

THIS PROSPECTUS HAS BEEN SEEN AND APPROVED BY THE DIRECTORS AND PROMOTERS OF HUA YANG BERHAD ("HYB" OR "THE COMPANY") AND THE OFFERORS AND THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION GIVEN AND CONFIRM THAT, AFTER HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO FALSE OR MISLEADING STATEMENT OR OTHER FACTS THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT IN THIS PROSPECTUS FALSE OR MISLEADING.

ASEAMBANKERS MALAYSIA BERHAD BEING THE ADVISER, PLACEMENT AGENT AND JOINT-MANAGING UNDERWRITER ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE PUBLIC ISSUE OF 12,871,000 NEW ORDINARY SHARES OF RM1.00 EACH AND OFFER FOR SALE OF 27,000,000 ORDINARY SHARES OF RM1.00 EACH, AND ARE SATISFIED THAT THE CONSOLIDATED PROFIT FORECAST (FOR WHICH THE DIRECTORS OF THE COMPANY ARE FULLY RESPONSIBLE) PREPARED FOR INCLUSION IN THE PROSPECTUS HAVE BEEN STATED BY THE DIRECTORS OF THE COMPANY AFTER DUE AND CAREFUL ENQUIRY AND HAVE BEEN DULY REVIEWED BY THE REPORTING ACCOUNTANTS.

THE SECURITIES COMMISSION ("SC") HAS APPROVED THE PUBLIC ISSUE AND OFFER FOR SALE IN RESPECT OF THE PUBLIC OFFERING AND THAT THE APPROVAL SHALL NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE PUBLIC OFFERING. THE SC SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND ASSUMES NO RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENTS MADE OR OPINIONS OR REPORTS EXPRESSED IN THIS PROSPECTUS. **INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT.**

THE KUALA LUMPUR STOCK EXCHANGE ASSUMES NO RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENTS MADE OR OPINIONS OR REPORTS EXPRESSED IN THIS PROSPECTUS. ADMISSION TO THE OFFICIAL LIST OF THE MAIN BOARD OF THE KUALA LUMPUR STOCK EXCHANGE IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF HYB OR OF ITS ORDINARY SHARES.

A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED WITH THE SC AND LODGED WITH THE CHIEF EXECUTIVE OFFICER OF THE COMPANIES COMMISSION OF MALAYSIA, WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

INDICATIVE TIMETABLE

Special Events	Date
Opening Date of the Public Issue / Offer For Sale :	30 September 2002
Closing Date of the Public Issue / Offer For Sale :	14 October 2002
Tentative Balloting Date :	18 October 2002
Tentative Allotment Date :	5 November 2002
Tentative Listing Date :	11 November 2002

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DEFINITIONS

In this Prospectus, unless otherwise indicated, the following words and abbreviations shall have the following meanings:

“ADA Code”	:	ADA (Broker) Code
“ADA”	:	Authorised Depository Agent
“AMISB”	:	Agro-Mod Industries Sdn Bhd (144430-W)
“Aseambankers”	:	Aseambankers Malaysia Berhad (15938-H)
“ATM”	:	Automated Teller Machine
“BESB”	:	Bidor Enterprise Sdn Bhd (107643-D)
“BHSB”	:	Bison Holdings Sdn Bhd (55225-M)
“BLR”	:	Base Lending Rate
“Bonus Issue”	:	Bonus issue of 64,899,000 new ordinary shares of RM1.00 each to the then existing shareholders of HYB on the basis of approximately 5,306 new ordinary shares for every 1,000 HYB ordinary shares held
“BSSB”	:	Bukit Selim Sdn Bhd (244524-H)
“CCM”	:	The Companies Commission of Malaysia
“CDS”	:	Central Depository System
“CIDB”	:	Construction Industry Development Board
“Director(s)”	:	Shall have the meaning given in Section 4 of the Companies Act, 1965
“Dividend 1”	:	Dividend declaration and payment of RM27,635,400 from the distributable reserves of certain subsidiaries of HYB to the Company for the purpose of the Bonus Issue
“Dividend 2”	:	Dividend declaration and payment of dividends by certain subsidiaries of HYB to the Company from their respective profits generated for the nine (9)-months financial period ended 31 December 2001 followed by the declaration and payment of dividends of approximately RM11,106,576 from HYB to its existing shareholders prior to the Public Issue and Offer For Sale
“DNSB”	:	Daya Niaga Sdn Bhd (140341-M)
“DNDSB”	:	Daya Niaga Development Sdn Bhd (243782-W)
“EPS”	:	Earnings per share
“FSB”	:	Fanoor Sdn Bhd (62975-U)
“FIC”	:	Foreign Investment Committee

DEFINITIONS (Cont'd)

“GPSB”	:	Grandeur Park Sdn Bhd (201863-A)
“HHSB”	:	Heng Holdings Sdn Bhd (56636-T)
“HJSB”	:	Heng Jaya Sdn Bhd (65817-U))
“HYB” or “the Company”	:	Hua Yang Berhad (44094-M)
“HYB Group” or “the Group”	:	HYB and its subsidiary companies
“HYL”	:	HYL Sdn Bhd (445450-A)
“HYMSB”	:	Hua Yang Management Sdn Bhd (169021-X)
“HYBMSSB”	:	HYB Management Services Sdn Bhd (172939-K) <i>(formerly known as Hua Yang Management Services Sdn Bhd)</i>
“HYBTSB”	:	HYB Trading Sdn Bhd (126154-W) <i>(formerly known as Hua Yang Trading Sdn Bhd)</i>
“IPO Shares”	:	The Public Issue Shares and Offer Shares collectively
“IPO” or “Issue/Offer”	:	The Public Issue and Offer For Sale collectively
“Joint Managing Underwriters” or “Underwriter”	:	Aseambankers and PM Securities Sdn Bhd (66299-A) collectively
“KLSE”	:	Kuala Lumpur Stock Exchange (30632-P)
“Listing”	:	The listing of and quotation for the entire issued and paid-up share capital of the Company comprising 90,000,000 ordinary shares of RM1.00 each on the Main Board of the KLSE
“MCD”	:	Malaysian Central Depository Sdn Bhd (165570-W), a subsidiary of KLSE
“MIDFCCS”	:	MIDF Consultancy and Corporate Services Sendirian Berhad (11324-H)
“MITI”	:	Ministry of International Trade and Industry
“NTA”	:	Net tangible assets

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DEFINITIONS (Cont'd)

“Offerors” : The following shareholders of HYB who will offer for sale 27,000,000 ordinary shares :-

Shareholders of HYB	No. of Offer Shares	% of Offer Shares
Goh Swee Boh @ Goh Cheng Kin	1,876,092	6.95
Siew Kam Poh	105,969	0.39
Ting Kok Bin @ Tee Kok Bin	66,231	0.25
Lim Boon Tiam	44,154	0.16
HHSB	16,557,645	61.32
Lee Ah Har @ Lee Kong Yip	331,153	1.23
HJSB	827,882	3.07
Ng Sim Tang @ Wong Seng Tong	41,946	0.16
Tay Boon Ling	41,946	0.16
Phang See Wang @ Phang Kau	14,350	0.05
Loo Hooi Eng	248,365	0.92
Chong Sing Shee @ Tjong Sin Se	604,906	2.24
Lee Tock Loe	386,345	1.43
Chung Cheng Yuen @ Chung Kah Leng	103,761	0.38
Yeap Kar On	165,576	0.61
Teoh Pek Chuan	147,915	0.55
Tjong Tjhoen Mit @ Chong Choen Mit	97,579	0.36
Hoo Kiew @ Ho Khoon Dai	248,365	0.92
Hoo Ah Kar @ Ho Khoon Tai	331,153	1.23

DEFINITIONS (Cont'd)

	Shareholders of HYB	No. of Offer Shares	% of Offer Shares
	Ho Khon Yok	1,813,614	6.72
	Ho Mook Sing	1,147,262	4.25
	Ho Mook Leong	595,340	2.20
	Yau Kam Foong	110,384	0.41
	Ng Keat Siew	1,036,875	3.84
	Tan Sri Dato' Seri Prof. Dr. Yom Ahmad Bin Ngah Ahmad	55,192	0.20
	Total	27,000,000	100.00
“Offer For Sale”	:	The offer for sale of 27,000,000 ordinary shares of RM1.00 each in the Company, of which the entire 27,000,000 ordinary shares of RM1.00 each are allocated by the MITI to approved Bumiputera investors, at an offer price of RM1.75 per ordinary share payable in full upon application, subject to the terms and conditions of this Prospectus	
“Offer Shares”	:	The 27,000,000 ordinary shares of RM1.00 each in the Company being the subject of the Offer For Sale	
“PAT”	:	Profit after taxation	
“PBT”	:	Profit before taxation	
“PDSB”	:	Peringkat Development Sdn Bhd (74036-T)	
“PE Multiple”	:	Price earnings multiple	
“PESB”	:	Peringkat Enterprise Sdn Bhd (82202-H)	
“Placement”	:	The placement of 8,000,000 Placement Shares to be placed out by the Placement Agent which forms part of the Public Issue	
“Placement Agent”	:	Aseambankers	
“Placement Shares”	:	The 8,000,000 new ordinary shares of RM1.00 each in the Company being the subject of the Placement	
“PHYSB”	:	Pembinaan Hua Yang Sdn Bhd (62205-A)	
“PMSB”	:	Peringkat Management Sdn Bhd (290347-D)	
“PPSB”	:	Prisma Pelangi Sdn Bhd (228268-A)	
“Prop Park”	:	Prop Park Sdn Bhd (70874-H)	

