

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. If you have sold or transferred all your ordinary shares in APB Resources Berhad (“APB” or the “Company”), please hand this Circular together with the accompanying Form of Proxy, to the agent through whom the sale or transfer was contracted for onward transmission to the purchaser or transferee.

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**APB RESOURCES BERHAD**  
(Company No:564838-V)  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO THE**

- **PROPOSED SHAREHOLDERS' RATIFICATION FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**
- **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

**IN CONJUNCTION WITH THE SPECIAL BUSINESS**

**AT THE THIRD ANNUAL GENERAL MEETING**

An extract of the Notice convening the Third Annual General Meeting of APB Resources Berhad (“APB”) to be held at Multipurpose Hall (Card Room), Royal Selangor Club, Dataran Merdeka, Jalan Raja, 50704 Kuala Lumpur on Thursday, 24 March 2005 at 10.00 a.m together with the accompanying Form of Proxy is set out in this Circular.

A Form of Proxy is enclosed in the 2004 Annual Report and if you are unable to attend and vote at the above meeting, you are urged to complete and return the Form of Proxy to the Registered Office of the Company at D12, Tingkat 1, Plaza Pekeliling, No. 2 Jalan Tun Razak, 50400 Kuala Lumpur on or before the date and time indicated below or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the Extraordinary General Meeting should you subsequently wish to do so.

Last day and time for lodging the Form of Proxy : Tuesday, 22 March 2004 at 10.00 a.m.

Date and time of the Annual General Meeting : Thursday, 24 March 2004 at 10.00 a.m.

## DEFINITIONS

The following abbreviations shall apply throughout this Circular unless the context otherwise requires –

AGM	Annual General Meeting
AMC	Amalgamated Metal Corporation (M) Sdn. Bhd. (80429-P)
APB or the Company	APB Resources Berhad (564838-V)
APB Group	APB and its subsidiary companies
Audit Committee	The audit committee established and appointed by the Board pursuant to Chapter 15, Part C of the Listing Requirements
Benmarl	Benmarl Sdn. Bhd. (155905-A)
Board or Director	The Board of Directors of APB
Companies Act	Companies Act, 1965
EJ	Era Julung Sdn. Bhd. (561466-K)
Ikram Pintas	Ikram Pintas Sdn. Bhd. (542766-K)
Listing Date	6 May 2004
Listing Requirements	Listing Requirements of Bursa Malaysia Securities Berhad
NDT	Non-destructive Testing
NTA	Net tangible assets
Peng Fah Engineering	Peng Fah Engineering Sdn. Bhd. (54784-P)
Persons Connected	Persons deemed to be connected with a Director or substantial shareholder pursuant to Section 122A of the Companies Act, 1965
Proposal	Proposed Shareholders' Mandate and Proposed Shareholders' Ratification
Proposed Shareholders' Mandate	Proposed mandate to be given by the shareholders of APB for the APB Group to enter into the recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations and are in the ordinary course of business of the APB Group, as set out in Section 4.2 of this Circular as well as to seek shareholders' ratification for transactions entered into as set out in Section 4.2.
Proposed Shareholders' Ratification	Means the ratification to be procured from the Company's shareholders for Recurrent Related Party Transactions entered or to be entered from the Listing Date to the date of the Company's forthcoming AGM to be held on 24 March 2005.
Prescan	Prescan Sdn. Bhd. (169056-V)
Ratification Period	The period commencing from the Listing Date to the date of the Company's forthcoming AGM, to be held on 24 March 2005.

