

## **2. PARTICULARS OF THE OFFER FOR SALE AND PLACEMENT**

This Prospectus is dated 30 October 2003.

A copy of this Prospectus has been registered with the SC and lodged with the ROC who takes no responsibility for its contents.

**The approval of the SC obtained vide its letters dated 4 December 2002, 17 December 2002, 24 December 2002, 18 March 2003, 6 June 2003, 7 July 2003, 19 August 2003 and 14 October 2003 shall not be taken to indicate that the SC recommends the Offer for Sale and Placement, and that investors should rely on their own evaluation to assess the merits and risks of the Offer for Sale and Placement.**

An application to the KLSE has been submitted on 2 October 2003 for the admission to the Official List and for the listing of and quotation for the entire issued and fully paid-up share capital of YNHB and ICULS on the Main Board of the KLSE. These Shares will be admitted to the Official List of the KLSE and official quotation will commence upon receipt of confirmation from MCD that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants. Acceptance of applications for the Offer for Sale and Placement Shares will be conditional upon permission being granted by the KLSE to deal in and for the quotation of the entire enlarged issued and fully paid-up Shares of YNHB on the Main Board of the KLSE. Accordingly, monies paid in respect of any application accepted from the Offer for Sale and Placement will be returned without interest if the said permission for listing is not granted within six (6) weeks from the date of issue of this Prospectus (or such longer period as may be specified by the SC) provided that YNHB is notified by or on behalf of the KLSE within the aforesaid timeframe.

Pursuant to the KLSE Listing Requirements, at least 25% of the issued and paid up share capital of the Company must be held by a minimum number of 1,000 public shareholders holding not less than 100 shares each at the point of listing. In the event that the above requirement is not met pursuant to the Offer for Sale and Placement, the Company may not be allowed to proceed with its listing on the Main Board of the KLSE. In the event thereof, monies paid in respect of all Applications will be returned if the said permission is not granted.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991 and Section 39(1)(j) of the Act, KLSE has prescribed YNHB as a prescribed security. In consequence thereof, the shares offered through this Prospectus will be deposited directly with the MCD and any dealings in these shares will be carried out in accordance with the aforesaid Acts and the Rules of the MCD.

In the case of an Application by way of an Application Form, an applicant should state his CDS account number in the space provided in the Application Form if he presently has such an account. Where an applicant does not presently have a CDS account, he should state in the Application Form his preferred ADA Code. Where an applicant already has a CDS account, he should not complete the preferred ADA Code. In a case of an Applicant by way of Electronic Share Application, only an applicant who has a CDS account can make an Electronic Share Application and the applicant shall furnish his CDS account number to the Participating Financial Institutions by keying his CDS account number if the instructions on the ATM screen at which he enters his Electronic Share Application requires him to do so. A corporation or institution cannot apply for the shares by way of Electronic Share Application.

The KLSE assumes no responsibility for the correctness of any statements made or opinions or report expressed in this Prospectus. Admission to the Official List of the Main Board of the KLSE is not to be taken as an indication of the merits of the Company or of its Shares.

No person is authorised to give any information or to make any representation not contained herein in connection with the Offer for Sale and Placement and if given or made, such information or representation must not be relied upon as having been authorised by YNHB. Neither the delivery of this Prospectus nor any Offer for Sale and Placement made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of YNHB since the date hereof.

## 2. PARTICULARS OF THE OFFER FOR SALE AND PLACEMENT *(Cont'd)*

The distribution of this Prospectus and the making of the Offer for Sale and Placement in certain other jurisdictions outside Malaysia may be restricted by law. Persons who may come into possession of this Prospectus are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an invitation to subscribe for the Placement shares or to buy any Offer Shares in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

**If you are unsure of any information contained in this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant, or other professional adviser.**

### 2.1 SHARE CAPITAL

The following statistics relating to the Offer for Sale and Placement are derived from the full text of the Prospectus and should be read in conjunction with the text.