DEFINITIONS (Cont'd)

“Public Issue”	:	The public issue of 12,871,000 new ordinary shares of RM1.00 each in the Company at an issue price of RM1.75 per new ordinary share payable in full upon application to the Directors and eligible employees of HYB Group and the Malaysian public to be allocated as follows:	
			No. of shares
		Pink form allocations to Directors and eligible employees of HYB Group	2,832,000
		Placement by Placement Agent	8,000,000
		Allocations via balloting	2,039,000
		Total	12,871,000
“Public Issue Shares”	:	The 12,871,000 new ordinary shares of RM1.00 each in the Company being the subject of the Public Issue	
“RM” and “sen”	:	Malaysian Ringgit and sen respectively	
“SC”	:	Securities Commission	
“sq. ft”	:	Square foot/feet	
“SSB”	:	Setaramaju Sdn Bhd (65517-W)	
“TDSB”	:	Tinggian Development Sdn Bhd (68398-W)	
“YLR SB”	:	Yoon Lian Realty Sdn Bhd (30704-W)	

Note:

References throughout this Prospectus made to low cost and low-medium cost product types are based on categories determined by the government of the relevant State that the product type is in. References made to medium cost product types are based on what the Group considers to be in that price range.

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TABLE OF CONTENTS

	Page
1. CORPORATE INFORMATION	1
2. SUMMARY INFORMATION	4
2.1 History And Business.....	4
2.2 Promoters, Directors, Key Management Team And Substantial Shareholders.....	5
2.3 Financial Highlights.....	8
2.4 Proforma Balance Sheets As At 31 March 2002.....	10
2.5 Auditors' Qualifications.....	12
2.6 Summary Of Material Risk Factors	12
2.7 Consolidated Profit Forecast.....	13
2.8 Proforma Group NTA As At 31 March 2002.....	14
2.9 Principal Statistics Relating To The Public Issue And Offer For Sale.....	15
2.10 Proposed Utilisation Of Proceeds	15
2.11 Material Litigations/Arbitration Proceedings, Commitments And Contingent Liabilities.....	16
3. PARTICULARS OF THE ISSUE/OFFER.....	18
3.1 Opening And Closing Of Application Lists.....	19
3.2 Date Of Special Events	19
3.3 Purposes Of The Public Issue And Offer For Sale.....	19
3.4 Number And Class Of Securities To Be Issued	20
3.5 Details Of The Public Issue And Offer For Sale.....	20
3.6 Basis Of Arriving At The Issue/Offer Price.....	23
3.7 Proposed Utilisation Of Proceeds	23
3.8 Financial Impact From Utilisation Of Proceeds.....	24
3.9 Underwriting Commission, Placement Agent Fee And Brokerage.....	25
3.10 Salient Terms Of The Underwriting Agreement.....	25
3.11 Estimated Listing Expenses	28
4. RISK FACTORS.....	29
5. INFORMATION ON THE HYB GROUP	34
5.1 History And Principal Activities.....	34
5.2 Changes In Share Capital.....	34
5.3 Listing Scheme.....	35
5.4 History And Business Overview.....	37
5.5 Promoters	56
5.6 Subsidiaries And Associated Companies.....	56
5.7 Employees.....	68
5.8 Strategies And Prospects Of The Group	69
5.9 Future Plans Of The Group.....	71
5.10 Major Suppliers.....	73
5.11 Major Customers.....	73
5.12 Interruptions In The Business During The Past 12 Months	73
6. INDUSTRY OVERVIEW	74
6.1 The Property Market In 2001.....	74
6.2 Industry Life-Cycle	76
6.3 Industry Players And Competition.....	76
6.4 Government Legislation, Policies And Incentives.....	77
6.5 Outlook And Growth For The Industry.....	77

TABLE OF CONTENTS (Cont'd)

	Page
7. INFORMATION ON SHAREHOLDERS/DIRECTORS/KEY MANAGEMENT	79
7.1 Substantial Shareholders As At 16 September 2002	79
7.2 Promoters	84
7.3 Directors.....	85
7.4 Audit Committee.....	88
7.5 Management Team.....	88
7.6 Declarations From The Directors And Management Team	90
7.7 Family Relationship	90
7.8 Employment Contracts.....	91
8. APPROVALS AND CONDITIONS	92
8.1 Approvals For Listing	92
8.2 Other Approvals, Major Licences And Permits	98
8.3 Moratorium On Disposal Of Shares.....	107
9. RELATED-PARTY TRANSACTIONS/CONFLICT OF INTEREST	108
9.1 Related-party Transactions	108
9.2 Declaration By The Advisers	109
10. LANDED PROPERTIES	111
10.1 Summary Of Landed Properties.....	111
11. FINANCIAL INFORMATION.....	116
11.1 Profit And Dividend Record	116
11.2 Segmental Analysis Of Revenue And Profits	117
11.3 Overview Of Revenue And Profits, Including Taxation And Exceptional Items For The Past Six (6) Financial Years Ended 31 March 2002.....	119
11.4 Directors' Declaration On Financial Performance, Position And Operations.....	122
11.5 Working Capital, Borrowings, Contingent Liabilities And Material Litigation / Arbitration Proceedings	122
11.6 Consolidated Profit Forecast.....	124
11.7 Sensitivity Analysis.....	125
11.8 Auditors' Letter On The Consolidated Profit Forecast	127
11.9 Directors' Comments On Consolidated Profit Forecast.....	132
11.10 Dividend Forecast	132
11.11 Reporting Accountants' Letter On The Proforma Consolidated Balance Sheets As At 31 March 2002.....	133
12. ACCOUNTANTS' REPORT	137
13. DIRECTORS' REPORT	185
14. INDEPENDENT MARKET RESEARCH CONSULTANTS REPORT	186

TABLE OF CONTENTS (Cont'd)

	Page
15. STATUTORY AND GENERAL INFORMATION	192
15.1 Share Capital	192
15.2 Articles Of Association	192
15.3 Directors And Substantial Shareholders	201
15.4 Additional Information	204
15.5 Material Contracts	206
15.6 Material Agreements	206
15.7 Insurance Policies	208
15.8 Material Litigation / Arbitration Proceedings	214
15.9 Loan Financing Agreements With Land Purchasers	214
15.10 Material Contingent Liabilities	215
15.11 Material Commitments	216
15.12 Expenses And Commissions	216
15.13 Public Take-Overs	216
15.14 Letters Of Consent	216
15.15 Documents Available For Inspection	217
15.16 Responsibility Statement	217
16. PROCEDURE FOR APPLICATION AND ACCEPTANCE	218
16.1 Opening And Closing Of Application Lists	218
16.2 General Conditions For Application	218
16.3 Applications And Acceptances	219
16.4 CDS Account	220
16.5 Notices Of Allotment	221
16.6 Formalising Of CDS Account	221
16.7 Terms And Conditions For Applications Using Application Forms	221
16.8 Terms And Conditions For Electronic Share Applications	223
16.9 Steps For Electronic Share Application Through A Participating Financial Institution's ATM	227
16.10 List Of ADA	228

HUA YANG BERHAD

(Company No.: 44094-M)

*(Incorporated in Malaysia under the Companies Act, 1965)***1. CORPORATE INFORMATION****BOARD OF DIRECTORS**

Name	Address	Occupation	Nationality
Dato' Seri Dr. Ting Chew Peh (D.P.M.P., D.P.M.S., S.P.M.P.) <i>(Chairman / Independent Non-Executive Director)</i>	1, Jalan SS2/13 47300 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
Chor Eng Choon <i>(Chief Executive Officer / Executive Director)</i>	7, Jalan Wangsa 3 Taman Wangsa Ukay Bukit Antarabangsa 68000 Ampang Selangor Darul Ehsan	Company Director	Malaysian
Ho Khon Yok <i>(Executive Director)</i>	2, Persiaran Galeri Kepayang 2 Taman Galeri Kepayang 31400 Ipoh Perak Darul Ridzuan	Company Director	Malaysian
Ho Mook Leong <i>(Executive Director)</i>	6, Simpang Tiga 31100 Sungai Siput(U) Perak Darul Ridzuan	Company Director	Malaysian
Tan Sri Dato' Seri Prof. Dr. Yom Ahmad Bin Ngah Ahmad (P.S.M., S.P.M.P., D.P.M.P., A.M.P., J.P, P.J.K., PhD) <i>(Independent Non-Executive Director)</i>	9, Medan Tambun 31400 Ipoh Perak Darul Ridzuan	Company Director	Malaysian
Goh Swee Boh @ Goh Cheng Kin <i>(Non-Independent Non- Executive Director)</i>	55, Jalan Mutiara Emas 5/13 Taman Mount Austin 81100 Johor Bahru Johor Darul Takzim	Company Director	Malaysian
Lee Ah Har @ Lee Kong Yip <i>(Independent Non-Executive Director)</i>	4, Lorong Jelutong Kanan Damansara Heights 50490 Kuala Lumpur	Company Director	Malaysian

