Settlement

The Debt Settlement has been formulated to restructure MGR's outstanding debts with its creditors.

The debt settlement of the above amount owing to the MGR Creditors will be carried out in the manner set out in the Workout Proposal and encompasses the following:-

- (i) Cash Payment;
- (ii) ICULS and RCULS Issue;
- (iii) Transfer of CBHB Shares; and
- (iv) Put and Call Options.

6.2.5.1 Cash Payment

The Cash Payment involves a cash payment of RM7,000,000 to Messrs Horwath. The cash payment will be derived from the proceeds of the Warrant Issue.

6.2.5.2 ICULS and RCULS Issue

The ICULS and RCULS Issue involved the issuance by CBHB on 25 February 2003 to Commerce Approach of the following instruments:-

ICULS	RM18,500,000 nominal value of ICULS at 100% of the nominal value of RM1.00 each
RCULS	RM10,000,000 nominal value of RCULS at 100% of the nominal value of RM1.00 each

The principal terms of the ICULS and the RCULS are set out in Sections 3.3.3 and 3.4.3 respectively of this Prospectus.

6.2.5.3 Transfer of CBHB Shares

Pursuant to the Transfer of CBHB Shares, YSC had on 10 April 2003 transferred a total of 3,000,000 Shares issued to him pursuant to the Acquisition of CBSB, to Commerce Approach.

These Shares have been offered for sale by Commerce Approach under the Share Offer.

6.2.5.4 Put and Call Options

As an additional comfort to the MGR Creditors to accept the ICULS and RCULS, YSC had on 11 April 2003 entered into Put and Call Options Agreements with Messrs Horwath for the ICULS and RCULS issued to the MGR Creditors for settlement of debt.

A total of RM18,400,000 nominal value of ICULS and RM9,900,000 nominal value of RCULS issued to the MGR Creditors as settlement, after excluding the RM100,000 nominal value of ICULS and the RM100,000 nominal value of RCULS offered for sale under the ICULS Offer and the RCULS Offer, have been subjected to the Put and Call Options.

(i) Put Options in Respect of the ICULS and the RCULS

The Put Options in respect of the ICULS and RCULS have, amongst others, the following features:-

	ICULS	RCULS
Grantor	YSC	YSC
Option Holder	Messrs Horwath ¹	Messrs Horwath ¹
Put Price	RM1.03 for every RM1.00 nominal value of the Option ICULS.	RM1.03 for every RM1.00 nominal value of the Option RCULS.
Condition for Exercise	The Put Option may be exercised by the Option Holder in respect of all but not part of the Option ICULS (but in any event, excluding such number of the Option ICULS which may have been sold by the Option Holder to YSC pursuant to the exercise of the Call Option by YSC).	The Put Option may be exercised by the Option Holder in respect of all or part of the Option RCULS, subject to a minimum of RM1,000,000 nominal value of the Option RCULS or multiples of RM100,000 thereof, and a maximum of an aggregate of RM5,000,000 nominal value of the Option RCULS in any one Option Period.
Option Period	The Put Option may be exercised at any time and from time to time on a Market Day during the period of three (3) months prior to (and including) the maturity date of the Option ICULS, save and except where an event of default under the trust deed in respect of the ICULS and/or the RCULS occurs, the Put Option shall be exercisable immediately.	The Put Option may be exercised at any time and from time to time on a Market Day during the period of:- (i) three (3) months prior to (and including) the day immediately preceding the fourth (4 th) anniversary of the date of issue of the Option RCULS ("Option Period (i)"); and (ii) three (3) months prior to (and including) the maturity date of the Option RCULS ("Option Period (ii)"), save and except where an event of default under the trust deed in respect of the RCULS and/or the ICULS occurs, the Put Option shall be exercisable immediately.
Option Lapse	The Put Option shall lapse in the event that the Option Holder fails to exercise the Put Option in respect of the relevant Option ICULS within the Option Period for the Put Option.	The Put Option shall lapse in the event that the Option Holder fails to exercise the Put Option in respect of the relevant Option RCULS within the Option Period for the Put Option.
Security	The Put Option shall be secured by a total of 31,925,033 Shares held by YSC and KHL ("Security Shares"), which will be deposited and charged or mortgaged to the Option Holder.	The Put Option shall be secured by 17,256,775 Shares held by YSC and KHL ("Security Shares"), which will be deposited and charged or mortgaged to the Option Holder.

