

7. APPROVAL AND CONDITIONS

7.1 APPROVALS AND CONDITIONS

The Acquisitions, Rights Issue, Sub-division, Public Issue and Listing was approved by the following authorities as follows: -

Authorities	Date
MITI	25 February 2004 and 21 June 2005
SC*	12 May 2005 and 2 August 2005

* Including approval under the Foreign Investment Committee's Guidelines on the Acquisitions of Interests, Mergers and Takeovers by Local and Foreign Interests.

In addition, Bursa Securities had vide its letter dated 9 May 2005 and 30 June 2005 granted its approval-in-principle on the following:-

- (i) The Listing on a "Ready" basis pursuant to the Rules of Bursa Securities or such variations to the enlarged issued and paid-up share capital as may be imposed by the SC; and
- (ii) The additional listing of such number of new Shares representing up to 12% of the issued and paid-up share capital of the Company to be issued pursuant to the exercises of Options under the ESOS.

The conditions imposed by the authorities and status of compliance are as follows: -

Conditions Imposed By Bursa Securities	Status of Compliance
Bursa Securities' letters dated 9 May 2005 and 30 June 2005	
(i) Subject to the approval from the SC being obtained and where there are conditions and/or variations imposed by the SC, compliance of the said conditions and/or variations in relation to the issuance and listing of the securities of the Company (SC Approval); and	SC Approval was obtained via its letters dated 12 May 2005 and 2 August 2005/ To be complied
(ii) In the event that the SC Approval affects or vary the issued and paid-up capital of the Listing submitted in the application to Bursa Securities (collectively to be referred to as " Variations "), compliance of the Variations with the Listing Requirements.	No Variations noted as per SC Approval via its letters dated 12 May 2005 and 2 August 2005

7. APPROVAL AND CONDITIONS (Cont'd)

Conditions Imposed By MITI	Status of Compliance
MITI's letters dated 25 February 2004 and 21 June 2005	
(i) CCHB to meet the 30% Bumiputera requirement within one (1) year after it has achieved the profit track record requirement for companies applying for listing on the Second Board of Bursa Securities or Five (5) years after being listed on the MESDAQ Market of Bursa Securities, whichever is the earlier, in which the shares to be allocated to Bumiputera investors to be approved by MITI;	To be complied when applicable
(ii) Approval is obtained from the SC for the listing scheme and compliance with the guidelines on acquisitions, mergers and takeovers.	Complied. SC approval obtained on 12 May 2005.
(iii) Approval is obtained from MESDAQ	With effect from 1 January 2005, Bursa Securities has ceased to approve the issue and listing of securities on the MESDAQ Market and all applications will be decided solely by the SC. The SC's approval has been obtained via its letter dated 12 May 2005 and 2 August 2005.

Conditions Imposed By SC and SC on behalf of FIC	Status of Compliance
SC's letters dated 12 May 2005 and 2 August 2005	
(i) CCHB to disclose the following in its public issue prospectus (prospectus):-	
(a) The directorships and/or shareholdings of CCHB's directors, Promoters and substantial shareholders in Le Champ (S.E.A) Pte. Ltd.;	Complied. Refer section 8.4.
(b) The principal activities of the related company; and	Complied. Refer section 8.4.
(c) Justification that there is no conflict of interest arising from CCHB's directors', promoters' and substantial shareholders' Interest in the related company.	Complied. Refer section 8.1 and 8.4.
(ii) CCHB to rescind the termination compensation clauses, in the event of merger, takeover and/ or reconstruction, contained in the service agreements signed between CCHB Group and its directors and/or key Management;	Complied. Rescinded via variation of the Directors' service agreements.

7. APPROVAL AND CONDITIONS (Cont'd)

(iii)	CCHB to disclose in the prospectus, the risk associated to RCI's dependency on the Adopters Agreement dated 7 February 2002 signed between RCI and Intel Corporation, Dell Computer Corporation, Quantum Corporation, APT Technologies Inc., Maxtor Corporation and Seagate Technology including the impact on CCHB Group's business plan should the agreement be terminated;	Complied. Refer section 3(I).
(iv)	CCHB to meet the 30% Bumiputera requirement within one (1) year after it has achieved the profit track record requirement for companies applying for listing on the Second Board of Bursa Securities or Five (5) years after being listed on the MESDAQ Market of Bursa Securities, whichever is the earlier, in which the shares to be allocated to Bumiputera investors to be approved by MITI;	The Directors and substantial shareholders of CCHB have taken note of this condition and will ensure compliance
(v)	Adviser/CCHB to submit to SC a preliminary proposal on how the company proposes to meet the Bumiputera equity condition, six (6) months before the expiry date of compliance;	The Directors and substantial shareholders of CCHB have taken note of this condition and will ensure compliance
(vi)	The foreign equity percentage in CCHB upon listing is to be maintained at 70%;	The Directors and substantial shareholders of CCHB have taken note of this condition and will ensure compliance
(vii)	CCHB to disclose in the prospectus the reasons for the substantial amounts due to creditors beyond the normal credit period and any associated operational risks, including relevant mitigating factors/steps taken;	Complied. Refer section 9.5.
(viii)	CCHB to include a negative statement in its listing prospectus on the exclusion of profit forecast and projections from the listing prospectus and the reasons thereof;	Complied. Refer section 1.12.
(ix)	Adviser/CCHB inform SC upon completion of the proposed flotation exercise; and	To be complied upon completion