## DEFINITIONS (continued)

Related Party(ies)	A director, substantial shareholder or person connected with such director or substantial shareholder. For the purpose of this definition, “director” and “substantial shareholder” shall have the meanings given in paragraph 10.02 of the Listing Requirements.
Recurrent Related Party Transaction	The recurring transaction entered into or to be entered into by APB or its subsidiaries which involve the interest, direct or indirect, of a Related Party.
RM and sen	Ringgit Malaysia and sen respectively
Transacting Parties	The company or companies transacting with the APB Group for which the Proposed Shareholders’ Mandate and Proposed Shareholders’ Ratification are sought.
Technical Resources	Technical Resources Sdn. Bhd. (139712-T)
TTS Engineering	TTS Engineering Sdn. Bhd. (141028-U)
TTS Enterprise	TTS Enterprise Sdn. Bhd. (105289-V)
TTS Insu-Write	TTS Insu-Write Services Sdn. Bhd. (214986-M)
TTS Resources	TTS Resources Sdn. Bhd. (242504-W)
TTS Transport	TTS Transport Sdn. Bhd. (36620-K)
TTS Teknik	TTS Teknik Sdn. Bhd. (233572-H)
Validity Period	Means the period commencing from the conclusion of the Company’s forthcoming AGM to the date of the next AGM to be held in 2006

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**RESOURCES**

**APB RESOURCES BERHAD**

(Company No. 564838-V)  
(Incorporated in Malaysia)

**Registered Office:**

D12, Tingkat 1,  
Plaza Pekeliling  
No. 2 Jalan Tun Razak  
50400 Kuala Lumpur

20 January 2005

**Directors :**

Yap Kow @ Yap Kim Fah (Chairman/Managing Director)  
Tan Teng Khuan (Chief Operating Officer/Executive Director)  
Lim Lye Hock (Executive Director)  
Cheong Boon Yu (Executive Director)  
Yap Kau @ Yap Yeow Ho (Non-Executive Director)  
Johari Low bin Abdullah @ Low Han Hing (Non-Executive Director)  
Mak Fong Ching (Independent Non-Executive Director)  
Chua Eng Seng (Independent Non-Executive Director)  
Muhayuddin bin Musa (Independent Non-Executive Director)

**To the Shareholders of APB Resources Berhad**

Dear Sir/Madam,

**PROPOSED SHAREHOLDERS' RATIFICATION AND PROPOSED SHAREHOLDERS' MANDATE FOR THE RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

**1. INTRODUCTION**

APB would be seeking a mandate from shareholders of APB for the APB Group to enter into Recurrent Related Party Transaction of a revenue or trading nature, as set out in Section 4 hereafter, and ratification of the Recurrent Related Party Transaction as explained in this paragraph 1.

APB has applied to and obtained the approval of Bursa Malaysia Securities Berhad on 14 June 2004 for –

- (a) consent to obtain shareholders' ratification for Recurrent Related Party Transactions entered or to be entered from the Listing Date to the date of the Company's forthcoming AGM to be held no later than 31 March 2005; and
- (b) an extension of time, from the Listing Date to the date of the Company's forthcoming AGM to be held no later than 31 March 2005, to procure shareholders' mandate in respect of Recurrent Related Party Transactions to be entered from the period commencing from the conclusion of the Company's forthcoming AGM to the date of the next AGM to be held in 2006.

The purpose of this Circular is to provide shareholders with details pertaining to the Proposed Shareholders' Ratification and Proposed Shareholders' Mandate, and to seek your approval for the resolutions to be tabled in the forthcoming AGM of APB to be convened on Thursday, 24 March 2005 at 10.00 a.m.

## 2. PARAGRAPH 10.09 OF THE LISTING REQUIREMENTS

Under Paragraph 10.09 of the Listing Requirements, where related party transactions of a revenue or trading nature are necessary for its day-to-day operations of the Company and its subsidiaries such as supplies of materials, the listed issuer may seek a shareholders' mandate in respect of such transactions subject to the following:

- 2.1 The transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- 2.2 The shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year based on the following information -
  - 2.2.1 the type of Recurrent Related Party Transaction made;
  - 2.2.2 the names of the related parties involved in each type of the Recurrent Related Party Transaction made and their relationship with the company; and
- 2.3 The interested Directors, interested substantial shareholders or Persons Connected, and where it involves the interest of Persons Connected, such Director or substantial shareholder must not vote on the resolution approving the transactions. An interested Director or interested substantial shareholder must ensure that the Persons Connected abstain from voting on the resolution approving the transactions.

## 3. PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS

APB is an investment holding company, while the principal activities of its subsidiary companies are in fabrication of specialised design and manufacturing of engineering equipment for the oil, gas, oleochemical, petrochemical, and power industries, contractors in industrial air-conditioning and related engineering services, provision of NDT services and other related services which include ultrasonic flaw detection, pipeline radiographic inspection utilising remote control crawlers, positive material identification and magnetic particle inspection.