	ICULS	RCULS
Default	<p>In the event the occurrence of the event of default under the Put and Call Options Agreement, the Option Holder shall be entitled to:-</p> <p>(i) dispose of all or part of the Security Shares to third party by way of private treaty or through the KLSE and thereafter claim any shortfall from YSC; and/or</p> <p>(ii) exercise any conversion rights in respect of all or part of the remaining Option ICULS and dispose of the Shares issued pursuant to such exercise and thereafter claim any shortfall from YSC; and/or</p> <p>(iii) dispose of all or part of the remaining Option ICULS and thereafter claim any shortfall from YSC; and/or</p> <p>(iv) claim against YSC for full payment of the Put Price for all the remaining Option ICULS together with all interest, rights, allotments or other distributions accruing to the remaining Option ICULS.</p>	<p>In the event the occurrence of the event of default under the Put and Call Options Agreement, the Option Holder shall be entitled to:-</p> <p>(i) dispose of all or part of the Security Shares to third party by way of private treaty or through the KLSE and thereafter claim any shortfall from YSC; and/or</p> <p>(ii) exercise any conversion rights in respect of all or part of the remaining Option RCULS and dispose of the Shares issued pursuant to such exercise and thereafter claim any shortfall from YSC; and/or</p> <p>(iii) dispose of all or part of the remaining Option RCULS and thereafter claim any shortfall from YSC; and/or</p> <p>(iv) claim against YSC for full payment of the Put Price for all the remaining Option RCULS together with all interest, rights, allotments or other distributions accruing to the remaining Option RCULS.</p>

Note:

1 In accordance with the Principal Agreement, the MGR Creditors may appoint MGR and/or Danaharta to deal with the monies and securities of CBHB to be paid and/or issued to the MGR Creditors pursuant to the Debt Settlement. Danaharta had on 16 January 2003 appointed Messrs Horwath as the agent for MGR Creditors who had in turn, identified Commerce Approach as its nominee to hold the securities of CBHB to be issued to the MGR Creditors.

(ii) Call Options in Respect of the ICULS and the RCULS

The Call Options in respect of the ICULS and RCULS have, amongst others, the following features:-

	ICULS	RCULS
Grantor	Messrs Horwath ¹	Messrs Horwath ¹
Option Holder	YSC	YSC
Call Price	RM1.03 for every RM1.00 nominal value of the Option ICULS.	RM1.03 for every RM1.00 nominal value of the Option RCULS.
Condition for Exercise	The Call Option may be exercised by YSC in respect of all or part of the Option ICULS, subject to a minimum of RM1,000,000 nominal value of the Option ICULS or multiples of RM100,000 thereof.	The Call Option may be exercised by YSC in respect of all or part of the Option RCULS, subject to a minimum of RM1,000,000 nominal value of the Option RCULS or multiples of RM100,000 thereof.
Option Period	The Call Option may be exercised at any time and from time to time on a Market Day during the period commencing on the date of issue of the Option ICULS and ending on the day immediately preceding the commencement of the Option Period in respect of the Put Option.	<p>The Call Option may be exercised at any time and from time to time on a Market Day during the period:-</p> <p>(i) commencing on the date of the issue of the Option RCULS and ending on the day immediately preceding the commencement of the Option Period (i) in respect of the Put Option; and</p> <p>(ii) commencing on the day immediately following the last day of the Option Period (i) in respect of the Put Option and ending on the day immediately preceding the commencement of the Option Period (ii) in respect of the Put Option.</p>

	ICULS	RCULS
Option Lapse	The Call Option shall lapse in the event that YSC fails to exercise the Call Option in respect of all or part of the Option ICULS within the Option Period for the Call Option	The Call Option shall lapse in the event that YSC fails to exercise the Call Option in respect of all or part of the Option RCULS within the Option Period for the Call Option.