1. CORPORATE INFORMATION (Cont'd)

AUDIT COMMITTEE

Name	Designation	Directorship
Dato' Seri Dr. Ting Chew Peh (D.P.M.P., D.P.M.S., S.P.M.P.)	Chairman of the Committee	Independent Non-Executive Director
Lee Ah Har @ Lee Kong Yip	Member of the Committee	Independent Non-Executive Director
Chor Eng Choon	Member of the Committee	Chief Executive Officer / Executive Director

COMPANY SECRETARIES :

Ho Khon Yok (MAICSA No. 0745721)
2, Persiaran Galeri Kepayang 2
Taman Galeri Kepayang
31400 Ipoh
Perak Darul Ridzuan

Chan Sew Moh (MIA No. 12605)
3, Jalan SS 26/16
Taman Mayang Jaya
47301 Petaling Jaya
Selangor Darul Ehsan

REGISTERED OFFICE :

123A, Jalan Kampar
30250 Ipoh
Perak Darul Ridzuan
Tel: 05-2543812
Fax: 05-2542625
E-mail: hyiph@pd.jaring.my

HEAD OFFICE :

73, Jalan Datuk Haji Eusoff
Damai Complex
Off Jalan Ipoh
50400 Kuala Lumpur
Tel: 03-40427888
Fax: 03-40425172
E-mail : hyd@pd.jaring.my

AUDITORS AND REPORTING ACCOUNTANTS :

Ernst & Young
Chartered Accountants
21 & 23 Jalan Hussein
(1st Floor)
30250 Ipoh
Perak Darul Ridzuan

SOLICITORS FOR THE ISSUE / OFFER :

Raja, Darryl & Loh
Advocates and Solicitors
18th Floor, Wisma Sime Darby
Jalan Raja Laut
50350 Kuala Lumpur

ISSUING HOUSE :

MIDF Consultancy and Corporate Services Sendirian
Berhad
12th Floor, Bangunan MIDF
195A, Jalan Tun Razak
50400 Kuala Lumpur

1. CORPORATE INFORMATION (Cont'd)

REGISTRARS	:	Signet Share Registration Services Sdn Bhd 11 th Floor, Tower Block Kompleks Antarabangsa Jalan Sultan Ismail 50250 Kuala Lumpur
ADVISER, PLACEMENT AGENT AND JOINT MANAGING UNDERWRITER	:	Aseambankers Malaysia Berhad 33rd Floor Menara Maybank 100 Jalan Tun Perak 50050 Kuala Lumpur
JOINT MANAGING UNDERWRITER	:	PM Securities Sdn Bhd Ground, 1 st and 5 th Floor, MUI Plaza Jalan P. Ramlee 50250 Kuala Lumpur
INDEPENDENT MARKET RESEARCH CONSULTANTS	:	ResearchLink Sdn Bhd 7-2-11, Jalan 3/109F Danau Business Center Taman Danau Desa Jalan Klang Lama 58100 Kuala Lumpur
PRINCIPAL BANKERS	:	OCBC Bank (Malaysia) Berhad (KL Main) Ground 1, Mezzanine Floor Wisma Lee Rubber Jalan Melaka 50100 Kuala Lumpur OCBC Bank (Malaysia) Berhad Jalan Hang Kasturi Branch No. 2 Jalan Hang Kasturi 50050 Kuala Lumpur OCBC Bank (Malaysia) Berhad (Ipoh Branch) 28, Jalan Yang Kalsom 30250 Ipoh Perak Darul Ridzuan RHB Bank Berhad PT 7460 & 7461 Jalan BBN 1/1A, Putra Point Bandar Baru Nilai 71800 Nilai Negeri Sembilan Darul Khusus
LISTING SOUGHT	:	Main Board of the Kuala Lumpur Stock Exchange

2. SUMMARY INFORMATION

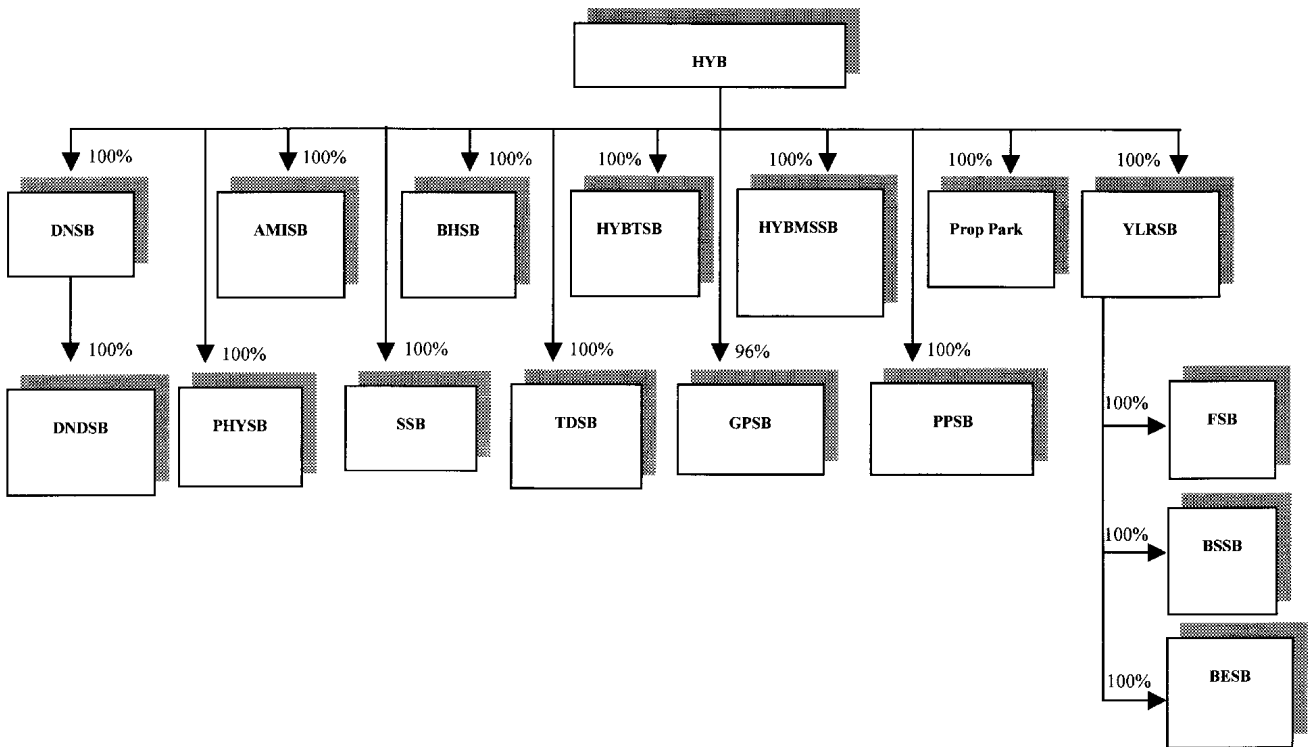
The Summary Information is only a summary of the salient information about the HYB Group and investors shall read and understand the whole prospectus prior to deciding whether to invest.

2.1 History And Business

HYB was incorporated in Malaysia on 28 December 1978 under the Companies Act, 1965 as a private limited company under the name of Heng Po Sdn Bhd. It changed its name to Hua Yang Development Sdn Berhad on 10 March 1979. The Company then changed its name to Hua Yang Sdn Berhad on 4 September 2001 and subsequently converted into a public limited company on 12 September 2001 and assumed its present name.

HYB’s principal activities consist of investment holding, property development, provision of management and secretarial services. Its subsidiary companies currently are involved in investment holding, provision of management services, property development and building construction.

The present HYB Group structure is as follows:



The property development activities of the HYB Group are currently being undertaken on their land bank which are located mainly in Perak and Johor.

As at 16 September 2002, the Group has completed projects worth over RM471 million comprising about 5,109 units of residential, commercial and industrial properties and has on-going projects worth approximately RM372 million comprising 2,785 units of residential and commercial properties. The Group is currently developing an area of approximately 1,089 acres out of a total land bank of 1,194.79 acres.

2. SUMMARY INFORMATION (Cont'd)

Future projects of the Group comprise of approximately 12,204 units of residential and commercial properties worth over RM1.35 billion with a projected period of development for the next 8 years. The development carried out by the Group comprises mainly low and medium cost residential projects, and light industrial factory buildings for small and medium scale industries. It has always been the Group's policy to move in tandem with the Government's aspirations to satisfy the housing needs of the lower income group population. Of the total units of properties developed and to be developed by the Group, approximately 70% are low to medium cost properties.

Construction works undertaken by PHYSB, a registered member of the CIDB are solely in-house contracts for the Company and its subsidiaries, namely YLRSB and BSSB. Over the years, from 1997 to 2001, PHYSB has successfully completed contracts worth more than RM58 million.

Detailed information on the history and principal activities of the HYB Group is further set out in Section 5.4 of this Prospectus. HYB currently does not have any associated companies.