The subsidiaries companies of APB and their respective principal activities at the date of this Circular are as follows-

Name of company	Date and place of incorporation	Issued and paid-up share capital RM	Effective interest (%)	Principal activities
<i>Subsidiary of APB</i>				
EJ	12.10.2001 Malaysia	45,638,085	100	Investment holding
<i>Subsidiaries of EJ</i>				
AMC	28.01.1982 Malaysia	3,000,000	100	Design and fabrication of specialised engineering equipment
Benmarl	10.09.1986 Malaysia	400,004	100	Contractors in air-conditioning and related engineering services
Prescan	10.03.1988 Malaysia	1,600,000	100	Provision of NDT services.

APB is seeking approval from its shareholders for the Proposed Shareholders' Mandate, which will allow the APB Group, in its ordinary course of business, to enter into the categories of Recurrent Related Party Transactions referred to in Section 4 below with the classes of Related Parties set out in Section 4 below provided such transactions, if any, are in the opinion of your Directors made at arms length, on the APB Group's normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public. The review procedures for the Recurrent Related Party Transactions are set out in Section 6 of this Circular.

### 3. PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS (continued)

The Proposed Shareholders' Mandate will take effect from the date of the passing of the Ordinary Resolution proposed at the forthcoming AGM and shall only continue to be in force until –

- 3.1 the conclusion of the next AGM of the Company following the forthcoming AGM at which time it will lapse, unless by a resolution passed at the AGM, the mandate is again renewed;
- 3.2 the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- 3.3 revoked or varied by resolution passed by the shareholders of APB in general meeting,  
whichever is the earlier.

### 4. CLASS AND NATURE OF RECURRENT RELATED PARTY TRANSACTIONS

#### 4.1 Class of Related Parties

The Proposed Shareholders' Mandate shall apply to transactions as set out in Section 4.2 hereafter with the following Related Parties, for the financial year ended 2004 –

Transacting Parties	Principal Activity	Date of incorporation	Issued and Paid-up capital (RM)	Period of business relationship with the APB Group
* Peng Fah Engineering	Manufacturing, welding and engineering works	5.02.1980	500,000	> than 10 years
* Technical Resources	Trading in electrodes, welding machinery, apparatus and tools	14.05.1985	250,002	> than 10 years
** TTS Transport	Provision of transportation	15.12.1977	2,000,000	> than 10 years
** TTS Insu-Write	Insurance agent	2.04.1991	100,002	> than 10 years
** TTS Engineering	Provision of fabrication works	13.06.1985	1,200,002	> than 10 years
** TTS Enterprise	Trading, servicing and repairing of vehicle parts and accessories	13.08.1983	200,000	> than 10 years
** TTS Teknik	Provision of mechanical engineering	30.01.1992	50,003	> than 10 years

Notes:-

\* Mr. Yap Kow @ Yap Kim Fah is the controlling shareholder.

\*\* These are subsidiary companies of TTS Resources, a shareholder of APB, which is controlled by Mr. Yap Kow @ Yap Kim Fah and Mr. Yap Kau @ Yap Yeow Ho.

The interest of Mr. Yap Kow @ Yap Kim Fah and Mr. Yap Kau @ Yap Yeow Ho in TTS Resources Sdn. Bhd. as at 2 February 2005, are as follow:-

Interested Parties	Shareholding in TTS Resources
Yap Kow @ Yap Kim Fah	1,175,001
Yap Kau @ Yap Yeow Ho	570,001
Total paid up share capital	1,745,002

The Interested Related Parties and their direct and indirect interest in APB as at 2 February 2005, are as follows:-

Interested Related Parties	Shareholding in APB				Nature of Interest
	Direct		Indirect		
Yap Kow @ Yap Kim Fah	10,441,381	11.86%	29,372,257	33.35%	Substantial shareholder. Deemed interested by virtue of his substantial shareholding and directorship in both Ikram Pintas and TTS Resources.
Yap Kau @ Yap Yeow Ho	33,000	0.04%	3,452,257	3.92%	Deemed interested by virtue of his substantial shareholding TTS Resources.
TTS Resources	3,452,257	3.92%	-	-	Shareholder of APB.