7. APPROVAL AND CONDITIONS (Cont'd)

<p>(x) With respect to shares placed to investors to be identified/ placees pursuant to CCHB's public issue above, AmMerchant Bank is to submit to the SC, prior to the listing and quotation of CCHB's entire enlarged issued and paid-up share capital on the MESDAQ Market, the following: -</p> <p>(a) The name, NRIC number, occupation, number of shares placed and address of placees and/ or ultimate beneficial owners in the case of placees who are companies/ corporations;</p> <p>(b) A declaration by the promoters of CCHB that the placees are parties not related to the promoters; and</p> <p>(c) A declaration by the placement agent that the shares have been placed with parties not related to the promoters.</p>	To be complied prior to listing
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The SC on behalf of FIC noted the effect of the equity structure relating to Bumiputera, non-Bumiputera and foreign shareholdings in CCHB would change arising from the implementation of the proposed flotation, as follows:-

	Before Proposal (%)	After Proposal* (%)
Bumiputera	100.0 ¹	-
Non-Bumiputera	-	33.57
Foreign	-	66.43
Total	100.0	100.0

* After Acquisition, Rights Issue and Public Issue

¹ As at incorporation

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7. APPROVAL AND CONDITIONS (Cont'd)

7.2 MORATORIUM ON SHARES

In accordance with the Listing Requirements, certain shareholders of CCHB will not be allowed to sell, transfer or assign their shareholdings amounting to 45% of the enlarged issued and paid-up capital of CCHB for one (1) year from the date of admission of CCHB to the Official List of the MESDAQ Market of Bursa Malaysia.

The existing shareholders of CCHB whose shares are subjected to the moratorium as imposed by the SC are as follows: -

Name of shareholders	No. of shares held after Public Issue	% of enlarged issued and paid-up capital (%)	No. of shares held under moratorium	% of enlarged issued and paid-up capital after Public Issue ^(b) (%)	% of enlarged issued and paid-up capital after full exercise of ESOS ^(c) (%)
Chng Seng Chye	33,439,480	22.29	28,524,823	19.02	18.74
Ang Chuang Juay	^(a) 36,899,530	24.60	31,476,343	20.98	16.98
Lee Siew Kee	9,974,410	6.65	8,508,454	5.67	5.06
Ng Poh Seng	8,312,010	5.54	7,090,380	4.73	4.22
	88,625,430	59.08	75,600,000	50.40	45.00

Notes:

- (a) Including his entitlements for the pink form share allocation pursuant to the Public Issue.
- (b) Computed based on enlarged issued and paid up share capital of 150,000,000 Shares pursuant to the Public Issue.
- (c) Computed based on enlarged issued and paid up share capital of 168,000,000 Shares pursuant to the Public Issue and ESOS. The ESOS will only be implemented i.e the Options under the ESOS will only be offered to the eligible directors and employees of the Group, on the date of the Company's listing on the MESDAQ market. The shareholdings shown here are based on the assumption that the number of Options to be granted under the ESOS is 12% of the Company's enlarged issued and paid-up capital on the date of listing. Under the terms of the By-Laws of the ESOS, the quantum of the ESOS is up to 12% of the Company's issued and paid-up capital at any time during the existence of the ESOS.

The restriction, which is fully accepted by the shareholders, is specifically endorsed on the share certificates representing the respective shareholdings of the shareholders which are under moratorium to ensure that CCHB's registrars do not register any transfer not in compliance with the restriction imposed by the Rule 2.10 of the Listing Requirements of the Bursa Malaysia for the MESDAQ market. The shareholders have provided an undertaking that they shall not sell, transfer or assign their respective shareholdings under moratorium in accordance with the Listing Requirements of the Bursa Malaysia for the MESDAQ market.

The endorsement affixed on the share certificates is as follows: -

"The shares comprised herein are not capable of being sold, transferred or assigned for the period as determined by Rule 2.10 of the Listing Requirements ("moratorium period"). The shares comprised herein will not constitute good delivery pursuant to the Listing Requirements during the moratorium period. No share certificates will be issued to replace this certificate during the moratorium period unless the same shall be endorsed with this restriction".