2.2 Promoters, Directors, Key Management Team And Substantial Shareholders

Promoters

Name	Nationality / Place Of Incorporation	No. Of HYB Ordinary Shares Held After Public Issue/Offer For Sale			
		<-----Direct----->		<-----Indirect----->	
		No. Of Shares	%	No. Of Shares	%
HHSB	Malaysia	27,588,144	30.65	1,537,071 ⁽¹⁾	1.71
HJSB	Malaysia	1,537,071	1.71	27,588,144 ⁽¹⁾	30.65
Ho Mook Leong	Malaysian	1,190,326*	1.32	-	-
Ho Khon Yok	Malaysian	3,552,210*	3.95	-	-

Notes:

⁽¹⁾ Deemed interest by virtue of common substantial shareholders of HHSB and HJSB as disclosed in Section 7.1.3 herein

* Inclusive of pink form shares allocation

Directors

Directors	Designation	No. Of HYB Ordinary Shares Held After Public Issue/Offer For Sale			
		<-----Direct----->		<-----Indirect----->	
		No. Of Shares	%	No. Of Shares	%
Dato' Seri Dr. Ting Chew Peh	Chairman/ Independent Non-Executive Director	110,000*	0.12	-	-
Chor Eng Choon	Chief Executive Officer / Executive Director	99,000*	0.11	-	-
Ho Khon Yok	Executive Director	3,552,210*	3.95	-	-
Ho Mook Leong	Executive Director	1,190,326*	1.32	-	-

2. SUMMARY INFORMATION (Cont'd)

Directors	Designation	No. Of HYB Ordinary Shares Held After Public Issue/Offer For Sale			
		<-----Direct----->		<-----Indirect----->	
		No. Of Shares	%	No. Of Shares	%
Tan Sri Dato' Seri Prof. Dr. Yom Ahmad Bin Ngah Ahmad	Independent Non-Executive Director	2,102,471 ⁽¹⁾	2.34	-	-
Goh Swee Boh @ Goh Cheng Kin	Non-Independent Non-Executive Director	3,483,207	3.87	-	-
Lee Ah Har @ Lee Kong Yip	Independent Non-Executive Director	639,828*	0.71	-	-

Notes:

* Inclusive of pink form shares allocation

⁽¹⁾ Pursuant to allocation of 2,000,000 ordinary shares under Offer For Sale as approved by MITI

After the Public Issue/Offer For Sale, the respective spouses of Dato' Seri Dr. Ting Chew Peh and Goh Swee Boh @ Goh Cheng Kin will hold 77,878 and 181,170 ordinary shares in HYB respectively.

Key Management Team

Key Management Team	Designation	No. Of HYB Ordinary Shares Held After Public Issue/Offer For Sale			
		<-----Direct----->		<-----Indirect----->	
		No. Of Shares	%	No. Of Shares	%
Chor Eng Choon	Chief Executive Officer / Executive Director	99,000*	0.11	-	-
Ho Khon Yok	Executive Director, Company Secretary and Branch Manager (Ipoh)	3,552,210*	3.95	-	-
Ho Mook Leong	Executive Director (Project)	1,190,326*	1.32	-	-
Chan Sew Moh	Financial Accountant	86,000*	0.10	-	-
Ngo Soong Hoe	Assistant General Manager/Branch Manager (Johor Bahru)	88,000*	0.10	-	-
Ong Dee Beng	Senior Project Manager (Ipoh)	86,000*	0.10	-	-
Leow Noi Kee	Sales and Marketing Manager (Johor Bahru)	84,000*	0.10	-	-
Lim Chang Tze	Corporate Finance Manager	82,000*	0.10	-	-

Note:

* Inclusive of pink form shares allocation

2. SUMMARY INFORMATION (Cont'd)

Substantial Shareholders as at 16 September 2002

Name	Nationality/ Place Of Incorporation	<----Before Public Issue/Offer For Sale---->				<-----After Public Issue/Offer For Sale----->			
		Direct		Indirect		Direct		Indirect	
		No. Of Shares	%	No. Of Shares	%	No. Of Shares	%	No. Of Shares	%
HHSB	Malaysia	44,145,789	57.24	2,364,953 ⁽¹⁾	3.07	27,588,144	30.65	1,537,071 ⁽¹⁾	1.71
HJSB	Malaysia	2,364,953	3.07	44,145,789 ⁽¹⁾	57.24	1,537,071	1.71	27,588,144 ⁽¹⁾	30.65
Goh Swee Boh @ Goh Cheng Kin	Malaysian	5,359,299	6.95	-	-	3,483,207	3.87	-	-
Ho Khon Yok	Malaysian	5,180,824	6.72	-	-	3,552,210*	3.95	-	-
The estate of Ho Mok Heng	Malaysian	3,153,271	4.09	46,510,742 ⁽²⁾	60.31	3,153,271	3.50	29,125,215 ⁽²⁾	32.36
Chew Po Sim	Malaysian	-	-	46,510,742 ⁽²⁾	60.31	-	-	29,125,215 ⁽²⁾	32.36
Ho Min Yi	Malaysian	-	-	46,510,742 ⁽²⁾	60.31	-	-	29,125,215 ⁽²⁾	32.36
Ho Wen Yan	Malaysian	-	-	46,510,742 ⁽²⁾	60.31	-	-	29,125,215 ⁽²⁾	32.36
Ho Wen Fan	Malaysian	-	-	46,510,742 ⁽²⁾	60.31	-	-	29,125,215 ⁽²⁾	32.36
Ho Wen Han	Malaysian	-	-	46,510,742 ⁽³⁾	60.31	-	-	29,125,215 ⁽³⁾	32.36

Notes:

* Inclusive of pink form shares allocation

⁽¹⁾ Deemed interest by virtue of common substantial shareholders of HHSB and HJSB as disclosed in Section 7.1.3 herein

⁽²⁾ Deemed interest by virtue of his/her substantial shareholdings in HHSB and HJSB

⁽³⁾ Deemed interest by virtue of his substantial shareholdings in HHSB and HJSB held in trust by the late Ho Mok Heng for him

After the Public Issue/Offer For Sale, the spouse of Goh Swee Boh @ Goh Cheng Kin will hold 181,170 ordinary shares in HYB.

Detailed information on the substantial shareholders, promoters, directors and management team is set out in Sections 7.1, 7.2, 7.3 and 7.5 respectively.

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2. SUMMARY INFORMATION (Cont'd)

2.3 Financial Highlights

The following table sets out a summary of the HYB Group's financial performance for the past six (6) financial years ended 31 March 2002. The consolidated profit and dividend records should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 12 of this Prospectus:

	<-----Financial Year Ended 31 March ----->					
	1997	1998	1999	2000	2001	2002
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	51,881	34,334	40,272	32,091	49,681	99,482
Cost of sales	(33,307)	(22,558)	(28,990)	(23,492)	(31,597)	(69,743)
Gross profit	18,574	11,776	11,282	8,599	18,084	29,739
Other operating income	455	218	120	621	526	971
Operating expenses	(2,322)	(5,033)	(2,256)	(2,444)	(3,472)	(5,236)
Exceptional items	(3,620)	(1,897)	-	4,785	-	-
Profit before depreciation, interest and taxation	13,087	5,064	9,146	11,561	15,138	25,474
Depreciation	(510)	(494)	(494)	(338)	(299)	(494)
Interest expense	(573)	(402)	(41)	(675)	(246)	(972)
Share of profits/(loss) in associates	1,914	716	1,978	(75)	-	-
Profit before taxation	13,918	4,884	10,589	10,473	14,593	24,008
Taxation	(5,140)	(2,520)	328	(2,008)	(2,935)	(6,797)
Profit after taxation	8,778	2,364	10,917	8,465	11,658	17,211
Minority interest	(7)	(120)	(345)	(169)	(460)	(338)
Profit for the year	8,771	2,244	10,572	8,296	11,198	16,873
Basic earnings per share:						
Weighted average number of ordinary shares in issue ('000)	10,005	11,583	12,230	12,230	12,230	77,129
Gross EPS (RM)	1.39	0.41	0.83	0.84	1.14	0.31
Net EPS (RM)	0.88	0.19	0.86	0.68	0.92	0.22
After adjustment for bonus issue:						
Weighted average number of ordinary shares in issue ('000)	74,904	76,482	77,129	77,129	77,129	77,129
Gross earnings per share (RM)	0.19	0.06	0.13	0.13	0.18	0.31
Net earnings per share (RM)	0.12	0.03	0.14	0.11	0.15	0.22

Notes:

(a) *The following adjustments were incorporated to the summarised consolidated audited income statements:*

i) *Preliminary and pre-operating expenses is written off in the year where they were incurred in accordance with MASB 1 – Presentation of Financial Statements;*

The amounts adjusted against operating expenses in the respective years are as follows:

1997	1998	1999	2000	2001	2002
RM7,305	(RM3,840)	RM19,439	(RM1,542)	RM57,885	-

2. SUMMARY INFORMATION (Cont'd)

ii) *Minority interests' shares of results for the financial years ended 31 March 1997, 1998 and 1999 have been adjusted to reflect the effects of consolidation of the unconsolidated subsidiary companies in accordance with MASB 11 – Consolidated Financial Statements and Investments in Subsidiaries; and*

iii) *Under or over provision of taxation has been reclassified to the respective years where such under or over provision originated.*

b) *In 1997, YLR SB developed the Halaman Ampang Mewah, Phase 1 and 2 located in Perak whilst the Company developed Chandan Raya Industrial Park, also in Perak and Sungai Buloh Jaya Industrial Park (“SBJIP”) (Phase 1), located in Selangor. These developments aggregated approximately RM37 million of the Group’s revenue in 1997.*

The deterioration of the profit before tax margin from 234% in 1996 to 30% in 1997 was mainly due to the impact of an exceptional gain arising from the disposal of shares in a subsidiary company amounting to RM45.9 million recognised in 1996.

Revenue in 1998 decreased primarily due to the above developments being substantially completed in 1997 and launches of new projects, such as Anjung Bercham Megah, Phase 1A and 1B, in Ipoh, Perak, developed by YLR SB, did not record a high rate of completion.