|  | Number of<br>ordinary share of<br>RM1.00 each | Share capital<br>(RM) |
|--|---|-----------------------|
| <b>AUTHORISED SHARE CAPITAL</b>                                | 500,000,000                                   | 500,000,000           |
| <b>ISSUED AND FULLY PAID-UP SHARE CAPITAL</b>                  | 213,068,190                                   | 213,068,190           |
| - Existing : 207,878,250 ordinary shares of RM1.00 each        | 207,878,250                                   | 207,878,250           |
| - To be issued pursuant to the Share Swap with YNHB            | 5,198,940                                     | 5,198,940             |
| <b>ENLARGED SHARE CAPITAL</b>                                  | 213,068,190                                   | 213,068,190           |
| • Existing Shares to be offered pursuant to the Offer For Sale | 2,000,000                                     | 2,000,000             |
| • Existing Shares to be offered pursuant to the Placement      | 50,000,000                                    | 50,000,000            |

The Offer for Sale and Placement Price is RM1.00 per Share payable in full upon application, subject to the terms and conditions of this Prospectus.

There is only one class of shares in the Company, namely Shares of RM1.00 each. The Shares to be offered pursuant to the Offer for Sale and Placement shall rank pari passu with one another.

The Shares will rank pari-passu in all respects with the other existing issued and fully paid up Shares of the Company except that they will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the allotment of the Shares.

Subject to any special rights attaching to any Shares which may be issued by the Company in the future, the holders of Shares in the Company shall, in proportion to the amount paid-up on the shares held by them, be entitled to share in the whole of the profits paid out by the Company as dividends and the whole of any surplus in the event of the liquidation of the Company, in accordance with its Articles of Association.

Each ordinary shareholder shall be entitled to vote at any general meeting of the Company in person or by proxy or by attorney, and, on show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder shall have one vote, and, on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representatives shall have one vote for each Share held.

**2. PARTICULARS OF THE OFFER FOR SALE AND PLACEMENT (Cont'd)****2.2 OPENING AND CLOSING OF APPLICATION LISTS**

The Application Lists for the Offer for Sale and Placement will open at 10.00 a.m. on 30 October 2003 and will remain open until 8.00 p.m. on 12 November 2003 or for such further period or periods as the Directors and/or Promoters of YNHB in their absolute discretion may decide. Late applications will not be accepted.

Where the closing date of application is extended from the original closing date, the notice of such extension(s) will be advertised in a widely circulated newspaper not less than one(1) market day before the original closing date.

**2.3 CRITICAL DATES OF THE OFFER FOR SALE AND PLACEMENT**

| <b>Events</b>                                      | <b>Tentative Date</b> |
|--|-----------------------|
| Opening Date of the Offer for Sale and Placement   | 30 October 2003       |
| Closing Date of the Offer for Sale and Placement * | 12 November 2003      |
| Tentative Balloting Date                           | 18 November 2003      |
| Tentative Allotment Date                           | 3 December 2003       |
| Tentative Listing Date                             | 9 December 2003       |

\* The Closing Date of the Offer for Sale and Placement may be extended for further period or periods as the Directors and/or Promoters in their absolute discretion may decide.

**2.4 BASIS OF ARRIVING AT THE OFFER FOR SALE AND PLACEMENT PRICE**

The Offer for Sale and Placement Price of RM1.00 per Share was determined and agreed upon by the Company, the Offerors and AmMerchant Bank as Adviser based on various factors including the following:-

- (i) The Group's financial operating history and conditions and financial position as outlined in Sections 1.3 and 1.4 of this Prospectus;
- (ii) The prospects of the industry in which the Group operates as outlined Section 4.4 of this Prospectus;
- (iii) The forecast net PE Multiple 9.03 times based on the forecast net EPS of 11.08 sen for the financial year ending 31 December 2004 based on the enlarged issued and paid-up share capital of 213,068,190 Shares in YNHB and the Offer for Sale and Placement Price of RM1.00 per share;
- (iv) The Proforma Consolidated NTA of YNHB as at 30 April 2003 of RM1.14 per Share based on the enlarged issued and paid-up share capital of 213,068,190 Shares in YNHB;
- (v) The forecast gross dividend yield of 5% based on the enlarged issued and paid-up share capital of 213,068,190 Shares in YNHB; and
- (vi) Comparison with other companies involved in the property industry as set out in Section 4.4.4 of this Prospectus.

**2. PARTICULARS OF THE OFFER FOR SALE AND PLACEMENT (Cont'd)**

The Directors and Promoters of the Group and AmMerchant Bank are of the opinion that the Offer for Sale and Placement Price is fair and reasonable after careful consideration of the earlier mentioned factors.

