



To: MALAYSIAN INTERNATIONAL MERCHANT BANKERS BERHAD

RE: NOTICE OF CONDITIONAL MANDATORY TAKE-OVER OFFER DATED 4 JANUARY 2005 SERVED BY MALAYSIAN INTERNATIONAL MERCHANT BANKERS BERHAD ("MIMB"), ON BEHALF OF CEKAP ASIA SDN BHD ("CEKAP" OR THE "OFFEROR") AND PERSONS ACTING IN CONCERT WITH THE OFFEROR NAMELY, MR YAP SENG YEW AND MS GAN LI LI ("ULTIMATE OFFERORS" AND/OR "PERSONS ACTING IN CONCERT") TO THE BOARD OF DIRECTORS ("BOARD" OR "DIRECTORS") OF MERCES HOLDINGS BERHAD ("MERCES") TO NOTIFY OF THE OFFEROR'S AND ULTIMATE OFFERORS' OBLIGATION TO EXTEND A CONDITIONAL MANDATORY TAKE-OVER OFFER TO ACQUIRE THE REMAINING 33,961,000 ORDINARY SHARES OF RM1.00 EACH IN MERCES HOLDINGS BERHAD ("MERCES SHARES"), REPRESENTING APPROXIMATELY 66.59% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF MERCES NOT ALREADY OWNED BY THE OFFEROR AND PERSONS ACTING IN CONCERT ("OFFER SHARES") FOR A CASH CONSIDERATION OF RM0.41 PER SHARE ("OFFER") ("NOTICE")

We, Merces Holdings Berhad, hereby acknowledge receipt of this letter dated 12 January 2005 pertaining to the Notice of Conditional Mandatory Take-Over Offer dated 4 January 2005.

A handwritten signature in black ink, appearing to read 'Ng Heng Hooi', is written over a horizontal line. The signature is fluid and cursive.

Authorised Signatory  
For Merces Holdings Berhad

Name: *Ng Heng Hooi*

NRIC No: *730721-04-5001*

Designation: *Company Secretary*

Date: *12 January 2005*