The decrease in profit before taxation for 1998 was mainly due to the 10% deposit of approximately RM1.7 million forfeited for a proposed purchase of land by YLR SB, the deterioration of profit before tax margin, increase in Directors’ remuneration and staff costs of RM297,000 and donations made of RM329,000.

In 1999, YLR SB and the Company recorded revenue of approximately RM19 million and RM17 million from their respective developments. YLR SB was developing Anjung Bercham Megah, and Anjung Bercham Elite, both developments located in Ipoh, Perak, whilst the Company was still developing SBJIP. Developments by YLR SB, recorded a higher percentage of completion due to the full year of development activities. However, as these projects were substantially completed in 1999, revenue for 2000 decreased accordingly.

The improvement in profit before tax margin from 14% to 26 % was due to no exceptional losses were recorded in 1999.

The revenue for the Group in 2000 decreased by approximately RM8 million or 20% as compared to the revenue in 1999 of RM40 million. The decrease was due to development projects were substantially completed in 1999.

The Group’s profit before tax margin increased from approximately 26% to 33% for year 2000 mainly due to exceptional gain from the disposal of certain subsidiary companies of approximately RM4.8 million.

The Group achieved a profit before tax margin of approximately 29% for the year 2001 mainly because the Company’s development at Bukit Desa Seremban located in Negeri Sembilan, in addition to YLR SB launching new phases of development at Anjung Bercham Megah in Ipoh, Perak. These two developments contributed to the increase in revenue for 2001.

In 2002, the Group has commenced development at Tamai Pulau Indah located in Johor and Bandar Universiti Sri Iskandar in Perak. These projects were undertaken by GPSB and AMISB respectively. Both developments recorded favourable take up and completion rates, which contributed to the significant increase in Group revenue and profits.

c) *The increase in operating expenses in 1998 was mainly due to a forfeiture of deposit paid of approximately RM1.7 million for a proposed acquisition of land by YLR SB which did not materialise. The Company also contributed to the increase with increase in payments of Directors’ remuneration and staff costs of RM297,000 and payment of several donations amounting to approximately RM329,000. In 2001, the Company’s increased payment of staff costs and Directors’ remuneration resulted in the increase in operation expense of the Group.*

2. SUMMARY INFORMATION (Cont'd)

d) Exceptional items for the respective years comprised the following:

	←-----Financial year ended 31 March-----→					
	1997	1998	1999	2000	2001	2002
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Gain arising from disposals of investments	389	-	-	-	-	-
(Loss)/gain arising from disposals of subsidiary companies	(4,009)	(1,897)	-	4,919	-	-
Strata title processing and survey fees in respect of past developments	-	-	-	(134)	-	-
	(3,620)	(1,897)	-	4,785	-	-

e) The effective tax rates for 1997 and 1998 were higher than the statutory tax rate primarily because of exceptional losses arising from the disposals of subsidiary companies for which no group tax relief was available.

Taxation in 1999 was in respect of reversal of previously provided timing differences.

The effective tax rate for 2000 was lower than the statutory tax rate as the gain arising from disposal of subsidiary companies was not subjected to tax.

For 2001, the effective tax rate was again lower than the statutory tax rate due to real property gains tax being claimed on gains arising from the disposals of two parcels of leasehold land amounting to approximately RM9.5 million.

f) During the financial years under review, there were no extraordinary items.

Detailed information on the financial performance of the Company is set out in Section 11 of this Prospectus.

2.4. Proforma Balance Sheets As At 31 March 2002

The Proforma Balance Sheets set out below are provided for illustrative purposes only to show the effects on the audited balance sheet of the HYB Group after taking into account the Public Issue had it been effected on that date.

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2. SUMMARY INFORMATION (Cont'd)

2.4.1 Proforma Consolidated Balance Sheets As At 31 March 2002

	Audited Balance Sheet As At 31 March 2002	After Public Issue
	RM'000	RM'000
<u>Non-Current Assets</u>		
Property, plant and equipment	35,485	35,485
Land and development expenditure	79,157	79,157
Goodwill on consolidation	11,730	11,730
Long term receivables	3,850	3,850
Deferred expenditure*	677	677
	130,899	130,899
<u>Current Assets</u>		
Inventories	634	634
Development properties	33,193	33,193
Trade receivables	29,723	29,723
Other receivables, deposits and prepayments	4,396	1,896
Cash and bank balances	1,482	6,506
	69,428	71,952
<u>Current Liabilities</u>		
Trade payables	33,895	33,895
Other payables and accruals	11,761	9,261
Bank borrowings	40,005	25,005
Taxation	2,590	2,590
	88,251	70,751
Net Current (Liabilities)/Assets	(18,823)	1,201
	112,076	132,100
<u>Shareholders' Equity And Long Term Liabilities</u>		
Share capital	77,129	90,000
Share premium	-	7,153
Reserves	20,302	20,302
	97,431	117,455
Minority interest	143	143
Deferred liabilities	14,502	14,502
	112,076	132,100
NTA Per Share** (RM)	1.11	1.17

2. SUMMARY INFORMATION (Cont'd)

Notes:

- * *The deferred expenditure relates to taxes prepaid on unrealised profits arising from inter-company transactions in prior years and will reverse when the assets related to the transactions are sold to third parties.*
- ** *The NTA is arrived at without deducting deferred expenditure due to its nature as explained in Note * above.*

Notes to the Proforma Consolidated Balance Sheets for the Group are set out in Section 11 of this Prospectus.

2.5 Auditors' Qualifications

There was no qualification reported in the audited accounts of HYB and its subsidiaries for the past five (5) financial years ended 31 March 2002.

2.6 Summary Of Material Risk Factors

Prospective investors should consider carefully all the relevant information contained in this Prospectus, including, inter alia, the following investment considerations:

- (i) Prior to this Public Issue and Offer For Sale, there has been no public market for HYB shares and, as such, there can be no assurance regarding the future development of the market for the shares;
- (ii) Upon completion of the Public Issue/Offer For Sale, the wife and children of the late Ho Mok Heng, although not involved in the day-to-day operations of the HYB Group, together via their shareholdings in HHSB and HJSB, will form the single largest shareholders of HYB. In this respect, they can control the decision on matters requiring their votes;
- (iii) HYB is susceptible to certain risks inherent in the property and construction industry, such as constraints in and the rising cost of labour supply and raw materials;
- (iv) Increasing competition from other property developers in view of the current property market;
- (v) The success of its development projects is very much dependent on the quantity and quality of its land bank in order to sustain its future profitability;
- (vi) The continued success of the Group is also dependent on the Group's ability to attract and retain skilled personnel;
- (vii) Adverse development in political and economic conditions in Malaysia could have unfavourable impact on the financial prospects of the Group;
- (viii) Significant fluctuations in the interest rate may pose an impact on the financial performance of HYB Group, as some working capital requirements are met via borrowings; and
- (ix) Changes in government control and regulation.

Details of the risk factors are set out in Section 4 of this Prospectus.

2. SUMMARY INFORMATION (Cont'd)

2.7 Consolidated Profit Forecast

Financial Year Ending 31 March 2003	Forecast
	RM'000
Consolidated revenue	166,076
Consolidated profit before taxation and minority interest	37,735
Less: Taxation	(11,196)
Consolidated profit after taxation but before minority interest	26,539
Less: Minority interest	(527)
Consolidated profit after taxation and minority interest	26,012
Weighted average number of ordinary shares after adjustments for the Bonus Issue ('000)	82,492
Enlarged number of ordinary shares in issue ('000)	90,000
Based on weighted average number of ordinary shares after adjustments for the Bonus Issue	
(i) Gross EPS (sen)	44.86
(ii) Net EPS (sen)	31.53
(iii) Gross PE Multiple based on the Issue/Offer price of RM1.75 per ordinary share (times)	3.90
(iv) Net PE Multiple based on the Issue/Offer price of RM1.75 per ordinary share (times)	5.55
Based on enlarged number of ordinary shares in issue	
(i) Gross EPS (sen)	41.11
(ii) Net EPS (sen)	28.90
(iii) Gross PE Multiple based on the Issue/Offer price of RM1.75 per ordinary share (times)	4.26
(iv) Net PE Multiple based on the Issue/Offer price of RM1.75 per ordinary share (times)	6.06

For further details, please refer to the Auditors' letter on the consolidated profit forecast in Section 11.8 of this Prospectus.

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2. SUMMARY INFORMATION (Cont'd)

2.7.1 Dividend Forecast

Financial Year Ending 31 March 2003	Forecast
Gross dividend per ordinary share (sen)	5.00
Net dividend per ordinary share (sen)	3.60
Gross dividend yield based on the Issue/Offer price of RM1.75 per ordinary share (%)	2.86
Net dividend yield based on the Issue/Offer price of RM1.75 per ordinary share (%)	2.06
Gross dividend cover (times)	8.22
Net dividend cover (times)	8.03

For further details, please refer to Section 11.10 of this Prospectus.

2.8 Proforma Group NTA As At 31 March 2002

	<u>RM</u>
Proforma Group NTA ¹	105,725,000
Proforma Group NTA per ordinary share ²	1.17

Notes:

¹ Net of estimated listing expenses of RM2,500,000.