**2.5 DETAILS OF THE OFFER FOR SALE AND PLACEMENT**

The Offer for Sale and Placement of 2,000,000 and 50,000,000 Shares respectively at an Offer for Sale and Placement price of RM1.00 per Share is payable in full on application upon such terms and conditions as set out in this Prospectus.

The 2,000,000 Offer Shares and 50,000,000 Placement Shares will be allocated in the following manner:-

- (i) 2,000,000 Offer Shares are made available for application by Malaysian citizens, companies, societies, co-operatives and institutions, of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions; and
- (ii) 50,000,000 Placement Shares are offered to potential investors who are independent and not related to the Directors and substantial shareholders of the YNHB Group.

Any Shares in respect of paragraph (ii) not subscribed for will be made available for application by Malaysian investing public should there be an over subscription under the Offer for Sale. Similarly, any unsubscribed Offer Shares will be made available for the Placement. The Offer Shares and Placement Shares are not underwritten.

The Offer Shares and Placement Shares represent 0.94% and 23.47% of the enlarged issued and paid-up share capital of YNHB of 213,068,190 Shares respectively. In addition to this, the Share Swap with YNHB represents 2.44% of the enlarged issued and paid-up share capital of YNHB of 213,068,190 Shares. YNHB will meet the spread requirement of the KLSE Listing Requirements of at least 25% of its issued and paid-up capital in the hands of the public shareholders pursuant to the Share Swap with YNHB, Offer for Sale and Placement (whereby in total 26.85% of the issued and paid-up capital of YNHB will be in the hands of the public).

In summary, the Offer for Sale and Placement Shares will be allocated and allotted in the following manner: -

|  | Offer for<br>Sale Shares | Placement<br>Shares | Total<br>Offer for Sale<br>and Placement<br>Shares |
|--|--------------------------|---------------------|--|
| Malaysian public including employees who must be independent and not related to the directors and substantial shareholders of the YNHB Group | 2,000,000                | -                   | 2,000,000  |
| Placees  | -                        | 50,000,000          | 50,000,000   |
| <b>Total</b>   | <b>2,000,000</b>         | <b>50,000,000</b>   | <b>52,000,000</b>                                  |

**2. PARTICULARS OF THE OFFER FOR SALE AND PLACEMENT (Cont'd)****2.6 PURPOSES OF THE OFFER FOR SALE AND PLACEMENT**

The purposes of the Offer for Sale and Placement are as follows:-

- (i) The listing of YNHB Shares on the Main Board of the KLSE is expected to enhance the Group's corporate reputation;
- (ii) To provide an opportunity for Malaysian investors and institutions and the employees, Directors of YNHB and its subsidiaries to participate in the equity and continuing growth of the YNHB Group;
- (iii) To enable the YNHB Group to gain access to the capital markets for funds for its future expansion and growth; and
- (iv) To obtain a listing of and quotation for YNHB's entire issued and paid-up share capital of 213,068,190 Shares and RM48,220,000 nominal value of ICULS on the Main Board of the KLSE.

**2.7 UTILISATION OF PROCEEDS**

All proceeds of the Offer for Sale and Placement amounting to RM2.0 million and RM50.0 million respectively shall accrue to the Offerors and no part of the proceeds will be received by YNHB. The Offerors shall bear all expenses, including brokerage, placement fees, registration and transfer fees relating to their respective portion of the Offer for Sale and the Placement Shares. YNHB will bear all expenses incidental to the listing of and quotation for YNHB's Shares on the Main Board of the KLSE which include the registration fee, professional fees, SC fees, listing expenses and other relevant fee.

The aggregate of the abovementioned expenses to be borne by the Company is estimated to be approximately RM4.05 million.

**Notes :-**

The estimated listing expenses amounting to approximately RM4.05 million consist of the following:-

| <b>Major cost items</b>                                    | <b>RM</b>        |
|--|------------------|
| Estimated professional fees                                | 1,200,000        |
| Printing of Prospectus and Application forms and envelopes | 250,000          |
| Issuing House fees   | 270,000          |
| Brokerage  | 20,000           |
| Advertising of Prospectus                                  | 50,000           |
| SC fees  | 200,000          |
| KLSE fees  | 190,000          |
| Registration of Prospectus                                 | 5,500            |
| Miscellaneous  | 1,864,500        |
| <b>TOTAL</b>   | <b>4,050,000</b> |

The estimate listing expenses will be financed by internally generated funds of the YNHB Group.