Note:

- 1 *In accordance with the Principal Agreement, the MGR Creditors may appoint MGR and/or Danaharta to deal with the monies and securities of CBHB to be paid and/or issued to the MGR Creditors pursuant to the Debt Settlement. Danaharta had on 16 January 2003 appointed Messrs Horwath as the agent for MGR Creditors who had in turn, identified Commerce Approach as its nominee to hold the securities of CBHB to be issued to the MGR Creditors.*

6.2.6 Details of the Debt Settlement

As extracted from the Workout Proposal, as at 30 September 2001, being the cut-off date for the Workout Proposal, a total amount of approximately RM202,414,938 is owing to the MGR Creditors, details of which are set out below:-

Class of Creditors	Amount Outstanding RM
Special Administration Creditors	2,965,150
Priority Creditors	1,331,253
Hire Purchase Creditors	237,517
Unsecured Creditors	197,881,018
Total	202,414,938

6.2.6.1 Special Administration Creditors

Special Administration Creditors are collectively, the Essential Creditors (as defined below), the MGR creditors and future creditors in respect of the costs, fees and expenses, rendered in connection with (i) the preparation, approval and implementation of the Workout Proposal, (ii) all applications made by the SA to the authorities in connection with the Workout Proposal, (iii) the calling for and holding of the MGR Creditors' meetings, (iv) the performance of the SA's duties and obligations under the Danaharta Act, and (v) engaging any other advisers, as may be necessary, and (vi) the costs and expenses and remuneration of the SA as agreed by Danaharta. Essential Creditors are the MGR Creditors or future MGR Creditors who are deemed by the SA to be essential for the preservation and maintenance of MGR's assets and business, which include but not limited to financial advisors, the SA, financial due diligence auditors and solicitors.

Special Administration Creditors shall be paid in cash fully (to be derived from source set out in Note 1 of Section 6.2.6.5 of this Prospectus) and shall have priority over and be paid in priority over and be paid in priority to all other classes of the MGR Creditors. However, all costs, expenses and remuneration of the SA and credit facility provided to MGR during the administration of MGR as referred to in Section 66A of the Danaharta Act shall rank in priority over all other Special Administration Creditors.

Any unforeseen costs and expenses incurred by the SA up to the date of the termination of the administration of the SA pursuant to the Danaharta Act after the Cut-Off Date shall form part of the Special Administration Creditors and shall be paid in cash fully.

6.2.6.2 Priority Creditors

Priority Creditors pertain to priority creditors as at Cut-Off Date defined under Section 292 of the Act.

Priority Creditors in each sub-class specified in Section 292 (which include but not limited to the Human Resource Development Council, Inland Revenue Board, Employees Provident Fund, Kota Kinabalu Municipal Council, Pertubuhan Keselamatan Sosial and Jabatan Kastam dan Eksais Diraja Malaysia) shall rank in the order therein specified in accordance with the Act.

Priority Creditors shall have priority over, and shall be settled in cash fully, in priority to all other classes of the MGR Creditors other than the Special Administration Creditors.

Further, all interest, penalty charges fees and any other monies whatsoever accruing on or arising from the Outstanding Debt owing to the Priority Creditors after the Cut-off Date shall be completely waived by the Priority Creditors

6.2.6.3 Hire Purchase Creditors

Hire Purchase Creditors are financial institutions and companies with hire purchase or lease facilities extended to MGR as at the Cut-off Date.

The treatment and settlement of the Hire Purchase Creditors are as follows:-

- (i) All interest, penalty charges fees and any other monies whatsoever accruing on or arising from the Outstanding Debt after the Cut-off Date as against MGR shall be completely waived by the Hire Purchase Creditors;
- (ii) The SA has appointed CH Williams Talhar Wong (Sabah) Sdn Bhd ("CH Williams"), to ascertain the forced sale value of the hire purchase assets;
- (iii) Where the forced sale value of the respective assets held by the Hire Purchase Creditors, as valued by CH Williams, is lower than the amount owing to the Hire Purchase Creditors;
 - (a) the Outstanding Debt owing to the Hire Purchase Creditors shall be settled fully in cash up to the amount of the forced sale value of the respective hire purchase asset; and
 - (b) the balance amount owing to the Hire Purchase Creditors after the settlement under item (a) above shall rank as an unsecured debt and be dealt with accordingly as an Unsecured Creditor in accordance with Section 6.2.6.4 below.
- (iv) Where the forced sale value of the respective assets held by the Hire Purchase Creditors, as valued by CH Williams, is higher than the amount owing to the Hire Purchase Creditors;
 - (a) the Outstanding Debt owing to the Hire Purchase Creditors shall be settled fully in cash; and
 - (b) the excess cash from the eventual sale of the assets by the SA as detailed in (v) below, if any, will be distributed to the Unsecured Creditors on a prorata basis.
- (v) By virtue of the settlement detailed above, the SA shall be entitled to deal with the assets at their sole discretion and enter and execute all necessary agreements/documents deemed necessary by the SA to effect the transfer of the hire purchase assets.

