
2. PARTICULARS OF THE PUBLIC ISSUE

This Prospectus is dated 22 April 2002.

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

The approval of the SC obtained vide its letter dated 2 October 2001 shall not be taken to indicate that the SC recommends the Public Issue and that investors should rely on their own evaluation to assess the merits and risks of the Public Issue.

Application will be made to the KLSE within three (3) market days of the issuance of this Prospectus for admission to the Official List and for the listing of and quotation for the issued and fully paid-up share capital of CVB on the Main Board of the KLSE. These Shares will be admitted to the Official List on the Main Board 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 Public Issue 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 on the Main Board of the KLSE. Accordingly, monies paid in respect of any application accepted from the Public Issue will be returned 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).

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 Initial Public Offering and if given or made, such information or representation must not be relied upon as having been authorised by CVB. Neither the delivery of this Prospectus nor any Initial Public Offering 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 CVB since the date hereof.

The distribution of this Prospectus and the making of the Public Issue 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 Public Issue 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 advisers.

2. PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

2.1 Share Capital

	RM
Authorised:-	
500,000,000 ordinary shares of RM1.00 each	500,000,000
Issued and fully paid-up:-	
• 85,000,000 ordinary shares of RM1.00 each	85,000,000
To be issued pursuant to Public Issue:-	
• 15,000,000 ordinary shares of RM1.00 each	15,000,000
	<u>100,000,000</u>
Issue Price Per Share	1.20

There is only one class of shares in the Company, namely ordinary shares of RM1.00 each, all of which rank pari passu with one another. The Public Issue Shares to be issued pursuant to this Prospectus will rank pari passu in all respect with the existing shares of the Company including voting rights and rights to all dividends that may be declared subsequent to the allotment of the Public Issue 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.

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 a 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.

2.2 Basis of Arriving at the Issue Price

The Issue Price of RM1.20 per share was determined and agreed upon by the Company and Arab-Malaysian as Adviser and Managing Underwriter based on various factors including the following:-

- (i) the Group's operating and financial history as outlined in Sections 4 and 9 of this Prospectus respectively;
- (ii) the proforma forecast net PE multiple of approximately 7.48 times based on the proforma forecast net EPS for the financial year ending 30 November 2002 of 16.04 sen and the Issue Price of RM1.20 per share;
- (iii) the future plans and prospects of the CVB Group as outlined in Section 4.7.8 of this Prospectus;
- (iv) the proforma consolidated NTA per share of CVB as at 30 November 2001 of RM1.30 as set out in the proforma consolidated balance sheet as at 30 November 2001 in Section 9.10 of this Prospectus; and
- (v) the comparisons with other recently listed companies involved in property development as outlined in Section 4.7.6 of this Prospectus.

The Directors of the CVB Group and Arab-Malaysian are of the opinion that the Issue Price is fair and reasonable after careful consideration of the abovementioned factors.

2. PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

However, shareholders should also note that the market price of the 100,000,000 shares upon listing on the KLSE are subject to the vagaries of the market forces and other uncertainties which may affect the market price of CVB shares.

2.3 Details of the Public Issue

The Public Issue Shares are payable in full on application upon such terms and conditions as set out in this Prospectus. A total of 15,000,000 new ordinary shares arising from the Public Issue will be allocated and allotted in the following manner:-

- (i) 500,000 of the new ordinary shares of RM1.00 each have been reserved for 53 eligible employees and the Directors of the CVB Group. These shares have been allocated to the employees and Directors based on the following criteria:-
- At least eighteen (18) years old;
 - Job position;
 - Length of service; and
 - Non-Malaysian citizens are not eligible.

The details of the Directors' pink form allocation are as follows:-

Name of Directors	Designation	Pink Form Allocation
Datuk Mohamed Al Amin Bin Abdul Majid J.P.	Executive Chairman	100,000
Law Kit Tat	Executive Director	25,000
Wong Chee Sean @ Wong Sean	Executive Director	25,000
Wong Joon Chin	Executive Director	25,000
Law Kee Kong	Non-Executive Director	-
Choong Shiau Yoon	Independent Non- Executive Director	-
Azhar Bin Azizan @ Harun	Independent Non- Executive Director	-
Total		175,000

- (ii) 10,000,000 of the new ordinary shares of RM1.00 each will be 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
- (iii) 4,500,000 of the new ordinary shares of RM1.00 each will be reserved for Bumiputera investors who are approved by the MITI.

The MITI had vide its letter dated 1 April 2002 approved the allocation of 3,650,000 and 850,000 shares to Ir Mohd Adnan bin Mohd Nor and Datuk Mohamed Al Amin Bin Abdul Majid J.P. (Executive Chairman of CVB) respectively subject to the condition that the said two Bumiputera investors are allowed to sell up to 30% of the total number of shares allocated within 12 months after the listing of CVB on the KLSE, and thereafter they will only sell the remaining shares in stages after obtaining the prior approval from the MITI.