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**2. PARTICULARS OF THE OFFER FOR SALE AND PLACEMENT (Cont'd)**

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**2.8 FINANCIAL IMPACT FROM UTILISATION OF PROCEEDS**

There is no financial impact from the utilisation of the proceeds arising from the Offer for Sale and Placement as all proceeds of the Offer for Sale and Placement amounting to RM2.0 million and RM50.0 million respectively shall accrue to the Offerors and no part of the proceeds is receivable by YNHB.

**2.9 BROKERAGE, PLACEMENT AND PLACEMENT AGENT FEES**

Brokerage for the 2,000,000 Offer Shares will be payable by the Offerors at the rate of 1% of the Offer price of RM1.00 per Share in respect of successful applications which bear the stamp of AmMerchant Bank, member companies of the KLSE, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or MIH.

A placement fee at the rate of two percent (2.0%) is payable by the Offerors in respect of all the Placement Shares successfully placed out by the Placement Agent.

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### 3. RISK FACTORS

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In evaluating an investment in the Offer for Sale and Placement Shares, prospective applicants should carefully consider all information contained in this Prospectus including but not limited to the general and specific risks of the following investment considerations:-

(i) Sensitivity Towards Economic Risks

As in any other businesses, YNHB is subject to risks inherent in the property development industry. The property development industry could in turn be sensitive to the economic downturn as it is primarily reliant on consumer demand.

Notwithstanding the above, YNHB's susceptibility to the economic downturn maybe minimised by supporting the Government's call to provide affordable homes. Under the 8<sup>th</sup> Malaysian Plan (year 2001 to 2005) the Government estimated the requirement of 490,000 units of affordable residential properties to cater for the growing number of population, formation of new household and replacement of existing houses. As at 30 September 2003, the YNHB Group has sold more than 6,000 units of residential properties costing below RM100,000 in Perak. In the pipeline, the YNHB Group has planned to build more than 2,000 units of affordable homes (below RM150,000) over the next 5 years in Perak and high end market (above RM150,000) in Wilayah Persekutuan.

The YNHB Group estimates that it presently has an estimated approximately 65% to 70% market share of properties developed in recent years in Manjung District and expects to see its market share increasing even further due to its domination of choice land for development. The YNHB Group is targeting the middle income group by developing low-medium cost houses. This is due to the affordability of the general population in the district of Manjung. The specific target markets for Manjung Point are navy personnel, employees at the Lumut industrial estate and port, employees from the newly privatised naval dockyard and outstation professionals who are involved in the various infrastructure projects. As at 30 September 2003, the YNHB Group has a land bank of approximately 1,092 acres located primarily in the areas of Sitiawan, Seri Manjung and Lumut in Perak.

(ii) No Prior Market for YNHB Shares

Prior to the Offer for Sale and Placement, there has been no public market for the YNHB Shares. There can be no assurance that an active market for YNHB Shares will exist upon its listing on the Main Board of the KLSE or, if developed, that such market will be sustained. The Offer for Sale and Placement price of RM1.00 per Share has been determined after taking into consideration a number of factors, including but not limited to, the YNHB Group's financial and operating history and conditions, its prospects and the prospects for the industry in which the YNHB Group operates, the management of the YNHB, the market prices for shares of companies engaged in businesses similar to that of the YNHB Group and the prevailing economic and share market conditions. There can be no assurance that the Offer for Sale and Placement price will correspond to the price at which the YNHB Shares will be traded on the Main Board of the KLSE upon or subsequent to its listing or that an active market for the YNHB Shares will develop and continue upon or subsequent to their listing.

**3. RISK FACTORS (Cont'd)**

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*(iii) Capital Market Risks*

As an investor of YNHB, please note that the YNHB Shares will be listed on the Main Board of the KLSE. The performance of the local bourse is very much dependent on external factors such as the performance of the regional and world bourses and the inflow or outflow of foreign funds. Sentiments are also largely driven by internal factors such as the economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on KLSE, thus adding risk to the market price of the listed shares of YNHB. Nevertheless the profitability of YNHB is not dependent on the performance of the KLSE as the business activities of YNHB have no direct correlation with the performance of securities listed on the KLSE.