**i) Nature of the Recurrent Related Party Transactions**

The Recurrent Related Party Transactions which are the subject of the Proposed Shareholders' Mandate are transactions by the APB Group relating to the provision of, or the obtaining from, the Related Parties, services which are in the normal course of the business of the APB Group, are as follows-

Companies within the APB Group transacting with the Transacting Parties	Nature of transaction	Transacting Parties	Interested Related Party	Value paid during the Ratification Period of the proposed shareholders ratification (RM)	Estimated value payable during the Validity Period of the Proposed Shareholders Mandate (RM)
AMC	Rental of factory premises	Peng Fah Engineering Manufacturing, welding and engineering works	Yap Kow @ Yap Kim Fah	12,000	12,000
AMC	Purchases of welding materials and maintenance of equipment	Technical Resources Supplier of welding materials and maintenance of equipment	Yap Kow @ Yap Kim Fah	521,648	1,000,000

Companies within the APB Group transacting with the Transacting Parties	Nature of transaction	Transacting Parties	Interested Related Party	Value paid during the Ratification Period of the proposed shareholders ratification (RM)	Estimated value payable during the Validity Period of the Proposed Shareholders Mandate (RM)
AMC	Provision of transportation services for inbound and outbound forwarding	TTS Transport Provider of transportation services	Yap Kow @ Yap Kim Fah, Yap Kau @ Yap Yeow Ho and TTS Resources	661,820	1,200,000
AMC	Provision of insurance coverage for all types – general, all risk, fire, burglary, public liability, workmen compensation, marine and cargo	TTS Insu-Write Provider of insurance coverage	Yap Kow @ Yap Kim Fah, Yap Kau @ Yap Yeow Ho and TTS Resources	189,383	300,000
AMC	Provision of minor fabrication works	TTS Engineering Provider of fabrication works	Yap Kow @ Yap Kim Fah, Yap Kau @ Yap Yeow Ho and TTS Resources	48,870	60,000
AMC	Provision of maintenance on lorries and welding machines	TTS Enterprise Provider of maintenance on lorries and welding machines	Yap Kow @ Yap Kim Fah, Yap Kau @ Yap Yeow Ho and TTS Resources	24,958	40,000
AMC	Provision of machining and processing works	TTS Teknik Provider of machining and processing works	Yap Kow @ Yap Kim Fah, Yap Kau @ Yap Yeow Ho and TTS Resources	4,360	10,000

## 5 BENEFITS

The APB Group has a long-standing business relationship with the Transacting Parties. The Related Parties are reliable suppliers of goods and services required by the APB Group for its business. The services provided by the Transacting Parties are in the view of your Directors and Audit Committee priced competitively and all transactions between APB Group and the Transacting Parties are carried out on an arms-length basis.

Although the APB Group also sources from third parties, the APB Group proposes to seek shareholders' mandate as the close co-operation with the Transacting Parties is in the view of your Directors expected to continue to be of benefit to the APB Group.

## **6 REVIEW PROCEDURES**

The following review and approval procedures are in place to ensure that Recurrent Related Party Transactions are undertaken on an arm's length basis and on commercial terms consistent with the APB Group's usual business practices and policies, which are no more favourable to the Related Parties than those extended to third parties/public and, are not detrimental to APB's minority shareholders –

- i) A list of Recurrent Related Party Transactions will be circulated to the Audit Committee for review to ensure that the transactions entered into are on arms length basis, based on commercial terms and are not more favourable to the related party than those generally available to the public and, are not detrimental to APB's minority shareholders.
- ii) The Audit Committee will also review conflict of interest situations that may arise within the APB Group as a result of the Recurrent Related Party Transactions.
- iii) Such reviews will be conducted on a quarterly basis together with the review of quarterly results, or such other frequency as the Audit Committee may consider appropriate.
- iv) If a member of the Audit Committee has an interest in the Recurrent Related Party Transactions, he will abstain from any decision making by the Audit Committee in respect of such transactions.
- v) The annual internal audit plan will incorporate a review of all Recurrent Related Party Transactions in its corporate governance audit to ensure that the review procedures in respect of such transactions are adhered to.
- vi) The Audit Committee will report its review of all Recurrent Related Party Transactions to the Board.

