

General Announcement

Reference No **OS-060803-66227**

Submitting Merchant : **AVENUE SECURITIES SDN BHD**
Bank
Company Name : **ANTAH HOLDING BERHAD**
Stock Name : **ANTAH**
Date Announced : **03/08/2006**

Type : **Announcement**

Subject : **ANTAH HOLDINGS BERHAD ("ANTAH" OR "COMPANY")
PROPOSED DEBT RESTRUCTURING SCHEME INVOLVING KASEH
LEBUHRAYA SDN BHD ("KASEH"), A WHOLLY-OWNED SUBSIDIARY
OF ANTAH AND ITS CREDITORS ("PROPOSED DEBT
RESTRUCTURING SCHEME OF KASEH")**

Contents :

1. INTRODUCTION

We refer to the announcement dated 8 May 2006 wherein it was announced that Antah is proposing to undertake a restructuring scheme with the intention of restoring Antah back onto stronger financial footing via an injection of new viable businesses ("Proposed Restructuring Scheme"). As part of the Proposed Restructuring Scheme, Kaseh proposes to dispose its entire 50% equity interest in Lebuhraya Kajang-Seremban Sdn Bhd ("Lekas") upon completion of the Kaseh Corporate Exercise (as defined hereunder) to Fancy Celebrations Sdn Bhd ("FCSB"), a wholly-owned subsidiary of Sino Hua-An International Sdn Bhd ("Hua-An" or "NewCo"), (a company incorporated to facilitate the Proposed Restructuring Scheme which will assume the listing status of Antah upon completion of the Proposed Restructuring Scheme) for a purchase consideration of RM50,000,000 to be satisfied by the issuance of 50,000,000 new ordinary shares of RM0.50 each in NewCo ("NewCo Shares") at an issue price of RM1.00 per share ("Proposed Acquisition of Lekas").

The Proposed Acquisition of Lekas is subject to Kaseh and its creditors ("Kaseh Creditors") implementing a full and final settlement arrangement with the Kaseh Creditors (which will include the distribution of the 50,000,000 NewCo Shares to be issued under the Proposed Acquisition of Lekas ("Lekas Consideration Shares") as part of the settlement terms and the Lekas Consideration Shares may only be distributed to the Kaseh Creditors in pursuance of such settlement).

Taking cognisance of the above, Avenue Securities Sdn Bhd (a member of the ECM Libra Avenue Group) on

behalf of the Board of Directors of Antah ("Board") wishes to announce that Kaseh proposes to undertake the Proposed Debt Restructuring Scheme of Kaseh to comprehensively address its debts.

2. PROPOSED DEBT RESTRUCTURING SCHEME OF KASEH

On 30 September 2005, IJM Corporation Berhad ("IJM"), Antah, Kaseh and Lekas had entered into a definitive agreement to undertake a corporate exercise involving, *inter-alia*, the following:-
(a) Proposed sale, transfer and assignment of the Concession* (together with the related work-in-progress) to Lekas as well as assumption of certain liabilities by Lekas for the purchase consideration equivalent to RM374.43 million to be satisfied by the issuance of 49,999,998 new ordinary shares of RM1.00 each in Lekas ("Lekas Shares") and RM50,000,000 nominal value of redeemable unsecured loan stocks in Lekas ("RULS").

** Concession is defined as the concession awarded by the Government of Malaysia to Kaseh for the design, construction, operation, management and maintenance of, and collection of toll on, a new highway linking Kajang to Seremban measuring approximately 48 kilometers ("Highway"), on a build, operate and transfer method of privatization.*

(b) Proposed participation of IJM in the Concession by way of management and subscription of 50 million of new Lekas Shares (representing 50% equity interest in Lekas) and RM200 million nominal value of 7% redeemable convertible unsecured loan stocks in Lekas ("RCULS") to be issued at par by Lekas.

(c) Proposed grant by IJM of a call option ("Call Option") to Antah to acquire up to 50% of the RM200 million nominal value RCULS to be issued to IJM. (collectively, the above is referred to as "Kaseh Corporate Exercise")

On 12 October 2005, the vesting agreement, subscription agreement, shareholders' agreement and call option agreement in relation to the Kaseh Corporate Exercise have been duly executed. The Kaseh Corporate Exercise has been approved by the shareholders of Antah on 23 February 2006. Antah had on 9 March 2006 received a letter from the Ministry of Works stating *inter-alia*, that the Government of Malaysia has approved the novation of the Concession from Kaseh to Lekas, which forms part of the Kaseh Corporate Exercise. The shareholding structure of Lekas upon completion of the Kaseh Corporate Exercise is as shown in **Table 1** below.