*(iv) Quantity and Quality of Land Bank*

The success of every development project is very much dependent on the locality and size of its land bank. As at 30 September 2003, the YNHB Group has a total land bank measuring approximately 1,092 acres at strategic locations located primarily in the populous areas of Sitiawan, Seri Manjung and Lumut.

Most of the current property development projects of the YNHB Group are in areas of Sitiawan, Seri Manjung and Lumut in Perak. The property development projects are located at strategic locations whereby good infrastructure and easy accessibility have been the key selling points in meeting the customers' demands. The strategic locations coupled with proximity of the self-sustained township equipped with necessary amenities offer more opportunities for capital appreciation and good rental yield to the property purchasers.

As most of the land banks and development projects are located primarily in areas of Sitiawan, Seri Manjung and Lumut in Perak, there is a risk that the YNHB Group's development projects will not be in demand when there is an over supply of properties in Perak. In view of this the YNHB Group have taken mitigating steps to purchase land banks in strategic locations in the Klang Valley to ensure that YNHB will not be overly dependent on its development projects in Perak only.

However, there is no assurance that the development properties currently on-going or to be developed by the YNHB Group will be saleable and fetch higher premium in the future. In order to mitigate this risk factor, the promoters of YNHB are mindful to only secure quality and strategic land banks.

*(v) Competition from Other Developers*

Competition is limited as there are no significant property developers other than the YNHB Group in Sitiawan, Sri Manjung and Lumut and this can be seen from the number of developments being launched in the past few years and early 2003.

However, it is the YNHB Group's policy to constantly review its development and marketing strategy in response to economic conditions and change in market demands. The YNHB Group's property development projects are mainly focused on development of residential properties. YNHB's marketing strategy is to develop low-medium cost houses with selling prices of less than RM150,000 landed properties and the Company also intends to develop commercial units ranging from RM250,000 and above.

This strategy has reaped good returns to YNHB as the current property market scenario could only absorb residential properties costing less than RM150,000 per unit. In addition, financial institutions were also encouraged to provide end financing for properties costing below RM150,000.

No assurance can be given that YNHB will be able to maintain its existing market share in the future. However, the Directors of the YNHB Group believe that YNHB Group will be able to maintain its position due to their extensive knowledge and expertise in the field.



### 3. RISK FACTORS (Cont'd)

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(vi) Delay in Completion of Development Projects

Timely completion of a development project is dependent on many external factors which may be beyond the control of YNHB, such as obtaining approvals from various regulatory authorities as scheduled, sourcing and securing quality construction materials in adequate amount, favourable credit terms and satisfactory performance of building contractors who were appointed to complete the development project. Any delay may have a direct impact on the YNHB Group's profitability.

The Directors of the YNHB Group are working closely with the project personnel and monitor the project schedules intensively to minimise any delay in completion of projects.

(vii) Cost of Development Projects

Appreciation of land cost and fluctuations of construction cost are inherent risks in the property development industry.

In order to mitigate this, the YNHB Group reduces its land cost by acquiring land banks through JVs with land owners and local town council and alienation of land from State Government. Consequently this has enabled the YNHB Group to be more flexible in planning its development projects under difficult economic climate. This strategy has proven to be an effective measure to reduce the vulnerability against the difficult economic climate as the YNHB Group managed to survive through the last economic downturn.

Meanwhile, it is the YNHB Group's policy to continue striving to search for strategic land bank with easy access and sited near established neighbourhood locations. Feasibility studies on logistics, demographics, income, living standards, mix of developments and competitors in the vicinity of the target land bank are usually being conducted to confirm its viability. The feasibility studies will also enable the YNHB Group to decide on the type of development suitable for the targeted land.

YNHB Group aims to keep its construction costs low by establishing a large pool of suppliers and sub-contractors. This will ensure that the Group will be able to maintain continuous supply of construction materials from suppliers and services from the sub-contractors at reasonable pricing and thus keeping the construction cost low. In addition, YNHB will also continuously monitor its labour costs and efficiency of its workers to keep the construction costs low.

YNHB's reliability and long-term relationships with building material suppliers, will ensure continuous support to YNHB in future.