The NTA is arrived at without deducting deferred expenditure due to its nature as the deferred expenditure relates to taxes prepaid on unrealised profits arising from inter-company transactions in prior years and will reverse when the assets related to the transactions are sold to third parties.

² Based on the enlarged issued and paid-up share capital of 90,000,000 ordinary shares of RM1.00 each.

Detailed calculation of the Proforma Group NTA is set out in Section 11 of this Prospectus.

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2. SUMMARY INFORMATION (Cont'd)

2.9 Principal Statistics Relating To The Public Issue And Offer For Sale

2.9.1 Share Capital

<i>Authorised</i>	RM
500,000,000 ordinary shares of RM1.00 each	500,000,000
<i>Issued and fully paid-up</i>	
Existing 77,129,000 ordinary shares of RM1.00 each	77,129,000
<i>To be issued pursuant to:</i>	
Public Issue of 12,871,000 new ordinary shares of RM1.00 each	
- Allocation to Directors and eligible employees of 2,832,000 new ordinary shares	
- Placement of 8,000,000 new ordinary shares	
- Public Issue via ballot of 2,039,000 new ordinary shares	
	<u>12,871,000</u>
<i>Enlarged share capital</i>	<u>90,000,000</u>
To be offered pursuant to this Prospectus	<u>27,000,000</u>

2.9.2 Public Issue/Offer For Sale Price Per Ordinary Share RM1.75

2.9.3 Class Of Shares

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 and Offer Shares will rank pari passu in all respects with the other existing issued and paid-up ordinary shares of the Company including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of this Prospectus.

For further details, please refer to Section 3.4 of this Prospectus.

2.10 Proposed Utilisation Of Proceeds

No part of the gross proceeds which amount to RM47,250,000 arising from the Offer For Sale is receivable by HYB. The gross proceeds from the Offer For Sale shall accrue entirely to the Offerors. The Offerors shall bear the stamp duty and other charges relating to the Offer For Sale.

The total gross proceeds of RM22,524,250 arising from the Public Issue shall accrue entirely to HYB and be utilised as follows;

	RM
1. Repayment of Group's borrowing	15,000,000
2. Working capital	5,024,250
3. Estimated listing expenses	2,500,000
Total	<u><u>22,524,250</u></u>

The proceeds arising from the Public Issue are expected to be fully utilised within six (6) months from the date of listing. The net proceeds after deducting estimated listing expenses is RM20,024,250.

Details of the proposed utilisation of proceeds are set out in Section 3.7 of this Prospectus.

2. SUMMARY INFORMATION (*Cont'd*)

2.11 Material Litigations/Arbitration Proceedings, Commitments And Contingent Liabilities

(1) Material Litigations/Arbitration Proceedings

Save as disclosed below, the HYB Group is presently not engaged whether 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 HYB 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 the HYB Group:

HYB

A third party, Ramanda Development Sdn Bhd (“Ramanda”), has taken legal action against the Company seeking the return of individual titles for a parcel of land in Sungai Buloh or RM14,594,000.00 and interest of RM1,359,515.62 plus cost. HYB had filed an application to Court to strike out the claim by Ramanda, but this application was dismissed on 17 April 2001. Subsequently, the Company lodged an appeal which was dismissed on 27 August 2001. The potential liability from the said claim has not been accrued for in the accounts as the Directors are of the opinion that it is unlikely that the third party will be successful in its claim. The solicitors having conduct of the matter, Messrs Amin-Tan & Co, have given their opinion that the plaintiff has no cause of action and that the claim is premature as the Company is not in breach. The parties are proceeding to trial and the matter has been fixed for case management on 27 November 2002. No date has been fixed as yet for HYB’s appeal to the Court of Appeal, filed on 21 September 2001. The said land in Sungai Buloh was not captured in the accounts of HYB as assets.

The Directors of HYB are of the opinion that in the event that the claim by the plaintiff is successful, the Company would have to pay the plaintiff an estimated amount of RM15,953,515.62 and in return get the titles of land or to surrender the titles plus payment of legal cost incurred by the plaintiff.

PPSB

PPSB has taken legal action against Kasinathan Barlendran Thuraisingham (“Kasinathan”) claiming for the refund of a deposit sum of RM317,952 with interest and cost in respect of the termination of an agreement entered into between PPSB and Kasinathan. PPSB filed its application for pre-trial case management on 31 December 2001. The matter is fixed for case management on 14 October 2002. In the event PPSB is unsuccessful in its legal action, it would be required to write-off the whole of the deposit sum of RM317,952 from its receivables and recognise a loss of the same amount.

(2) Material Contingent Liabilities

Save as disclosed below, as at 16 September 2002 being the latest practicable date at which such amounts could be calculated prior to the printing of this Prospectus, the Group does not have any other material contingent liabilities:

- (i) The Company is a corporate guarantor for a term loan facility of RM5,000,000 granted to its subsidiary, AMISB by RHB Bank Berhad. The amount outstanding as at 16 September 2002 is RM318,199.00.

2. SUMMARY INFORMATION (Cont'd)

(ii) The Company is a corporate guarantor for an overdraft facility of RM1,535,000 granted to its subsidiary, GPSB by RHB Bank Berhad. The amount outstanding as at 16 September 2002 is RM597,535.29.

(iii) Letters of guarantee granted to the HYB Group by OCBC Bank (Malaysia) Berhad. As at 16 September 2002, a total of RM1,116,850 has been issued.

(3) Material Commitments

Save as disclosed below, the Group does not have any other material commitment as at 16 September 2002 being the latest practicable date at which such amounts could be calculated prior to the printing of this Prospectus:

Authorised but not contracted for*	RM 900,000
Authorised and contracted for	-

Note:

* *For the purpose of acquisition of the 4% minority interest in GPSB*

Details of material litigation/arbitration proceedings, material contingent liabilities and material commitments are set out in Section 15 of this Prospectus.

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3. PARTICULARS OF THE ISSUE/OFFER

This Prospectus is dated 30 September 2002. A copy of this Prospectus has been registered with the SC and lodged with the Chief Executive Officer of the CCM, both of whom take no responsibility for its contents.

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

An application will be made to the KLSE within three (3) market days from the date of this Prospectus for admission to the Official List of the Main Board of the KLSE and for permission to deal in and for the listing of and quotation for the entire enlarged issued and paid-up ordinary shares of RM1.00 each in HYB, including the Public Issue Shares and Offer Shares, which are the subject of this Prospectus. These ordinary shares will be admitted to the Official List of the Main Board of the KLSE and official quotation will commence after the 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 the applications 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 ordinary shares of HYB on the Main Board of the KLSE. Accordingly, monies paid in respect of any application accepted from the applications 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 the Company is notified by or on behalf of the KLSE within the aforesaid timeframe.

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

No person is authorised to give any information or to make any representation not contained herein in connection with the Public Issue and Offer For Sale and if given or made, such information or representation must not be relied upon as having been authorised by HYB. Neither the delivery of this Prospectus nor any offer 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 the HYB Group since the date hereof.

The distribution of this Prospectus and the sale of the Public Issue Shares and Offer Shares in certain other jurisdictions outside Malaysia may be restricted by law. Persons into whose possession of this Prospectus may come 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 offer to sell or invitation of an offer to buy any Public Issue Shares and 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.

The KLSE assumes no responsibility for the correctness of any of the statements made or opinion or reports 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 ordinary shares.

If you are in any doubt about this Prospectus, you should consult your stockbroker, bank manager, solicitor, professional accountant or any other professional adviser.

3. PARTICULARS OF THE ISSUE/OFFER (Cont'd)

3.1 Opening And Closing Of Application Lists

The Application Lists will open at **10.00 a.m.** on 14 October 2002 and will remain open until **8.00 p.m.** on the same day or for such further period or periods as the Directors of HYB/Offerors may decide in their absolute discretion.

3.2 Date Of Special Events

Opening Date of the Public Issue/Offer For Sale	:	30 September 2002
Closing Date of the Public Issue/Offer For Sale	:	14 October 2002
Tentative Balloting Date	:	18 October 2002
Tentative Allotment Date	:	5 November 2002
Tentative Listing Date	:	11 November 2002

3.3 Purposes Of The Public Issue And Offer For Sale

The purposes of the Public Issue and Offer For Sale are as follows:

- (i) to grant HYB access to the capital market for funds to finance future expansion and continued growth;
- (ii) to provide an opportunity for the Directors, eligible employees and the Malaysian investing public to participate in the equity and continuing growth of the Group;
- (iii) to provide cheaper additional funds to meet the present and future working capital requirements of the HYB Group;
- (iv) to facilitate the listing of and quotation for HYB shares on the Main Board of the KLSE; and
- (v) to enable HYB to meet the National Development Policy requirement on 30% Bumiputera shareholding spread in HYB upon the listing.

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3. PARTICULARS OF THE ISSUE (Cont'd)

3.4 Number And Class Of Securities To Be Issued

	RM
Authorised	
500,000,000 ordinary shares of RM1.00 each	500,000,000
Issued and fully paid-up	
Existing 77,129,000 ordinary shares of RM1.00 each	77,129,000
To be issued pursuant to:	
Public Issue of 12,871,000 new ordinary shares of RM1.00 each	
- Allocation to directors and eligible employees of 2,832,000 new ordinary shares	
- Placement of 8,000,000 new ordinary shares	
- Public Issue via ballot of 2,039,000 new ordinary shares	
	<u>12,871,000</u>
Enlarged share capital	<u>90,000,000</u>
To be offered pursuant to this Prospectus	<u>27,000,000</u>

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 and Offer Shares will rank *pari passu* in all respects with the other existing issued and paid-up ordinary shares of the Company including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of this Prospectus.