## **7 FINANCIAL EFFECTS**

Save as disclosed in Section 4 of this Circular, the Proposed Shareholders' Mandate will not have any financial effect on the earnings, share capital, net tangible assets and shareholding structure of the APB Group.

## **8 STATEMENT FROM THE AUDIT COMMITTEE**

The Audit Committee has seen and reviewed the procedures mentioned in Section 6 above and is of the view that the said procedures are sufficient to ensure that the Recurrent Related Party Transactions are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.

## **9 RATIONALE FOR THE PROPOSAL**

The Recurrent Related Party Transactions entered or to be entered into by the APB Group are all in the ordinary course of business. They are recurring transactions of a revenue or trading nature which are likely to occur with some degree of frequency and arise at any time and from time to time. These transactions may be constrained by the time-sensitive nature and confidentiality of the same may render it impractical to seek shareholders' approval on a case by case basis before entering into such related party transactions. Most of these Recurrent Related Party Transactions are existing arrangements which has been in place prior to the completion of the listing of APB and are necessary for APB and its subsidiaries day to day operation.

As such, APB is seeking a shareholders' mandate pursuant to Paragraph 10.09 of the Listing Requirements for the Recurrent Related Party Transactions described in Section 4.2 above to allow the APB Group to enter into such Recurrent Related Party Transactions on an arm's length basis and on normal commercial terms and which are not prejudicial to the interests of APB's shareholders. By obtaining the Proposed Shareholders' Mandate and the renewal of the same on an annual basis, the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such Recurrent Related Party Transactions occur, would not arise. This would reduce substantial administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the APB Group or adversely affecting the business opportunities available to the APB Group.

## 10 CONDITIONS OF THE PROPOSAL

The Proposed Shareholders' Mandate is conditional upon the approval of the shareholders of APB being obtained at the forthcoming AGM.

## 11 DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Save as disclosed in Section 4, none of the other Directors and substantial shareholders of APB or Persons Connected have any interest in the Proposed Shareholders' Mandate. The Interested Directors namely Yap Kow @ Yap Kim Fah and Yap Kau @ Yap Yeow Ho have abstained from Board deliberations of the Proposed Shareholders' Mandate. The interested Directors and substantial shareholders, namely Yap Kow @ Yap Kim Fah and Yap Kau @ Yap Yeow Ho and TTS Resources, will abstain from voting on the resolutions at the AGM and ensure that Persons Connected will abstain from voting in respect of their direct and indirect shareholding on the resolution approving the Proposed Shareholders' Mandate in respect of the transactions in which they have an interest as in Section 4.2 above.

## 12 DIRECTORS' RECOMMENDATION

Having considered the rationale for the Proposal, your Board of Directors (with the exception of Yap Kow @ Yap Kim Fah and Yap Kau @ Yap Yeow Ho) who are deemed interested in the Proposed Shareholder's Mandate and have abstained from giving any opinion in respect of the Proposed Shareholders' Mandate is of the opinion that the Proposal is fair, reasonable and in the best interest of the Company.

Accordingly, your Directors, with the exception of Yap Kow @ Yap Kim Fah and Yap Kau @ Yap Yeow Ho, who have abstained from making a recommendation on the Proposed Shareholders' Mandate, recommend that you vote in favour of the resolutions on the Proposal to be tabled at the forthcoming AGM.

## 13 AGM

The Third AGM of APB, the notice of which is set out in the 2004 Annual Report and an extract of which in relation to the Proposed Shareholders' Ratification and Proposed Shareholders' Mandate is also enclosed in this Circular, will be held at Multipurpose Hall (Card Room), Royal Selangor Club, Dataran Merdeka, Jalan Raja, 50704 Kuala Lumpur on Thursday, 24 March 2005 at 10.00 a.m. or adjournment (as the case may be) thereof for the purpose of considering and if thought fit, passing the resolutions to give effect to the Proposed Shareholders' Ratification and Proposed Shareholders' Mandate contained herein. If you are unable to attend and vote in person at the AGM, you should complete and return the enclosed Form of Proxy in accordance with the instructions therein to the Registered Office of the Company at D12, Tingkat 1, Plaza Pekeliling, No. 2 Jalan Tun Razak, 50400 Kuala Lumpur, as soon as possible and in any event not later than 48 hours before the time fixed for the AGM. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

## 14 FURTHER INFORMATION

Shareholders are requested to refer to the attached Appendix I for further information.