(viii) Financial Obligations

The YNHB Group is able to meet its financial obligations through a combination of internally generated funds and external financing. The YNHB Group presently enjoys good credit standing with its bankers and has adequate credit facilities. As at 30 September 2003, the YNHB Group has total credit facilities of approximately RM111.50 million granted from various financial institutions. In addition, the good reputation of its shareholders and management ensures that YNHB Group is able to obtain further financing for its future projects. Given that YNHB Group has borrowings, future fluctuations of interest rates could have a material effect on YNHB Group's interest and principal repayments.

The listing of YNHB will be advantageous in the longer term as it will be able to tap the capital market in the future to meet its long term funding requirements. The usage of cheaper funds from the capital market will enhance the profitability through interest savings and expansion of operations.

### 3. RISK FACTORS (Cont'd)

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(ix) Political and Government Regulations

The Government regulation and control in the property development industry are principally to achieve the aspiration of the New Economic Policy of equitable distribution of income and the ownership of homes by the population in general through provision of affordable housing in the form of low and medium low cost housing.

The regulations are to control and protect individual consumer as well as set the minimum standard to the property development industry.

The regulations and controls therefore are not negative deterrent to the property industry but a positive factor in the macro sense as evidenced by the Homeownership Campaign of 1998/1999/2000/2001, Malaysia Property Expo 2002 ("MAPEX 2002"), the Special Scheme for low and medium cost housing development fund of RM2 billion by Syarikat Perumahan Negara ("SPN") and Bank Negara Malaysia to finance development and construction of such projects at fixed and subsidised interest rates and the revision of low cost housing price from RM25,000 to RM42,000 to assist developers to venture in the sector. The implementation of the Housing Development (Control & Licencing) Act, 1966 will give better protection to consumer and also facilitate orderly development of properties. All these contribute towards positive impetus to the property development industry.

(x) Ownership and Control of the Group

After the Offer for Sale and Placement, the vendors of KSB and YSSB will collectively own 73.16% of the Company's enlarged issued and paid-up share capital indirectly. As a result, they will be able, in the foreseeable future to effectively control the outcome of certain matters requiring the vote of the Company's shareholders.

Nevertheless, this is mitigated by the fact that certain transactions, the substantial shareholders of YNHB will be required to abstain from voting by law and/or by the relevant authorities. An audit committee is in place to ensure that, amongst others, any future transactions involving related parties, if any, are entered into on an arms-length terms/basis.

(xi) Continued Experience Management and Technical Expertise

The YNHB Group is headed by an experienced, committed and dynamic management team, some of whom have been in the industry for more than 15 years. They have the business acumen to take advantage of business opportunities that can provide synergy and growth to the YNHB Group.

Certain members of the key management together with the Managing Director of YNHB, have been with the YNHB Group since its incorporation. As with any other business, the Board of Directors of YNHB believes that the continued success of YNHB will depend on the ability and dedication of each of the Directors and management team members. The loss of any key members of YNHB may adversely affect YNHB's continued ability to perform.

However, YNHB has continuously made effort to train all staff and retained the skilled personnel and every effort is presently made to groom the younger members of the management to eventually take over from the senior members to ensure a smooth transition in the management team should changes occur. The YNHB Group's future success will also depend upon its ability to attract and retain skilled personnel.

**3. RISK FACTORS (Cont'd)***(xii) Forward Looking Statements*

All statements contained in this Prospectus, statements made in press releases and oral statements that may be made by YNHB, Directors or Employees acting on the Company's behalf, that are not statements of historical fact, constitute "forward-looking statement". Investors can identify some of these statements by forward-looking terms such as "expect", "believe", "plan", "intend", "estimate", "anticipate", "may", "will", "would" and "could" or similar words.

However, Investors should note that these words are not the exclusive means of identifying forward-looking statements. All statements regarding the Company's expected financial position, business strategy, plans and prospects are forward-looking statements. These forward-looking statements, including statements as to the Company's revenue and profitability, cost measures, planned strategy and any other matters discussed in this prospectus regarding matters that are not historical facts are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

*(xiii) Delay in listing of YNHB on the Main Board of KLSE*

As disclosed in Section 8 of this Prospectus, YNHB is in the process of implementing the Share Swap with YHNB. Any unexpected delay in the completion of the Restructuring Scheme of TAHB may delay the listing date of YNHB.