Based on the forced sale valuation of the respective assets conducted by CH Williams on 29 May 2002, the total settlement to the Hire Purchase Creditors amounted to RM225,000.09. The balance of RM12,517.38 shall be treated as an unsecured debt and will be settled in accordance with Section 6.2.6.4 of this Prospectus.

6.2.6.4 Unsecured Creditors

Unsecured Creditors are the MGR Creditors that are not secured creditors as referred to in Section 21 of the Danaharta Act, other than the Special Administration Creditors, Priority Creditors and Hire Purchase Creditors. For the purposes of the Debt Settlement, the Corporate Guarantee Creditors and the Contingent Creditors shall crystallise their claims in the manner stated below. The Corporate Guarantee Creditors are banking and financial institutions and companies with credit facilities extended to the subsidiaries of MGR which are guaranteed by MGR, as at the Cut-Off Date, while the Contingent Creditors are any MGR Creditors who has, claims to have, any debt owing by MGR but whose claims are not admitted nor crystallised by MGR.

- (i) The corporate guarantees of RM19,600,000 granted by MGR to the Corporate Guarantee Creditors, shall be crystallised at the amount of the corporate guarantees less any settlement made by the subsidiaries in relation to the credit facilities guaranteed by these corporate guarantees and thereafter these amounts shall rank pari passu with the Outstanding Debt owing to the Unsecured Creditors and be dealt with accordingly as set out herewith in this section. Consequently, the corporate guarantees shall forthwith be released;
- (ii) Provision shall be made for potential loss arising from legal suits brought by the Contingent Creditors against MGR amounting to RM80,000 (details of which are set out in Section 12.4.5 of this Prospectus) as at the Cut-Off Date only, shall be provided for settlement and these amount shall rank pari passu with the Outstanding Debt owing to the Unsecured Creditors and be dealt with accordingly as set out below in this section.

Adjustment shall be made to the contingent amount set aside for the Contingent Creditors for any amount that may arise depending on the final amount admitted by MGR or sum awarded by the courts or any out-of-court settlement reached.

Notwithstanding anything to the contrary and without prejudice to the rights of MGR, the provision made above for the contingent amount shall not be deemed as an admission of liability on the part of MGR towards the alleged claims by the Contingent Creditors and such claims, if not already determined by MGR, SA or the courts at the Effective Date, shall remain unpaid until so determined by MGR, the SA or the courts. Effective Date means the date on which the Workout Proposal becomes effective which shall be determined at the sole discretion of the SA subsequent to the fulfilment of all conditions precedent set out in the Workout Proposal. In the event that the court rules in favour of MGR, the amount allocated in respect of the legal suits shall be distributed to the other Unsecured Creditors on a pro-rata basis.

All claims must be presented and successfully established within a period of three (3) years from the Effective Date, after which all claims will be invalid or void and the relevant Contingent Creditors shall not be entitled to any settlement whether MGR is liquidated or otherwise.