Subject to any special rights attaching to any shares which may be issued by the Company in the future, the holders of ordinary shares in the Company shall, in proportion to the amount paid-up on the ordinary shares held by them, be entitled to share in the whole of the profits paid out by the Company as dividends, distributions and the whole of any surplus in the event of 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 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 representative shall have one vote for each ordinary share held.

3.5 Details Of The Public Issue And Offer For Sale

The Public Issue and Offer For Sale shall be subject to the terms and conditions of this Prospectus and upon acceptance, the Public Issue and Offer Shares will be allocated in the following manner:

(i) **Pink form allocations to Directors and eligible employees of HYB Group**

2,832,000 Public Issue Shares have been reserved for the five (5) Directors and fifty-four (54) eligible employees of the HYB Group. These shares have been allocated based on the following criteria:

3. PARTICULARS OF THE ISSUE *(Cont'd)*

- Minimum allocation is 1,000 shares;
- Number of years of service and job grade/designation/level;
- Must be eighteen (18) years old and above; and
- For eligible employees, must be a confirmed staff as at 31 July 2002.

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

Name Of Directors	Designation	Pink Form Shares Allocation
Dato' Seri Dr. Ting Chew Peh	Chairman/Independent Non-Executive Director	110,000
Chor Eng Choon	Chief Executive Officer / Executive Director	99,000
Ho Khon Yok	Executive Director	185,000
Ho Mook Leong	Executive Director	85,000
Tan Sri Dato' Seri Prof. Dr. Yom Ahmad Bin Ngah Ahmad*	Independent Non-Executive Director	-
Goh Swee Boh @ Goh Cheng Kin*	Non-Independent Non-Executive Director	-
Lee Ah Har @ Lee Kong Yip	Independent Non-Executive Director	25,000

Note:

* Declined to be allocated shares under the pink form shares allocation

(ii) Placement by the Placement Agent

8,000,000 Public Issue Shares have been reserved for private placement to identified placees, who have given their respective irrevocable undertakings to subscribe for the Placement Shares reserved for them, of which at least 30% is to be set aside to Bumiputera individuals, companies, societies, co-operatives and institutions;

(iii) Allocation via balloting to the Malaysian public

2,039,000 Public Issue Shares will be made available for application to the Malaysian public, to be allocated via ballot, of which at least 30% is to be set aside for Bumiputera individuals, companies, societies, co-operatives and institutions; and

3. PARTICULARS OF THE ISSUE *(Cont'd)*

(iv) **Bumiputera investors and institutions to be approved by MITI**

27,000,000 Offer Shares will be reserved for Bumiputera investors and institutions to be approved by MITI.

The MITI had vide its letter dated 30 April 2002 approved the allocation of 27,000,000 shares to the parties disclosed below subject to the condition that the said Bumiputera investors are allowed to sell up to 30% of the total number of shares allocated within the 12 months after the listing of HYB on the KLSE, and thereafter will only sell the remaining shares in stages after obtaining prior approval from the MITI.

Bumiputera Investors/Institutions	No. Of Shares Approved Under MITI Allocation
Syarikat Majuperak Berhad	18,000,000
UB Co-Management Sdn Bhd	2,978,000
Tegastia Holdings Sdn Bhd	2,700,000
Tan Sri Dato' Seri Prof. Dr. Yom Ahmad Bin Ngah Ahmad	2,000,000
Amanah Saham Mara Berhad	1,000,000
Appointed stakeholder*	322,000
Total	27,000,000

Note:

* *MITI has, vide its letter dated 20 September 2002 given its no objection to these shares to be placed with an appointed stakeholder, Aseam Malaysia Nominees (Tempatan) Sdn Bhd, until such time in future that a Bumiputera investor(s) is identified and approved by MITI to subscribe for these shares.*

All the abovesaid Bumiputera investors, except for the appointed stakeholder, have submitted their respective letters of acceptance to the MITI with the terms attached therein, ie, that they are allowed to sell up to 30% of the total number of shares allocated within 12 months after the listing of HYB on the KLSE, and thereafter will only sell the remaining shares in stages after obtaining prior approval from the MITI.

In the event that the Public Issue Shares under (i) above are not taken up by the Directors and eligible employees, such shares will be reallocated to the Malaysian public, of which 30% is to be set aside strictly for Bumiputera individuals, companies, co-operatives, societies and institutions.

The Public Issue Shares under (ii) above need not be underwritten as identified placees have given their respective irrevocable undertakings to subscribe for the said Placement Shares. However, the Public Issue Shares under (i) and (iii) above have been fully underwritten by the Joint Managing Underwriters at an underwriting commission of 2.00% of the Issue/Offer price of RM1.75 for each Public Issue Share being underwritten.

3. PARTICULARS OF THE ISSUE *(Cont'd)*

The Offer Shares under (iv) above need not be underwritten. In the event that the Offer Shares are not fully subscribed by the Bumiputera investors approved by the MITI, the balance of the Offer Shares will be allocated to other Bumiputera investors to be approved by the MITI.

3.6 Basis Of Arriving At The Issue/Offer Price

The Issue/Offer price of RM1.75 per share was determined and agreed upon by the Offerors, Company, Aseambankers as Adviser, Placement Agent and the Joint Managing Underwriter together with the other Joint Managing Underwriter, based on various factors after taking into account the following including but not limited to:

- (i) The Group's financial and operating history and conditions as outlined in Section 5 and 11 of this Prospectus;
- (ii) The net PE Multiple of 6.06 times based on the forecast net EPS of 28.90 sen and the Issue/Offer price of RM1.75 per share;
- (iii) The prospects and future plans of the HYB Group as mentioned in Section 5.8 and 5.9 of this Prospectus; and
- (iv) The proforma consolidated NTA per share (after deducting estimated listing expenses of RM2,500,000) of the HYB Group as at 31 March 2002 of RM1.17.

3.7 Proposed Utilisation Of Proceeds

No part of the gross proceeds which amount to RM47,250,000 arising from the Offer For Sale is receivable by HYB. The gross proceeds from the Offer For Sale shall accrue entirely to the Offerors. The Offerors shall bear the stamp duty and other charges relating to the Offer For Sale.

The total gross proceeds of RM22,524,250 arising from the Public Issue shall accrue entirely to HYB and be utilised as follows:

	RM'000	Time Frame For Utilisation	
		3 months from date of listing RM'000	6 months from date of listing RM'000
Repayment of Group's borrowings <i>(refer to note (a) below)</i>	15,000	15,000	-
Estimated listing expenses <i>(refer to note (b) below)</i>	2,500	2,500	-
Working capital <i>(refer to note (c) below)</i>	5,024	2,000	3,024
	22,524	19,500	3,024

The net proceeds after deducting estimated listing expenses is RM20,024,250.

3. PARTICULARS OF THE ISSUE (Cont'd)

(a) Repayment of Group's borrowings

The Directors of the HYB Group intend to repay the following borrowings with part of the gross proceeds from the Public Issue. The repayment of Group borrowings is expected to contribute positively towards reducing the overall interest cost of the Group and thus better earnings in the future. Brief details of the repayment of the Group's borrowings are as follows:

- Revolving loan facilities with OCBC Bank (Malaysia) Berhad ("OCBC")

Financier And Type Of Facility	Purpose Of Borrowing	Amount RM'000	Outstanding Principal Amount As At 16 September 2002 RM'000	Repayment Of Principal Amount And Commencement Of Repayment Date	Interest Rate
OCBC, Ipoh, Revolving loan	Working capital	13,341	13,341	October 2002	8.40%
OCBC, KL, Revolving loan	Working capital	15,390	15,390	October 2002	8.40%
Total		<u>28,731</u>	<u>28,731</u>		

(b) Estimated listing expenses

Details of the estimated listing expenses are provided in Section 3.11.

(c) Working capital

Approximately RM5,024,250 will be utilised as general working capital for the Group. As HYB is essentially a property development group, adequate working capital will give the Group competitive edge in its cash management which in turn supports its pricing strategy. Furthermore, this will also give the HYB Group an edge in aggressively sourcing for additional land bank to further expand its business horizon.

3.8 Financial Impact From Utilisation Of Proceeds

Since the majority of the proceeds will be utilised to repay bank borrowings, the financial impact on the HYB Group will mainly be in the form of interest savings arising from the reduction in bank borrowings estimated at approximately RM525,000 for the financial year ending 31 March 2003 assuming an average interest rate of 8.40% per annum.

3. PARTICULARS OF THE ISSUE (Cont'd)

3.9 Underwriting Commission, Placement Agent Fee And Brokerage

The Joint Managing Underwriters as mentioned in the Corporate Directory of this Prospectus entered into a supplemental underwriting agreement on 4 September 2002, subsequent to an underwriting agreement dated 26 April 2002, for the underwriting of 4,871,000 shares of the Public Issue Shares, which are made available to the Malaysian public. Underwriting commission amounting to RM170,485 relating to the 4,871,000 Public Issue Shares to be underwritten is payable by the Company at the rate of 2.00% of the Issue/Offer price of RM1.75 per ordinary share.

Aseambankers has also agreed to act as the Placement Agent for the placement of the 8,000,000 Placement Shares at the rate of up to 2.00% of the Issue/Offer price of RM1.75 per ordinary share.