The said two Bumiputera investors have submitted letter of acceptance to the MITI and they have provided an undertaking dated 8 April 2002 that they are allowed to sell up to 30% of the total number of shares allocated within 12 months after the listing of CVB on the KLSE, and thereafter they will only sell the remaining shares in stages after obtaining the prior approval from the MITI.

2. PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

The 15,000,000 new ordinary shares of RM1.00 each in CVB to be issued pursuant to the Public Issue represents 15% of the enlarged issued and paid-up share capital of 100,000,000 ordinary shares at RM1.00 each.

In the event that any Public Issue Shares in respect of paragraph (i) above are not taken up by the eligible employees and the Directors of the CVB Group, such Public Issue Shares will be made available for application by the Malaysian Public.

All the Public Issue Shares under paragraph (i) and (ii) above have been fully underwritten at an underwriting commission of 2.0% of the total value underwritten. The Public Issue Shares under paragraph (iii) above are not underwritten.

2.4 Opening and Closing Date of the Application

The Application Lists for the Public Issue will open at 10.00 a.m. on 7 May 2002 and will remain open until 8.00 p.m. on the same day or for such further period or periods as the Directors and Promoters of CVB together with the Managing Underwriter in their absolute discretion may decide. Late applications will not be accepted.

2.5 Critical dates of the Public Issue

Events	Tentative Date
Opening Date of Application for the Public Issue	22 April 2002
Closing Date of Application for the Public Issue	7 May 2002
Tentative Balloting Date	11 May 2002
Tentative Allotment Date	22 May 2002
Tentative Listing Date	29 May 2002

2.6 Purposes of the Public Issue

The purposes of the Public Issue are as follows:-

- (i) To provide an opportunity for Malaysian investors and institutions and the eligible employees and the Directors of the CVB Group to participate in the equity and continuing growth of the CVB Group;
- (ii) To enable the CVB Group to gain access to the capital markets for funds for its future expansion and growth;
- (iii) To enable CVB to meet the National Development Policy requirement on 30% bumiputera shareholding spread in CVB upon its listing; and
- (iv) To facilitate the listing of and quotation for CVB's entire issued and paid-up share capital on the Main Board of the KLSE.

2.7 Proposed Utilisation of Proceeds of the Public Issue

The estimated total gross proceeds of the Public Issue of RM18 million will accrue to CVB. CVB will bear all expenses incidental to the listing and quotation of CVB's shares on the Main Board of the KLSE which include, inter alia, underwriting commission, brokerage, registration fee, professional fees, SC fees, advertising and listing expenses estimated to amount to RM2.5 million. The proceeds from the Public Issue are expected to be fully utilised within 6 months from the date of receipt of the proceeds.

2. PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

The total gross proceeds of approximately RM18 million accruing to CVB from the Public Issue will be utilised as follows:-

	RM
(i) Repayment of borrowings from Arab-Malaysian	2,000,000
(ii) Working capital	13,500,000
(iii) Finance estimated listing expenses	2,500,000
Total proceeds	18,000,000

Notes:

(i) Repayment of Bank Borrowings

As mentioned in Section 9.4(ii) of this Prospectus, as at 25 March 2002, the total facilities of the Group amounted to approximately RM69.54 million, out of which facilities utilised and outstanding amount were RM65.10 million and RM57.40 million respectively. Although the Group has a few principal bankers, the total facilities from Arab-Malaysian presently represent 89.16% of the Group's total borrowings facilities as at 25 March 2002 of RM69.54 million, which is RM62 million.

Such borrowings have been utilised to finance, inter alia, the working capital requirements of the Group and the recent acquisitions of 173.79 acres of land known as Plots R14a and R14b and Plots 1 and 3 in Bandar Nusajaya, Mukim of Pulai, Daerah Johor Bahru, Johor and 550.73 acres of land in Mukim of Padang Meha, Daerah Kulim, Kedah, for the Group's future development projects.

CVB shall set aside RM2 million from the Public Issue proceeds for repayment of part of the Group's borrowings from Arab-Malaysian.

The repayment of such borrowings will slightly reduce the Group's gearing level from approximately 44.1% to 42.6% (based on the total borrowings as at 25 March 2002 and proforma shareholders' funds as at 30 November 2001). At the prevailing interest rate of 7.41%, CVB would be able to save interest cost totalling RM148,200 per annum.

(ii) Working Capital

RM13.50 million is set aside from the proceeds to part-finance the working capital requirements for the CVB Group in relation to the development projects for Taman Universiti and Plots R14a & R14b of Bandar Nusajaya. As a property development group, adequate working capital would provide flexibility in its cash management.

CVB launched a number of projects in Taman Universiti from the second quarter of 2001, whilst CVR commenced its projects in Plots R14a and R14b of Bandar Nusajaya as from December 2001.

The working capital generally relates to the Group's development projects, day-to-day operating expenditure and other preliminary expenses to be incurred on the Group's development projects.