In addition the occurrence of any one or more of the following events may cause a delay or an abortion of the Listing:-

- (i) the public/nominated investors fail to subscribe for the portion of the Offer Shares and Placement Shares;
- (ii) the Company is unable to meet the public spread requirement, that is, at least 25% of the issued and paid-up share capital of the Company must be held by a minimum number of 1,000 public shareholders holding not less than 100 Shares each at the point of Listing; and
- (iii) the Company is unable to meet the spread requirement, that is at least 100 ICULS holders holding not less than one hundred (100) ICULS each for the ICULS to be listed.

Although the Directors and the vendors of KSB and YSSB will endeavour to ensure compliance by YNHB of the various listing requirements including, inter-alia, the public spread requirement imposed by the SC and the KLSE, for the successful listing of YNHB, no assurance can be given that the abovementioned factors will not cause a delay or abortion of the Listing.

*(xiv) Dependence of KSB on YSSB as its main contractor*

YSSB serves as the main contractor to KSB in all its development projects. As such, KSB depends solely on YSSB to deliver in its construction of the development projects. The inability of YSSB to deliver in its contractual obligations due to lack of resources will adversely impact the YNHB Group's continuing ability to compete in the industry. Nevertheless, YSSB is a wholly-owned subsidiary of YNHB and has in the past successfully completed all contracts and construction as the main contractor for KSB on time.

*(xv) Achievability of Forecasts*

This Prospectus contains the profit estimate and forecast of the YNHB Group that are based on certain assumptions made by the Directors of YNHB, but which nevertheless maybe subject to uncertainties and contingencies.

### 3. RISK FACTORS (*Cont'd*)

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Because of the subjective judgments and inherent uncertainties of the profit estimate and forecast and due to events and circumstances not occurring as expected, there can be no assurance that the profit estimate and forecast contained herein will be realised and actual results may be materially different from those shown. Investors will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the profit estimate and forecast that are contained herein.

(xvi) *Breakout of fire, energy crisis and other emergencies and uninsurable risk*

In the event of any breakout of fire, energy crisis and other emergencies, the Directors of the YNHB Group are of the opinion that the YNHB Group's assets consisting mainly of projects, buildings, stocks, factory and office equipment are adequately insured for public liability, fire/flood, theft, money in transit, consequential loss and personal accident term life for staff. However, there are other uninsurable risks such as natural disaster, which may be beyond the insurance coverage. In the event that these risks occur, it will affect the operations of the YNHB Group.

(xvii) *War and Environmental Concerns*

The effects of the war against Iraq (or post war events) and the outbreak of SARS on international trade may have an impact on the global economy, thus affecting local businesses. Health and safety concerns arising from SARS may also lead to disruptions in the operating environments and hence affect the overall productivity and profitability of the YNHB Group.

Whilst the YNHB Group will continue to monitor the situation closely, especially on SARS, and take active measures to mitigate such business and operational risks, there can be no assurance that there will not be any material adverse effect on the future profitability of the YNHB Group arising from the Iraq war and SARS, should there be any prolonged uncertainties arising therefrom.

The YNHB Group's process does not result in any significant environmental issues as it does not produce any toxic or hazardous waste. However, there can be no assurance that any future environmental issues, which could materially and adversely affect the Group's operations, will affect the YNHB Group.

(xviii) *Cyclical Risk*

The construction industry is cyclical in nature as the performance of the industry is affected by economic conditions. Any recovery or downturn in the economy will firstly be reflected in the direction of the construction industry. The construction revenue of the YNHB Group which is derived from YSSB is dependent on the economic stimulus package and budget allocations for development expenditures, as determined and announced by the Malaysian Government.

The YNHB Group will continue to institute various measures to ensure the viability and ability of the YNHB Group to withstand the effects arising from the cyclical risks. These include, inter-alia, delivering quality services and timely project completion, strengthening the YNHB Group's credit control policies, close monitoring of project cost and sub-contractor performance to ensure the order book and profitability of the YNHB Group is sustained.

(xix) *Recoverability of Debts*

The risk of potential bad debts is considered to affect most businesses in general. For the YNHB Group, the recoverability of debts are subject to economic conditions and the factors affecting related industries such as infrastructure and construction industries.

However, the Board of Directors of the YNHB Group are confident that the outstanding debtors of the YNHB Group are recoverable.