Brokerage relating to the Public Issue is payable by the Company at the rate of 1.00% of the Issue/Offer price of RM1.75 per ordinary share in respect of successful applications which bear the stamp of Aseambankers, a member company of the KLSE, a member of the Association of Banks in Malaysia, a member of the Association of Merchant Banks in Malaysia or MIDFCCS.

3.10 Salient Terms Of The Underwriting Agreement

The following provisions are reproduced from the underwriting agreement and supplemental underwriting agreement dated 26 April 2002 and 4 September 2002 respectively:

CLAUSE 2 : AGREEMENT TO UNDERWRITE

- 2.1 In consideration of the Commission to be paid to the Underwriters, the Underwriters, relying upon each of the representations and warranties by the Company set out in Clause 3.1 hereof, have agreed severally, but not jointly, to underwrite the issue of the Underwritten Shares in the number and proportion set opposite their respective names in Columns 2 and 3 respectively of the Schedule hereto.
- 2.2 The obligation of each Underwriter hereunder is several and, subject to Clause 2.3, none of the Underwriters shall be responsible for any failure by any other Underwriter to perform its obligations hereunder nor shall failure relieve the other Underwriters or the Company of their respective obligations hereunder. Nothing in this Agreement shall be construed as constituting or evidencing a partnership among the Underwriters or between any two (2) or more of them.
- 2.3 Subject to Clause 5.6, in the event of the failure of any Underwriter to perform any of its obligations hereunder, the Company shall procure applications from one or more third parties for such proportion of the Underwritten Shares as the said Underwriter may have failed to apply for, provided that the Company shall thereafter be entitled to an indemnity from the said Underwriter in respect of any loss damage costs or expense that the Company may incur or sustain as a result of such failure of that Underwriter.

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3. PARTICULARS OF THE ISSUE (Cont'd)

- 2.4 The rights of each Underwriter hereunder are several. Each party shall have the right to protect and enforce its rights arising out of this Agreement and it shall not be necessary for the Joint Managing Underwriters or any other Underwriter to be joined as an additional party in any proceedings for this purpose.

CLAUSE 4: CONDITIONS PRECEDENT / TERMINATION

- 4.1 The several obligations of the Underwriters herein are conditional upon:
- (a) the registration by the SC of the Prospectus after submission for its registration in accordance with Section 42 of the SCA together with all documents required by Section 42 within forty (40) Market Days from the date of this supplemental underwriting agreement;
 - (b) the lodgment with the CCM of a copy of the Prospectus together with a copy of the form of application accompanying the Prospectus as required by Section 43 of the SCA;
 - (c) the submission of an application to the KLSE to obtain its approval in principle for the listing and quotation of the entire issued and paid-up ordinary shares of the Company on the Main Board of the KLSE within three (3) Market Days from the date of issue of the Prospectus;
 - (d) all other necessary consents required in relation to the Issue have been obtained and continue to be in full force and effect;
 - (e) full subscription of and payment for the 8,000,000 shares to be placed out as referred to in Recital C(2) and the 27,000,000 Offer Shares by the Bumiputera investors approved/nominated by the MITI;
 - (f) the issuance of a letter signed jointly by the Joint Managing Underwriters consenting to the issuance to the public of the Prospectus and the Application Forms for shares in the Company.
- 4.2 If:
- (a) any of the conditions in Clause 4.1 is not satisfied by Closing Date;
 - (b) there is, on or prior to the Closing Date, any material breach by the Company of any of the representations, warranties and undertakings contained in Clause 3.1 above which, if capable of remedy, is not remedied within three (3) Business Days after notice to remedy such breach shall have been given to the Company by the Joint Managing Underwriters or by the Closing Date, whichever is the earlier;

each of the Underwriters shall thereupon be entitled to terminate this Agreement by serving the Termination Notice on the Company and in that event (except for the obligation of the Company for payment of the costs and expenses as provided in Clause 8 hereunder) subject to the provisions herein, such Underwriter shall be released and discharged from its obligations hereunder and the Company shall be released and discharged from its obligations hereunder to that Underwriter and PROVIDED THAT each of the Underwriters may at its discretion and, subject to such conditions as it may impose, waive compliance with or modify any of the provisions of Clause 4.1 for the purpose of determining its own obligations hereunder.

3. PARTICULARS OF THE ISSUE (Cont'd)

- 4.3 Notwithstanding anything herein contained, the Joint Managing Underwriters (as agents of the Underwriters) may at any time before the Closing Date by serving a Termination Notice on the Company terminate this Agreement if in the reasonable opinion of the Underwriters, in consultation with the Company, there shall have occurred or come into effect any of the following:
- (a) an adverse change in economic conditions or a material adverse change in the Malaysian financial and capital markets such as would prejudice materially the success of the Issue and the listing and quotation of the entire issued and paid-up ordinary shares of the Company on the Main Board of the KLSE; or
 - (b) a change in applicable law as would prejudice materially the success of the Issue and the listing and quotation of the entire issued and paid-up ordinary shares of the Company on the Main Board of the KLSE; or
 - (c) a national emergency or a series of events beyond the reasonable control of the Underwriters, including the acts of the Government and Acts of God, which has/have the effect of making a material part of this Agreement impossible of performance in accordance with its terms; or
 - (d) a material breach of any of the terms and conditions of this Agreement; or
 - (e) the occurrence of any event or discovery of any fact that would render untrue any representation by the Company made herein; or
 - (f) the KLSE Composite Index falls to below 500 points;
- and thereupon the parties hereto shall be released and discharged from their obligations hereunder, subject to Clause 4.4 below.
- 4.4 In the event of the termination of this Agreement the Company shall remain liable for the payment of the costs and expenses referred to in Clause 8.1 which are incurred prior to or in connection with such termination and the Company shall return all monies (if any) paid by the Underwriters under this Agreement not later than seven (7) days after the Closing Date.

CLAUSE 8 : COSTS

- 8.1 The Company shall bear and pay all costs charges and expenses of and incidental to the Issue. Each party hereto shall bear its own legal fees in relation to legal advice sought by that party to this Agreement.
- 8.2 All costs and expenses referred to in Clause 8.1 above shall be payable notwithstanding that any party hereto is released or discharged pursuant to the terms of this Agreement or that any of the conditions specified in Clause 4.1 is not satisfied.

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3. PARTICULARS OF THE ISSUE (Cont'd)

3.11 Estimated Listing Expenses

The details of estimated listing expenses are as follows:

	Note	RM
Professional Fees and Charges (including Solicitors' fees, Reporting Accountants' fees, Independent Market Research Consultant's fees and Adviser's fees)		900,000
Other Listing Fees and Charges		
SC processing fees	(a)	75,000
Prospectus registration fee with SC		5,000
Prospectus lodgment fee with CCM		500
KLSE listing fees	(b)	45,000
Issuing House and disbursement		100,000
Translation fee		20,000
Printing expenses for Prospectus, application forms, envelopes and share certificates		200,000
Advertisement charges		200,000
Contingencies	(c)	278,772
Public Issue Shares		
Underwriting commission and brokerage fees	(d)	395,728
Placement Agent fee	(e)	280,000
Approximately		2,500,000

Notes:

- (a) *Nominal amount + 0.05% of total issue of securities*
 $RM30,000 + (0.05\% \times 90,000,000) = RM75,000$
- (b) *Initial listing fees for Main Board*
RM500 per million Ringgit or part thereof of the issued capital of the listed issuer, subject to a minimum fee of RM2,000 and maximum of RM50,000
 $RM500 \times (90,000,000/1,000,000) = RM45,000$
- (c) *Any other fees incidental or related expenses in connection with the Proposed Listing*
- (d) *Estimated underwriting commission is based on an Issue/Offer price of RM1.75 per ordinary share and a commission rate of 2.00% for the 4,871,000 shares underwritten.*
Estimated $(4,871,000 \times RM1.75 \times 2.00\% = RM170,485)$
Estimated brokerage fees is based on an Issue/Offer price of RM1.75 per ordinary share at a rate of 1.00% for the Public Issue Shares.
Estimated $(12,871,000 \times RM1.75 \times 1.00\% = RM225,243)$
- (e) *Estimated Placement Agent fee is based on an Issue/Offer price of RM1.75 per ordinary share at a rate of up to 2.00% for the Placement Shares (8,000,000 shares x RM1.75 x up to 2.00% = up to RM280,000)*

4. RISK FACTORS

Applicants for the Public Issue and Offer Shares should carefully consider the following in addition to all the other relevant information contained elsewhere in this Prospectus, before applying for the Public Issue and Offer Shares:

(a) Marketability Of HYB Shares

Prior to this Public Issue and Offer For Sale, there has been no public market for HYB's shares and there can be no assurance regarding the future development of the market for the shares upon its listing on the Main Board of the KLSE. The Issue/Offer price of RM1.75 per ordinary share has been determined after taking into consideration of a number of factors, including but not limited to, the Group's financial and operating history and standing, the future prospects of the Group and the industries in which the Group is involved, the net tangible assets of the Group, the valuation of all development properties of the Group and the market prices for shares of other companies engaged in businesses similar to that of the Group.

There is no assurance that the Issue/Offer price will correspond to the price at which HYB's shares will trade on the Main Board of the KLSE upon or subsequent to its listing or that an active market for HYB's shares will develop and continue upon or subsequent to its listing.

(b) