

PRACTICE NOTE 1 / GUIDANCE NOTE 5: NEW DEFAULT

AHB HOLDINGS BERHAD

Type	Announcement
Subject	PRACTICE NOTE 1 / GUIDANCE NOTE 5 NEW DEFAULT
Description	AHB HOLDINGS BERHAD (“AHB” or “the Company”) - Default in Payment

Introduction

The Board of Directors of AHB wishes to announce that AHB Technology Sdn Bhd (“AHBT”), a wholly-owned major subsidiary of AHB has on 21 August 2013 been served with a Writ of Summons dated 14 August 2013 and Statement of Claim dated 13 August 2013 in the High Court of Kuala Lumpur in respect of the suit filed by Malayan Banking Berhad (the “Plaintiff”).

By the said suit, the Plaintiff claims a sum of RM1,139,016.57 from AHBT being the amount owing by AHBT as at 3 March 2013 under the Term Loan Facilities granted by the Plaintiff, plus interest thereon at the rate of 1.0% per annum above the Plaintiff’s Base Lending Rate, on monthly rest calculated from 4 March 2013 until the date of full settlement, costs and any further and other relief deemed fit and proper by the Honourable Court. (“Default”).

The High Court of Kuala Lumpur had fixed the date for the case management on 28 August 2013, and the Plaintiff’s solicitors has informed that AHBT is required to file or enter an appearance within 14 days after the date of service of the above Writ of Summons failing which, a Judgment in default of appearance will be entered against AHBT.

As a background, the Board of Directors had engaged KPMG Financial Services Sdn Bhd as financial advisors to propose a Voluntary Debt Restructuring scheme to all termed-out lenders, including the Plaintiff, for acceptance in relation to the Supplementary Debt Restructuring Agreement dated 17 August 2001 (“SDRA”). The SDRA was a scheme to restructure the Company being affected by the financial crisis in 1997.

Reason for Default

Due to the weak business environments, AHBT’s cashflow has not been able to fulfil the scheduled instalment payments to the Plaintiff.

Measures taken to address the Default

The Company is currently evaluating remedial courses of action whilst being committed to engage with the Plaintiff in negotiations with a view to a compromise.

Financial & Legal Implications of the Default

Legal recovery proceedings have commenced against AHBT in that AHBT has on 21 August 2013, received a Writ of Summons from the Plaintiff seeking to recover the entire outstanding amount of RM1,139,016.57 as at 3 March 2013 under the Term Loan Facilities granted by the Plaintiff, plus interest thereon at the rate 1.0% per annum above the Plaintiff’s Base Lending Rate, on monthly rest calculated from 4 March 2013 until the date of full settlement, cost and any further and other relief deemed fit and proper by the Honorable

Court.

The Default is more than 5% of the net assets of the Company based on the latest Audited Financial Statements for the financial year ended 30 June 2012.

There will be no impact to the business and operations of AHB arising from the Default.

Major Subsidiary or Associated Company

AHBT is a wholly-owned major subsidiary of AHB.

Solvency Declaration

The Board of Directors is of the opinion that AHB is solvent and will be able to repay its entire debt obligations provided that AHB is able to negotiate for a settlement arrangements with the Plaintiff. In addition, the Company is currently also seeking the legal advice with regards to the said suit.

The Company undertakes to provide Bursa Malaysia Securities Berhad with a Solvency Declaration duly executed by its Board of Directors within three (3) market days from the date of this announcement.

Further announcement(s) on any material development on the above will be made in due course.

This announcement is dated 29 August 2013.

Announcement Info

Company Name	AHB HOLDINGS BERHAD
Stock Name	AHB
Date Announced	29 Aug 2013
Category	General Announcement
Reference No	CC-130829-68947