Without prejudice to the generality of the foregoing, the treatment and settlement of the Unsecured Creditors are as follows:-

- (i) All interest, penalty charges fees and any other monies whatsoever accruing on or arising from the Outstanding Debt after the Cut-off Date as against MGR shall be completely waived by the Unsecured Creditors;
- (ii) Approximately 17.94 sen for every RM1.00 of the Outstanding Debt will be settled in cash and/or in kind as detailed in the following manner:-
 - (a) Unsecured Creditors whose Outstanding Debt is less than RM500,000 shall be settled in cash only. In this respect, a total of RM410,807 or approximately 17.94 sen for every RM1.00 of their said debt shall be settled in cash;

- (b) Unsecured Creditors whose Outstanding Debt is more than RM500,000 shall be settled in the following manner:-
- Approximately 1.84 sen for every RM1.00 of their said debt to be settled in cash;
 - Approximately 5.11 sen for every RM1.00 of their said debt to be settled in RCULS;
 - Approximately 9.46 sen for every RM1.00 of their said debt to be settled in ICULS;
 - Approximately 1.53 sen for every RM1.00 of their said debt to be settled in CBHB Shares.

Pursuant to Put and Call Options, the SA and/or the MGR Creditors' Agent and/or their nominees shall enter into Put and Call Options Agreements, on behalf of the Unsecured Creditors whose Outstanding Debt is more than RM500,000, with YSC in respect of the RCULS and ICULS; and

- (iii) The remaining balance of the debt owing shall rank as unsecured debt and be entitled to rank for distribution under the liquidation of the MGR Group.

6.2.6.5 Summary of Debt Settlement

The estimated settlement of the amount owing to the different classes of the MGR Creditors as at the Cut-Off Date can be summarised as follows:-

Unsecured Creditors of MGR	Amount Owning as at Cut-Off Date	Proposed Settlement					
		Amount to be Settled in Cash ¹			Amount to be Settled in RCULS, ICULS and Shares ²		Balance to be Ranked for Distribution under the Liquidation of the MGR Group
	RM	RM	%	RM	%	RM	%
Special Administration Creditors	2,965,150	2,965,150	100.00	-	-	-	-
Priority Creditors	1,331,253	1,331,253	100.00	-	-	-	-
Hire Purchase Creditors	237,517	225,000	94.73	-	-	-	-
Unsecured Creditors with Outstanding Debt of:-							
- < RM500,000	2,290,250 ³	410,807	17.94	-	-	1,879,443	82.06
- > RM500,000	195,590,768	3,583,492	1.84	31,500,000 ⁴	16.10	160,507,276	82.06
Total Unsecured Creditors	197,881,018	3,994,299		31,500,000		162,386,719	
Grand Total	202,414,938	8,515,702		31,500,000		162,386,719	

Notes:-

- 1 The cash settlement made pursuant to the Workout Proposal will be mainly derived from the cash pursuant to the Cash Payment and the cash from the reimbursement by YSC of the fees and costs incurred by the SA in the implementation of the Workout Proposal as provided for in the Principal Agreement.
- 2 Refers to the ICULS, the RCULS and the Shares to be derived from the ICULS and RCULS Issue and the Transfer of CBHB Shares.
- 3 Includes the unsecured debt portion of the balance due to the Hire Purchase Creditors amounting to RM12,517.38.
- 4 The settlement comprises RM10,000,000 nominal value of RCULS, RM18,500,000 nominal value of ICULS and 3,000,000 Shares.

6.2.7 Warrant Issue

The Warrant Issue involves the renounceable rights issue by CBHB of 24,000,000 Warrants to its shareholders at an issue price of RM0.30 per Warrant, on the basis of 1.008 Warrants for every four (4) Shares held on the Entitlement Date.

Further details on the Warrant Issue are set out in Section 3.5 of this Prospectus.

6.2.8 Share Offer

The Share Offer involves an offer for sale of a total of 16,200,000 Shares by YSC and Commerce Approach to the Former MGR Shareholders and public investors (including but not limited to eligible employees, directors, customers, suppliers and business associates of the CBHB Group) at an offer price of RM1.00 per Share.

Further details on the Share Offer are set out in Section 3.2 of this Prospectus.

6.2.9 ICULS Offer and RCULS Offer

The ICULS Offer and RCULS Offer involve the offer for sale by Commerce Approach to the Selected Investors, of RM100,000 nominal value of ICULS at 100% of the nominal value of RM1.00 each and RM100,000 nominal value of RCULS at 100% of the nominal value of RM1.00 each.

Further details on the ICULS Offer and RCULS Offer are set out in Sections 3.3 and 3.4 of this Prospectus respectively.

6.2.10 Transfer of Listing Status

Upon the completion of the Share Offer, the listing status of MGR on the Second Board of the KLSE shall be transferred to CBHB. Consequently, MGR will be delisted from the Second Board of the KLSE.

The SC has via its letter dated 8 November 2002 approved the transfer of the listing status of CBHB from the Second Board to the Main Board of the KLSE, subject to AmMerchant Bank providing the SC with a written confirmation that CBHB has met the 5 year profit track record as stated in the SC's Policies and Guidelines on the Issue/Offer of Securities, based on the audited financial report of CBHB for the financial year ended 31 December 2002, prior to the implementation of the said transfer.

The said condition was complied with by the Company via AmMerchant Bank's confirmation letter to the SC dated 13 February 2003. Further to this, the approval of the KLSE will be sought for the direct listing of CBHB on the Main Board of the KLSE.

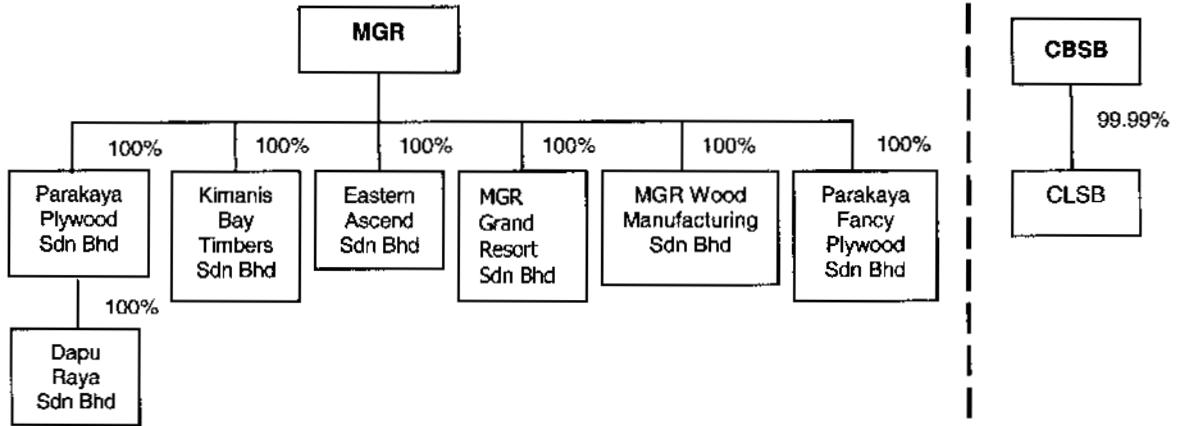
6.2.11 Disposal of MGR

As an integral part of the Restructuring Scheme, CBHB will dispose of the entire issued and paid-up share capital of MGR to the SA and/or Messrs Howarth and/or their nominees for a nominal cash consideration of RM1.00 in order to facilitate the recovery of debts due to the MGR Creditors.

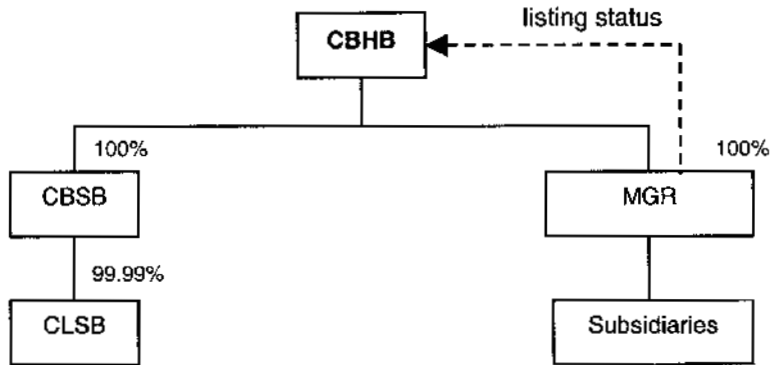
6.3 Group Structure

The group structure of CBHB before and after the Restructuring Scheme is set out below:-

(i) Before the Restructuring Scheme



(ii) After the Restructuring Scheme (before the Disposal of MGR)



(iii) After the Restructuring Scheme (after the Disposal of MGR)