(iii) Finance Estimated Listing Expenses

Approximately RM2.5 million of the Public Issue proceeds will be utilised to defray the incidental expenses relating to the Public Issue which consist of, inter alia, professional fees and charges of approximately RM924,500, brokerage, underwriting and management fees of approximately RM495,000 and other expenses.

2. PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

Details of the estimated listing expenses are as follows:-

	Total estimated listing expenses RM
SC processing fee	100,000
KLSE initial listing fee	50,000
KLSE annual listing fee	3,000
Registration and lodging of prospectus	5,500
Advertisement of prospectus	200,000
Printing of application forms, share certificates, envelopes and prospectus	300,000
Professional advisory fees	924,500
Market research fee	95,500
Translation fee	20,000
Issuing house fee and disbursement	200,000
Underwriting commission and management fee	315,000
Brokerage fee @ 1%	180,000
Contingencies *	106,500
Total estimated listing expenses	2,500,000

* Any unutilised amount will be used for working capital.

2.8 Financial and Cashflow Impact from Utilisation of Proceeds***Financial Impact***

The utilisation of the Public Issue proceeds by the Group is expected to have a financial impact on the Group as follows:

Financial Year Ended/ Ending	Audited 30.11.2001¹	Unaudited 30.11.2002²	
		Before Public Issue RM'000	After Public Issue RM'000
Proforma Consolidated PBT	20,510	21,620	22,486
Proforma Consolidated PAT	14,501	15,412	16,035

Notes:

1. After incorporating the listing expenses of RM0.904 million in financial year ended 30 November 2001.
2. Assuming the listing of CVB is completed in the financial year ending 30 November 2002.

The increase in consolidated PBT and PAT for the financial year ending 30 November 2002 is mainly due to the expected interest savings from the repayment of the Group's borrowings, as mentioned in Section 2.7 above.

2. PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

Cashflow Impact

The utilisation of the proceeds by the Group is expected to have a cashflow impact on the Group as follows:

Cashflow for Financial Year Ended/ Ending 30 November	2001 RM'000	2002 * RM'000	Total RM'000
Inflow			
Proceeds from the listing	-	18,000	18,000
Outflow			
Repayment of bank borrowings	-	(2,000)	(2,000)
Working capital	-	(13,500)	(13,500)
Listing expenses	(904)	(1,596)	(2,500)
	(904)	904	-

Note:

* Assuming the listing of CVB is completed in the financial year ending 30 November 2002.

2.9 Brokerage and Underwriting Commission

The Underwriters as mentioned in Section 1 of this Prospectus, have agreed to underwrite the 10,500,000 Public Issue Shares to be offered to the Malaysian public, the eligible employees and the Directors of the CVB Group. Underwriting commission is payable by the Company at 2.0% of the total underwritten shares of 10,500,000 at the Issue Price of RM1.20 per share to the respective Underwriters. Management fee of RM63,000 is charged by the Managing Underwriter.

Brokerage is payable in respect of the Public Issue Shares by the Company at the rate of 1% of the Issue Price of RM1.20 per share in respect of successful applications which bear the stamp of Arab-Malaysian, member companies of the KLSE, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or MIH.

2.10 Salient Terms of the Underwriting Agreement

The following are some of the Clauses of the Underwriting Agreement dated 9 April 2002 ("Agreement"), including escape clauses, which may allow the underwriters to withdraw from obligations under the agreement after the opening of the offer:-

Clause 6.1

The obligations of the Underwriters under this Agreement shall be conditional upon the fulfilment and/or satisfaction of the following:-

- (a) the KLSE having agreed in principle prior to or after the date of the Prospectus to the listing of and quotation for (on terms acceptable to the Underwriters) the entire issued and paid-up share capital of the Company on the Main Board of the KLSE or the Underwriters being reasonably satisfied that such listing and quotation will be granted three (3) Market Days (or such other days as KLSE may permit) after the application for the Issue Shares have been accepted and the Issue Shares are deposited in or transferred to the relevant securities accounts maintained by the entitled shareholders under the Securities Industry (Central Depository) Act 1991.
- (b) the issuance of and subscription for the Issue Shares pursuant to and in accordance with the provisions hereof and in the Prospectus not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any agency, legislative, executive or regulatory body or authority of Malaysia (including the KLSE);

2. PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

- (c) the approval from the SC in respect of the Prospectus and registration of the Prospectus with the SC pursuant to the Securities Commission Act 1993 and subsequent lodgement of the Prospectus with the Registrar of Companies by 30 May 2002 or such other later date as the Company and the Underwriters may mutually agree in writing;
- (d) all other necessary approvals and consents required in relation to the Public Issue and the Issue Shares including but not limited to governmental approvals having been obtained and are in full force and effect;
- (e) the issue of the Issue Shares having been approved by the shareholders of the Company in an extraordinary general meeting;
- (f) there having been, as at any time hereafter up to and including the Closing Date or the Extended Closing Date, as the case may be, no material adverse change in the condition (financial or otherwise) of the Company or its subsidiaries, no event of default pursuant to the provisions herein contained, and no breach of any representation, warranty, covenant, undertaking or obligation of the Company in this Agreement or which is contained in any certificate, statement, or notice provided under or in connection with this Agreement which proves to be incorrect in any material respect;
- (g) the Underwriters having been satisfied that arrangements have been made by the Company to ensure payment of all expenses payable hereunder;
- (h) the delivery to the Managing Underwriter prior to the date of the registration of the Prospectus of:-
 - (i) a copy certified as true copy by the company secretary of the Company of the resolution of the directors of the Company approving this Agreement, the Prospectus, the Public Issue and the issuance of the Prospectus and the resolution of the shareholders in general meeting approving the Public Issue; and
 - (ii) the relevant directors' report and responsibility statement signed by the relevant duly authorized directors of the Company stating that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as is referred to in Clause 3.1(o) of this Agreement.
- (i) the delivery to the Managing Underwriter on the Closing Date or Extended Closing Date of such reports and confirmations from the board of directors of the Company as the Managing Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of this Agreement that will adversely affect the performance or financial position of the Company or its subsidiaries.

Clause 6.2

In the event any of the conditions set forth in **Clause 6.1** are not satisfied on or before the Closing Date or Extended Closing Date, as the case may be, the Underwriters shall, subject as mentioned below in this clause, be entitled to forthwith terminate this Agreement by notice in writing given to the Company whereupon the following shall take place within seventy-two (72) hours of the receipt of such notice:

- (a) the Company shall make payment of the Underwriting Commission to the Underwriters; and
- (b) each party shall return all other moneys (in the case of the Underwriters, after deducting the Underwriting Commission due and owing to the Underwriters hereunder) paid to the other under this Agreement (except for monies paid by the Company for the payment of the expenses as provided hereunder);

2. PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

and thereafter, this Agreement shall become null and void and of no further force and effect and none of the parties shall have a claim against the other save and except in respect of any antecedent breaches PROVIDED THAT any of the Underwriters may at its discretion with respect only to its own obligations waive compliance with any of the provisions of **Clause 6.1**.

Clause 13.1

Notwithstanding anything herein contained, the Underwriters may by notice in writing to the Company given at any time before the Closing Date or Extended Closing Date, as the case may be, terminate and cancel and withdraw its commitment to underwrite the Underwritten Shares if:-

- 13.1.1 there is any material breach by the Company of any of the representations, warranties or undertakings contained in Clause 3 and 4 of this Agreement, which, if capable of remedy, is not remedied within such number of days as stipulated in the notice after notice of such breach has been given to the Company, which, in the opinion of the Underwriters, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the Public Issue, or the distribution or sale of the Public Issue Shares; or
- 13.1.2 there is withholding of information of a material nature from the Underwriters, which, if capable of remedy, is not remedied within such number of days as stipulated in the notice after notice of such breach shall be given to the Company, which, in the opinion of the Underwriters, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the Public Issue, or the distribution or sale of the Public Issue Shares; or
- 13.1.3 a supplemental prospectus is issued with the SC's approval subsequent to the issuance of the Prospectus.

Clause 13.2

Upon the delivery of such notice referred to in **Clause 13.1** by the Underwriters, the following shall take place within seventy-two (72) hours of the receipt of such notice:

- (a) the Company shall make payment of the Underwriting Commission to the Underwriters; and
- (b) each party shall return all other moneys (in the case of the Underwriters, after deducting the Underwriting Commission due and owing to the Underwriters hereunder) paid to the other under this Agreement (except for monies paid by the Company for the payment of the expenses as provided hereunder);

and thereafter, this Agreement shall become null and void and of no further force and effect and none of the parties shall have a claim against the other save and except in respect of any antecedent breaches.

Clause 13.3

The Underwriters and the Company may confer with a view to deferring the Public Issue or amending its terms or the terms of this Agreement and enter into a new underwriting agreement accordingly, but neither the Underwriters nor the Company shall be under any obligation to make a fresh agreement.

2. PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

Clause 14.1

Notwithstanding anything herein contained, the Underwriters may at any time before the allotment of the Issue Shares by notice in writing delivered to the Company terminate its obligations under this Agreement if in the opinion of the Underwriters there shall have been a change in the national or international monetary, financial, political or economic conditions or a material change in the stock market condition or exchange control or currency exchange rates as would in their reasonable opinion prejudice materially the success of the issuance of the Issue Shares and the offering of the Underwritten Shares and their distribution or sale (whether in the primary market or in respect of dealings in the secondary market), and thereupon the parties shall (except for the liability of the Company in the payment of costs and expenses referred to in this Agreement) be released and discharged from their respective obligations hereunder.

Clause 15

The Company shall:-

- (a) bear and pay the underwriting commission and all costs charges and expenses in connection with the preparation of and incidental to or arising from the issuance of the Issue Shares pursuant to the Public Issue and the printing of the Prospectus and other documents relating to the Public Issue and their registration and lodgement thereof so far as necessary and all costs, fees and expenses in connection with the printing and publishing of advertisements and all costs and expenses in connection with the initial delivery and distribution of the Issue Shares; and
- (b) pay all fees, costs, expenses and commissions incurred or payable in connection with the listing of and quotation for the entire issued and paid-up share capital of the Company on the Main Board of the KLSE which includes the cost of the preparation of this Agreement.

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2. PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

2.11 Moratorium on Shares

Under the Policies and Guidelines on Issue/Offer of Securities issued by the SC ("SC Guidelines"), the substantial shareholders and/or promoters of CVB will not be allowed to sell, transfer, or assign their shareholdings amounting to 45% of the enlarged issued and paid-up capital of CVB for one (1) year from the date of admission of CVB to the Official List of the Main Board of KLSE. Thereafter, they are allowed to sell, transfer or assign only up to a maximum of one-third per annum (on a straight-line basis) of their respective shareholdings in the Company under moratorium.

The following existing shareholders of CVB who are subjected to the moratorium as imposed by the SC are as follows:-

Name	Shareholding After Proposed Listing	% of enlarged issued and paid-up capital	No. of shares under Moratorium	% of enlarged issued and paid-up capital
Hang Ah Jee	14,279,986	14.28	6,796,250	6.80
Wong Joon Chin	2,150,000	2.15	1,125,000	1.12
Chan Teng Hon	3,400,000	3.40	1,400,000	1.40
Law Kit Tat	13,625,000	13.63	10,683,750	10.68
Wong Chee Sean @ Wong Sean	5,125,000	5.12	5,100,000	5.10
Law Kee Kong	4,250,000	4.25	4,250,000	4.25
Yee Gee Min	2,320,014	2.32	900,000	0.90
Mohamad Shukri Bin Linjal	4,250,000	4.25	2,250,000	2.25
Neosas Teknik Sdn Bhd	8,500,000	8.50	4,845,000	4.85
Jalur Bahagia Sdn Bhd	10,200,000	10.20	6,750,000	6.75
Sadiyah Binti Suleiman	1,700,000	1.70	900,000	0.90
Total	69,800,000	69.80	45,000,000	45.00

The restriction, which is fully accepted by the substantial shareholders and/or promoters, is specifically endorsed on the share certificates representing the respective shareholdings of the substantial shareholders and/or promoters which are under moratorium to ensure that CVB's registrars do not register any transfer not in compliance with the restriction imposed by the SC. The shareholders of Neosas Teknik Sdn Bhd and Jalur Bahagia Sdn Bhd have also provided an undertaking that they shall not sell, transfer or assign their respective shareholdings in the aforesaid companies during the moratorium period.

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

"The shares comprised herein are not capable of being sold, transferred or assigned for the period as determined by the Securities Commission ("moratorium period"). The shares comprised herein will not constitute good delivery pursuant to the Rules of the Exchange 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".

2. PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

2.12 Approvals from Authorities

The Listing Scheme was approved by the following authorities as follows:-

Authorities	Date
SC	2 October 2001
MITI	12 August 2001
FIC	16 July 2001

Details of the conditions imposed by all the relevant authorities and status of compliance are set out in Section 6.1 of this Prospectus.

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3. THE RISK FACTORS

In evaluating an investment in the Public Issue 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) **No Prior Market for CVB's Shares**

Prior to this Public Issue, there has been no public market for CVB's shares. There can be no assurance that an active market for CVB's shares will develop and continue to develop upon or subsequent to its listing on the Main Board of the KLSE or, if developed, that such a market will be sustained. The Issue Price of RM1.20 for the Public Issue Shares has been determined after taking into consideration a number of factors, including but not limited to, the Company's financial and operating history and condition, its prospects and the prospects of the industry in which the Company operates, the management of the Company, the market prices for shares of companies engaged in business similar to that of the Company and the prevailing market conditions at the time the application for listing of CVB was submitted to the SC. There can be no assurance that the Issue Price will correspond to the price at which CVB's shares will trade on the Main Board of the KLSE upon or subsequent to its listing.

(ii) **Business Risks**

The CVB Group is subject to certain general risks inherent in the property development industry. Factors that could adversely affect the business of the Group include material and labour shortages; rising cost of land and labour; availability and rising cost of financing; fluctuations in demand for residential, commercial and industrial properties and changes in governmental legislation and priorities.

Acknowledging the fact that the Group is operating in an ever-changing business environment, the Group always keeps abreast with the latest development in the industry and have taken considerable steps to minimise these business risks which include, inter alia, the following:-

- The Group has built an experienced, dedicated and dynamic management team for its property development operations and has engaged reputable project engineers, management consultants and advisers for its project development operations.
- As part of its expansion plan, the Group has formed its construction arm to take on a portion of the Group's construction activities to ensure better quality control and timely delivery to its purchasers which would ultimately result in lower construction costs and higher profit margin.
- Due to the cyclical nature of property development industry as well as its high dependence on the economic and political conditions in the country, the Group will continue to undertake the development of affordable housing catering to the low and middle income group and focus on the Group's product development to suit the ever changing consumer tastes and needs.
- In order to sustain the Group's future growth and profitability, the Group is actively acquiring land bank in strategic locations. At present, the Group has approximately 1,120.22 acres of land for development which are strategically located in Taman Universiti and Bandar Nusajaya, Mukim of Pulai, Daerah Johor Bahru in Johor, Mukim of Padang Meha, Daerah Kulim in Kedah, Jalan Mayang in Kuala Lumpur, and Bandar Baru Sungai Buaya, Mukim of Serendah, Daerah Hulu Selangor in Selangor.

3. THE RISKS FACTORS (Cont'd)

- The Group has constantly reviewed its strategy to meet the sophisticated demand of the evolving property market. In line with this approach and to spur its property development business, the Group has participated in a joint venture for the future development of Pantai Lido in Johor Bahru into a waterfront city known as Pantai Lido Waterfront 2020, which comprises commercial, information-media technology valley, tourist attractions, marina, residential and recreational components. An 'Agreement to Develop' was signed between OBSB, an associated company of CVV, and the State Government of Johor on 28 October 1999 where the State Government has agreed in principle to award to OBSB the right to develop the project subject to the negotiations on the detailed terms and conditions.

Although the Group has taken considerable steps to mitigate these risks, there are other external factors which could result in adverse developments in the economy and in particular, the property development industry. Hence, there is no assurance that any change in these factors will not have a material adverse impact on CVB Group's business.

(iii) Investment Activities Risk

A very minimal percentage of the excess cash of the Group from its profitable operations is invested in securities listed on the KLSE. As at 25 March 2002, being the last practicable date prior to the printing of this Prospectus, the cost of CVB's investment in listed securities was RM5,864.10.

The value of investments in quoted securities is subject to the fluctuations of the market. The Directors of CVB take a prudent approach in making investments in quoted shares. The Directors of CVB have provided an undertaking that the CVB Group shall not venture into any business that is not related to its existing core business.

(iv) Financial Risks**Borrowings**

Save as disclosed in Section 9.4 of this Prospectus, the Group does not have any other borrowings and indebtedness in the form of borrowings, including bank overdraft and liabilities under acceptances, hire purchase or commitments or guarantees.

Some of the Group's working capital requirements are met partially by borrowings and internally generated funds. Given that the Group has borrowings and the payment of the loan interest is dependent on interest rate, future fluctuations of the interest rate could have material effects on the Group's interest and principal repayment.

Restrictive Covenants

Pursuant to credit facility agreements entered into by CVB with banks or financiers, it is bound by certain positive and negative covenants which may limit CVB's operating and financial flexibility. The aforesaid covenants are of a nature which is commonly contained in credit facility agreements in Malaysia. Any act by CVB falling within the ambit or scope of such covenants will require the consent of the relevant bank/ financier. Breach of such covenants may give rise to a right by the bank/ financier to terminate the relevant credit facility and/ or enforce any security granted in relation to that credit facility. The Board of Directors are aware of such covenants and shall take all precautions necessary to prevent any such breach.

Capital Commitment

Save as disclosed in Section 9.4(iv), the CVB Group does not have any material commitment, which may have a substantial impact on the result or the financial position of the Group.

3. THE RISKS FACTORS (Cont'd)

(v) **New Ventures**

As disclosed in Section 4.5.3 of this Prospectus, the Group has participated in a joint venture for the future development of Pantai Lido, Johor Bahru into a waterfront city known as Pantai Lido Waterfront 2020.

An 'Agreement To Develop' dated 28 October 1999 was entered between the State Government of Johor and OBSB giving OBSB the right to submit detailed plans, terms and conditions for a mixed development comprising commercial, information-media technology valley, marina, residential and recreational components.

The Agreement stated above records that the State Government of Johor has agreed in principle to award OBSB the right to develop the project subject to the negotiations on the detailed terms and conditions. At present, it is anticipated that the project extends over an approximate area of 407 acres of land to be reclaimed from the shoreline of Pantai Lido. However, such acreage may be subject to reduction pending the approval of the relevant authorities and further negotiations with the State Government of Johor.

In any event, no assurance could be given that any change to the negotiations on the detailed terms and conditions of the Agreement above would not have any material adverse impact on the Group's new venture business. Further, no assurance can be given that the final agreement containing the detailed terms and conditions will be executed between OBSB and the State Government of Johor.

(vi) **Industry Life-Cycle**

Property development industry is very cyclical in nature and highly dependent on the economic and political conditions of the country. Nevertheless, the low to medium cost residential properties enjoys high demand from low to medium income group. Thus, these properties are less susceptible to the economic downturn.

The CVB Group is less susceptible to the ever changing property development industry life-cycle in view of the strategic location of its property development project in Taman Universiti as well as due to the Group's development strategy of developing quality affordable housing to cater to the low and medium income group. The Group has built various types of low to medium cost residential properties to meet the high demand from the low and medium income group. As at 25 March 2002, the Group has nearly sold all its low and medium cost residential properties totalling 10,636 units.

This can be evidenced by the sustainable revenue and profits of the Group even during the recent economic downturn. The Group will continue to review its development strategies in response to the ever-changing economic conditions and market demands.

Nonetheless, no assurance could be given that any change to these factors would not have any material adverse impact on the Group's business.

3. THE RISKS FACTORS (Cont'd)

(vii) **Dependence on Contractors/Suppliers**

As shown in Section 4.9 of this Prospectus, CVB Group is not solely dependent on any major contractors/suppliers as the Group has established a wide network of contractors and suppliers. Such network is established through long-term relationships with most of its contractors over the past fifteen (15) years.

The Group adopts various measures to minimize risk of dependency on certain contractors and/or suppliers as follows: -

- (a) The Group adopts an open tender system in selecting contractors and suppliers. The selection is made after due consideration of their experience, track record and qualification; and
- (b) The Group ensures that contractors are not awarded contracts more than they are capable to undertake. Under such circumstances, the Group continuously reviews and evaluates the work in progress and performance quality of each of the projects awarded to ensure prompt completion and reasonable quality attained.

(viii) **Dependence on Key Personnel**

The Group believes that its continued success will depend to a significant extent upon the abilities and continued efforts of its existing Directors and key management. The Group will strive to continue attracting and retaining skilled personnel to support its business operation and has made efforts to train its staff. As a result of this, the Group has enjoyed the support of management staff with long term service.

The CVB Group is headed by an experienced, dedicated and dynamic management team with almost all of its key personnel having been in the industry for more than fifteen (15) years since 1987. They are trained and possess relevant knowledge and experience for the right business opportunities, which can provide synergy and growth to the Group.

The success of the Group's business was achieved through the deliberate and careful planning of the Directors with the support of the Group's key management team.

(ix) **Insurance coverage on assets**

The Group is aware of the adverse consequences arising from inadequate insurance coverage that could cripple its business operation. In ensuring such risks are maintained to the minimum, the Group reviews and ensures adequate coverage for its assets and development projects on a continuous basis.

For the CVB Group's operations, all assets such as completed properties, office equipment and furniture and fitting are sufficiently insured under fire and other insurance policies. Details of the Group's material insurance policies are set out in Section 13.6 of this Prospectus.

(x) **Rapid Business Expansion**

CVB Group has expanded rapidly over the past three years through acquisitions of new land bank. However, save for the borrowings as mentioned in Section 9.4(ii) of this Prospectus, such rapid expansion of the property development and investment activities within the CVB Group since its inception has been financed mainly through internally generated funds.

Expansionary programme is continuously pursued to capitalise on cheaper land cost, particularly after the 1997/98 crisis, to enhance the Group's portfolio of land bank. To ensure that the Group is not overly exposed to excessive financial leverage, the Directors intend to continue a prudent approach in its expansion plans.

3. THE RISKS FACTORS (Cont'd)

(xi) Competitive Risks

CVB faces competition from new entrants and existing players in the property development industry. The competition arises in respect of the availability of strategically located and reasonably priced land bank, the supply of labour and building materials and the selling of property products.

The Group has taken pro-active measures to mitigate the competitive risks which include, inter alia, to constantly review its development and marketing strategy in response to ever-changing economic conditions and market demands, and to adopt different development concepts and marketing strategies that will correctly position its products and services to serve the needs of the target market.

The Group's signature project, 'Taman Universiti' township, strategically located opposite the Skudai campus of Universiti Teknologi Malaysia in Johor Bahru is a good testimony of the ability of the Group to position its properties in term of quality, services, business and consumer confidence. Since the project's inception in the mid-1980s, the Group has sold 11,349 and delivered 11,273 units of mixed residential and commercial properties.

The successful development of Taman Universiti has given the Group the advantage and edge over its competitors in Johor Bahru and has established the Group as one of the reputable property developers in developing affordable quality range of properties. In addition to location and pricing of property, track record and reputation of a property developer play an important role in ensuring the successful launching of new property development projects.

Nonetheless, no assurance could be given that any change to these factors would not have any material adverse impact on the Group's business.

(xii) Dependence on Particular Markets and Geographical Locations

The CVB Group currently focuses on property development in Taman Universiti, Skudai, Johor and Bandar Nusajaya in Mukim of Pulai, Johor Bahru, Johor. However, the Group will not be overly dependent on any particular markets and geographical locations in the near future as the Group has progressively acquired land banks for various mixed development plans in strategic locations throughout Peninsular Malaysia such as Taman Universiti and Bandar Nusajaya, Mukim of Pulai, Daerah Johor Bahru in Johor, Jalan Mayang in Kuala Lumpur, Mukim of Padang Meha, Daerah Kulim in Kedah, and Bandar Baru Sungai Buaya, Mukim of Serendah, Daerah Hulu Selangor in Selangor.

In addition, the Group intends to diversify its business into other property-related activities such as property investment so as to ensure a stable stream of revenue for the Group.

(xiii) Political, Economic, Regulatory and Environmental Considerations

Adverse developments in political, economic and regulatory conditions in Malaysia and other countries where the Group may operate could materially and adversely affect the financial prospects of the Group. Political and economic uncertainties include (but are not limited to) changes in both monetary and fiscal policies, risks of war, expropriation, nationalisation, renegotiation or nullification of existing contracts and methods of taxation and currency exchange controls.

The outlook of the property market especially in the medium and low cost segments are encouraging with the Government's initiatives to improve the property-related sector. This includes measures such as the lowering of interest rate; increasing liquidity; increasing financial institutions' willingness to grant financing for purchase of properties; waiving and granting discount on stamp duty for property with certain range of value; and revision to rate of stamp duty on instruments of transfer of property.

3. THE RISKS FACTORS (Cont'd)

The Department of Environment, Malaysia (Ministry of Science, Technology and the Environment) has imposed a condition that a special assessment report known as Environment Impact Assessment ("EIA") be presented to them on the property-related projects which include the following:-

- Coastal resort development
- Development involving petrochemical industries
- Industrial estate development
- Golf course development
- Development of resort and hotel facilities in hill stations
- Development of tourist and recreational facilities in national parks and on islands in marine parks
- Industrial projects
- Projects involving coastal and land reclamation

The Group believes that environment-friendly practices are good business and management practices. Considerable progress to make the property development and construction industry environment-friendly has been achieved.

Nonetheless, no assurance could be given that any change to these factors would not have any material adverse impact on the Group's business.

(xiv) **Control by Promoters**

After the Public Issue, the Promoters, as set out in Section 5.1 of this Prospectus, and the persons connected with the Promoters will collectively control 74.05% of CVB's enlarged issued and paid up capital. As a result, these Promoters will be able to exercise some extent of influence on the outcome of certain matters requiring the vote of the Company's shareholders unless they are required to abstain from voting by law, covenants and/or by the relevant authorities.

(xv) **Material Litigation**

As at 25 March 2002, the CVB Group is not engaged either as plaintiff or defendant in any legal action, proceeding, arbitration or prosecution for any criminal offence, which has a material effect on the financial position of the CVB Group and the Directors do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of CVB and its subsidiaries.

(xvi) **Delay In Completion of Projects**

Development projects are subject to various regulatory approvals and the completion of a development project on time is dependent on many external factors, such as weather condition, obtaining the regulatory approvals as scheduled, securing construction materials in adequate amounts, favourable credit terms and satisfactory performance of building contractors which may be appointed to complete the development project and acts of god etc. There can be no assurance that these factors will not lead to delays in completion of a project. These delays may have a direct impact on the Group's future profitability.

3. THE RISKS FACTORS (Cont'd)

(xvii) Related Party Transactions/ Conflict of Interest

As disclosed in Section 7.1 of this Prospectus, there are certain related-party transactions involving the Directors, substantial shareholders and/or persons connected with the Directors or substantial shareholders and key management of CVB. The Directors, substantial shareholders and key management of CVB have given an undertaking that all business transactions between the CVB Group and the Directors, substantial shareholders and key management and their related persons, shall be based on arms length basis and on commercial terms that shall not be disadvantageous to the Group.

As disclosed in Section 7.2 of this Prospectus, some of the Promoters, Directors and substantial shareholders of CVB have interests in companies carrying on similar businesses as the CVB Group. To mitigate any potential conflict of interest, the Promoters, Directors and substantial shareholders have provided written undertakings not to be involved in any new business in the future which will give rise to competition/ conflict with the current business of the CVB Group.

(xviii) Forecasts

The Prospectus contains certain forecasts for the Group that are based on assumptions that are subject to uncertainties and contingencies. The Directors have considered the assumptions used in the preparation of forecasts to be reasonable. Given the subjective judgements and inherent uncertainties of forecasts and because events and circumstances frequently do not occur as expected, there can be no assurance that the forecasts 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 description of the assumptions and uncertainties underlying the forecasts that are contained herein. Save as disclosed in the preceding paragraphs, to the best knowledge of the Directors, the Group is not vulnerable to any other major specific risk factors or events.

(xix) Disclosure Regarding Forward-Looking Statements

The Prospectus contains certain forward-looking statements i.e. those other than statements of historical facts. Although the Group believes that the expectations reflected in such statements are reasonable at this time, there can be no assurance that such expectations will prove to be correct and may not be materially different from the Groups' actual performance and plans.

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