As part of the Proposed Restructuring Scheme, FCSB had on 8 May 2006, entered into a share purchase agreement with Kaseh for the acquisition of Kaseh's

entire 50% equity interest in Lekas upon completion of the Kaseh Corporate Exercise comprising 50,000,000 Lekas Shares for a purchase consideration of RM50,000,000 to be satisfied by the issuance of 50,000,000 new NewCo Shares at an issue price of RM1.00 per share. The issuance of the Lekas Consideration Shares is subject to Kaseh and the Kaseh Creditors implementing a full and final settlement arrangement of all amounts owing by Kaseh to the Kaseh Creditors (which will include the distribution of the Lekas Consideration Shares as part of the settlement terms and the Lekas Consideration Shares may only be distributed to the Kaseh Creditors in pursuance of such settlement).

Taking into cognisance the above, Kaseh proposes to undertake the Proposed Debt Restructuring Scheme of Kaseh which shall involve a scheme of arrangement and compromise pursuant to Section 176(1) of the Companies Act, 1965 ("Act"), of debts owing to the Kaseh Creditors ("Scheme Creditors") amounting to approximately RM253.8 million as at 30 June 2006 (subject to proof of debt exercise).

The proposed compromise and settlement with the Scheme Creditors shall be based on the following principal terms:-

- (i) All interest, excluding penalty and all other charges, are to be accrued up to 30 June 2006. All interest, penalty and all other charges after 30 June 2006 shall be waived.
- (ii) Waiver of approximately RM0.61 for every RM1.00 of the total debt outstanding to Scheme Creditors as at 30 June 2006 amounting to a total of approximately RM153.8 million.
- (iii) Settlement of approximately RM0.39 for every RM1.00 of debt outstanding as at 30 June 2006 after the waiver of the accrued interest and principal referred to in paragraphs (i) and (ii) above. The said settlement shall be satisfied via the distribution by Kaseh of the 50.0 million NewCo Shares available pursuant to the Proposed Acquisition of Lekas and 50.0 million RULS available upon completion of the Kaseh Corporate Exercise as full and final settlement of the total amount of debt outstanding to Scheme Creditors as at 30 June 2006.
- (iv) All claims, rights or interest arising in relation to any monies borrowed by, funds advanced to, services provided to, or guarantees, indemnities or undertakings provided by Kaseh or its personal guarantors or corporate guarantee provided by Antah to the Scheme Creditors (including, without limitation, any claims for accruals, late charges, penalties, costs and expenses payment and indemnification obligations) arising from the existing debts, loans or credit facilities provided

by the Scheme Creditors and any undertakings, guarantees, indemnities, comfort and any other support agreements given by any other person with respect to the debts, loans or credit facilities will be (and will be deemed to be) fully irrevocably settled, released and discharged upon settlement according to paragraph (iii) above.

2.1 Contingency Scheme

The Proposed Debt Restructuring Scheme of Kaseh which involves the distribution of the Lekas Consideration Shares to the Scheme Creditors is dependent on the Proposed Acquisition of Lekas which forms part of the Proposed Restructuring Scheme. In the event the Proposed Restructuring Scheme cannot be implemented for whatever reasons or fully implemented within a reasonable period of time, an alternative settlement scheme for the Scheme Creditors ("Contingency Scheme") shall be implemented at the sole discretion of Kaseh in place of the Proposed Debt Restructuring Scheme of Kaseh.

The Contingency Scheme shall similarly involve a scheme of arrangement and compromise pursuant to Section 176(1) of the Act, of debts owing to Scheme Creditors amounting to approximately RM253.8 million as at 30 June 2006 (subject to proof of debt exercise).

The proposed compromise and settlement with the Scheme Creditors under the Contingency Scheme shall be based on the following principal terms:-

(i) All interest, excluding penalty and all other charges, are to be accrued up to 30 June 2006. All interest, penalty and all other charges after 30 June 2006 shall be waived.

(ii) The total amount of debt owing to Scheme Creditors of approximately RM253.8 million shall be settled via the issuance of RM253.8 million nominal value of redeemable convertible loan stocks ("Kaseh RCLS") to be issued by Kaseh as full and final settlement.

The RM253.8 million nominal value of Kaseh RCLS to be issued shall be free from encumbrances and upon the salient terms as set out in **Table 2** below. The Kaseh RCLS shall be constituted by a trust deed, which shall be

administered by the Trustee and who shall act on behalf of the holders of the Kaseh RCLS. The issuance of the Kaseh RCLS shall be evidenced by an Assignment Agreement to be entered into between the Kaseh, the Security Agent and the Trustee.

(iii) All claims, rights or interest arising in relation to any monies borrowed by, funds advanced to, services provided to, or guarantees, indemnities or undertakings provided by Kaseh or its personal guarantors or corporate guarantee provided by Antah to the Scheme Creditors (including, without limitation, any claims for accruals, late charges, penalties, costs and expenses payment and indemnification obligations) arising from the existing debts, loans or credit facilities provided by the Scheme Creditors and any undertakings, guarantees, indemnities comfort and any other support agreements given by any other person with respect to the debts, loans or credit facilities will be (and will be deemed to be) fully irrevocably settled, released and discharged upon settlement according to paragraph (ii) above.

3. RATIONALE FOR THE PROPOSED DEBT RESTRUCTURING SCHEME OF KASEH

Based on the audited accounts of Kaseh for the financial year ended 30 June 2005, the total borrowings of Kaseh amounted to approximately RM521.4 million, comprising amount outstanding to financial institutions of approximately RM227.6 million and amount owing to Government of approximately RM293.8 million. Kaseh is in a net current liabilities position of approximately RM362.6 million and registered a capital deficiency of approximately RM266.8 million. Due to the distinctive nature of construction of infrastructure (in particular highway) projects, whereby upfront construction costs would have to be incurred with no or inconsequential corresponding income generated therefrom until completion of the said infrastructure project, Kaseh (including Antah as its holding company) on itself is unable to support the huge capital requirement given its current circumstances.

As such, Antah and Kaseh are undertaking the Kaseh Corporate Exercise to salvage the Concession and

facilitate the completion of the Highway, thereby enhancing the value of Kaseh's assets. With these enhanced assets value, the Proposed Debt Restructuring Scheme of Kaseh aims to comprehensively address the debts of Kaseh which in turn is expected to benefit the stakeholders of Kaseh. In addition, the Proposed Debts Restructuring Scheme of Kaseh also fulfils a key condition of the Proposed Acquisition of Lekas which forms part of the Proposed Restructuring Scheme. The main objective of the Proposed Restructuring Scheme is to return Antah to a better financial standing and profitability.

4. EFFECTS OF THE PROPOSED DEBT RESTRUCTURING SCHEME OF KASEH

4.1 Share Capital and Substantial Shareholdings

The Proposed Debt Restructuring Scheme of Kaseh is not expected to have any effect on the issued and paid-up share capital and the substantial shareholders' shareholdings of Antah as the Proposed Debt Restructuring Scheme of Kaseh will not involve any issuance of securities by Antah.

4.2 Net Liabilities ("NL") and Gearing

Based on the audited financial statements of the Antah group of companies ("Antah Group") as at 30 June 2005, the proforma effects of the Proposed Debt Restructuring Scheme of Kaseh on the consolidated NL and gearing of the Antah Group are shown in **Table 3** below.

4.3 Earnings

The Proposed Debt Restructuring Scheme of Kaseh is expected to comprehensively address Kaseh's debts and facilitate the implementation of the Proposed Acquisition of Lekas (which forms part of the Proposed Restructuring Scheme). The Proposed Restructuring Scheme is expected to contribute positively to the future earnings and put Antah back onto stronger financial footing.

5. CONDITIONS OF THE PROPOSED DEBT RESTRUCTURING SCHEME OF KASEH

The Proposed Debt Restructuring Scheme of Kaseh is subject to and conditional upon approvals from, amongst others, the following:-

- (i) the Economic Planning Unit, for the Kaseh Corporate Exercise;
- (ii) the Foreign Investment Committee;
- (iii) the Securities Commission, for the issuance of

the Kaseh RCLS under the Contingency Scheme (if required);

(iv) the sanction of the High Court of Malaya pursuant to Section 176 of the Act;

(v) the Scheme Creditors; and

(vi) other relevant authorities/parties.

The Proposed Debt Restructuring Scheme of Kaseh is conditional upon the Kaseh Corporate Exercise. The Proposed Debt Restructuring Scheme of Kaseh which involves the distribution of the Lekas Consideration Shares to the Scheme Creditors is dependent on the Proposed Acquisition of Lekas which forms part of the Proposed Restructuring Scheme. In the event the Proposed Restructuring Scheme cannot be implemented for whatever reasons or fully implemented within a reasonable period of time, Kaseh shall have the right to implement the Contingency Scheme in place of the Proposed Debt Restructuring Scheme of Kaseh.

6. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST

None of the Directors and/or substantial shareholders of Antah and persons connected to the Directors and substantial shareholders has any interest, direct or indirect, in the Proposed Debt Restructuring Scheme of Kaseh.

7. STATEMENT BY THE DIRECTORS

The Board after having considered the present financial position of the Antah Group and the terms of the Proposed Debt Restructuring Scheme of Kaseh, is of the opinion that the Proposed Debt Restructuring Scheme of Kaseh is in the best interest of Antah.

8. COURT ORDER

Kaseh had on 3 August 2006 obtained a court order ("Order") from the High Court of Kuala Lumpur specifying, inter-alia the following:-

(i) Kaseh is given the liberty to convene a meeting of Scheme Creditors ("Court-Convened Meeting") for the purpose of considering and, if thought fit, approving with or without modifications, the Proposed Debt Restructuring Scheme of Kaseh;

(ii) The Court-Convened Meeting shall be held within 90 days from the date of the Order; and

(iii) All further proceedings in any pending action or proceedings or the institution or commencement of any proceedings against Kaseh in any legal action

including winding-up, attachment, repossession, execution, foreclosure and arbitration proceedings against Kaseh be restrained and/or stayed for a period of 90 days from the date of the Order except by leave of the court ("Restraining Order"). The Company does not expect the Restraining Order to have any material effect on the financial and operational matters of the Antah Group.