Yours faithfully,  
For and on behalf of the Board of Directors  
**APB Resources Berhad**

**Mak Fong Ching**  
Audit Committee Chairman

## 1. RESPONSIBILITY STATEMENT

This Circular has been approved by the Directors of APB and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that after having made all reasonable enquiries, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this Circular misleading.

## 2. MATERIAL CONTRACTS

Save as disclosed below, there are no other material contracts (not being contracts entered into in the ordinary course of business) that has been entered by APB and/or its subsidiaries during the 2 years immediately preceding the date of this Circular.

- i) Sale and Purchase Agreement dated 3 November 2003 between Projass Engineering Sdn Bhd (“Projass”) and APB whereby Projass agreed to sell and APB agreed to purchase 4,900 ordinary shares of RM1.00 only representing 49% of the issued and paid up share capital of Konsep Realiti Sdn Bhd (“KRSB”) and 4,300,000 (12%) 2003/2013 Redeemable Convertible Preference Shares issued by KRSB which are held by Projass for the consideration of 4,300,000 new ordinary shares of RM1.00 each in APB and cash consideration of RM4,900.00.
- ii) Sale and Purchase Agreement dated 3 November 2003 between Musteq Energy Services Sdn Bhd (“the Vendor”), Musteq Engineering Sdn Bhd (“MESB”) and APB whereby the Vendor agreed to sell and APB agreed to purchase 4,900 ordinary shares of RM1.00 only representing 49% of the issued and paid up share capital of EPIC Constant Sdn Bhd (“EPIC”) and 4,300,000 redeemable convertible preference shares issued by EPIC which are held by the Vendor for the consideration of 4,300,000 new ordinary shares of RM1.00 each in APB and cash consideration of RM4,900.00.
- iii) Supplemental Sale and Purchase Agreement dated 1 December 2003 between Projass Engineering Sdn Bhd and APB to vary certain terms and conditions of the Sale and Purchase Agreement dated 3 November 2003.
- iv) Supplemental Sale and Purchase Agreement dated 1 December 2003 between Musteq Energy Services Sdn Bhd, Musteq Engineering Sdn Bhd and APB to vary certain terms and conditions of the Sale and Purchase Agreement dated 3 November 2003.
- v) Third Supplemental Sale and Purchase Agreement dated 15 December 2003 where the vendors of EJ and APB have agreed to vary the terms and conditions in the Sale and Purchase Agreement dated 6 June 2002 and the Supplemental Sale and Purchase Agreement dated 26 June 2002 for the Proposed Acquisition of EJ in light of the revision to the proposed restructuring scheme of NCK as stated in the Third Supplemental Transfer of Listing Status Agreement dated 15 December 2003 upon the terms and subject to the conditions therein contained.
- vi) Third Supplementary Transfer of Listing Status Agreement dated 15 December 2003 between APB, EJ, the shareholders of AMC, Benmarl, Prescan and/or their nominee to transfer the listing status of NCK Corporation Berhad on the Main Board of the Bursa Malaysia Securities Berhad.

### 3. MATERIAL LITIGATION

Save as disclosed below, neither APB nor its subsidiary companies are involved in any material litigation, claims or arbitration, either as plaintiff, defendant, appellant or respondent, and at the date of this Circular, the Directors of APB do not have any knowledge of any proceedings, pending or threatened, against APB or its subsidiaries or of any facts likely to give rise to any proceedings which may materially affect the position or business of the APB Group.

#### APB

EJ is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant and the Directors of EJ have no knowledge of any proceedings pending or threatened against EJ or of any fact likely to give rise to any proceeding which might affect the position or business of EJ.

#### EJ

EJ is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant and the Directors of EJ have no knowledge of any proceedings pending or threatened against EJ or of any fact likely to give rise to any proceeding which might affect the position or business of EJ.

#### AMC

Save as disclosed below, AMC is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant and that the Directors of AMC have no knowledge of any proceedings pending or threatened against AMC or of any fact likely to give rise to any proceeding which might affect the position or business of AMC:

- i) On 24 May 2002, AMC was sued by Loh Tuck Loong, for a sum of RM851,450.00 as medical compensation for an accident that occurred at the workplace. The case has been adjourned for hearing on 20 July 2005. AMC's solicitors are of the opinion that Loh Tuck Loong does not have a good case against AMC as Loh Tuck Loong was never an employee of AMC and therefore no legal nexus exists between Loh Tuck Loong and AMC.
- ii) By a Put and Call Option Agreement dated 10 October 2000 made between AMC and Tan Sri Lim Geok Chan ("Tan Sri Lim"), where at the request of Tan Sri Lim, AMC has subscribed for 2,000,000 ordinary shares in Nusantara Steel Group Sdn Bhd and Tan Sri Lim agreed to grant a put option in favour of AMC to purchase all of the said shares within twelve (12) months after the lapse of twelve (12) months from the date of the subscription of the shares agreement for a sum of RM2,000,000. Tan Sri Lim has failed to honour the said Put and Call Option Agreement. AMC has instructed its solicitors to initiate legal action against Tan Sri Lim to recover the said RM2,000,000. The solicitors have obtained the sealed Order of Substituted Service and now liaising with the Court Registry for the extraction of the sealed Order for Extension of Bankruptcy Notice which was filed on 23 August 2004. AMC's solicitors are of the opinion that AMC is able to enforce its rights under the said Put and Call Option Agreement and recover the said RM2,000,000.00 from Tan Sri Lim.
- iii) On 3 April 2000, Solvent Works (M) Sdn Bhd has on 3 April 2000 filed a summon against AMC claiming for a sum of RM49,790.00 for work done in respect of the fabrication and installation of structural steel works for SRT III cracking heaters at Kerteh, Terengganu. AMC has also filed a counter claim against Solvent Works (M) Sdn Bhd for a sum of RM825,699.55 being the loss suffered by AMC due to the delay caused by Solvent Works (M) Sdn Bhd in completing the aforesaid project. The case is adjourned for hearing on 28 April 2005. AMC's solicitors are of the view that AMC has a fairly good chance of setting off Solvent Works (M) Sdn Bhd's claim by its' counter claim.

### **3. MATERIAL LITIGATION (continued)**

#### **Benmarl**

Save as disclosed below, Benmarl is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant and that the Directors of Benmarl have no knowledge of any proceedings pending or threatened against Benmarl or of any fact likely to give rise to any proceeding which might affect the position or business of Benmarl:

- i) On 30 April 1999, Benmarl was sued by Cheang Pow Lin (“CPL”), a former manager of Benmarl for the sum of RM389,777.00, purportedly being sums due to him as commission/remuneration. Benmarl denies the debt and has counter-claimed for RM83,948.40 being over-payments made to him. CPL’s application for summary judgment was dismissed with cost. On 28 October 2003, the Court granted CPL’s application to amend his Statement of Claim. . The matter is adjourned for further case management on 19 October 2005. Benmarl’s solicitors are of the view that CPL will not succeed in his claim against Benmarl.

#### **Prescan**

Prescan is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant and the Directors of Prescan have no knowledge of any proceedings pending or threatened against Prescan or of any fact likely to give rise to any proceeding which might affect the position or business of Prescan.

### **4. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the Registered Office of the Company at D12, Tingkat 1, Plaza Pekeliling, No. 2 Jalan Tun Razak, 50400 Kuala Lumpur, during normal business hours from Mondays to Fridays but excluding public holidays for the period commencing from the date of this Circular to the date of the forthcoming EGM –

- 4.1 Memorandum and Articles of Association of APB;
- 4.2 The audited accounts of the Company and its subsidiaries for the past two financial years ended 30 September 2004 and 30 September 2003; and
- 4.3 The material contracts referred to in Section 3 of this Appendix.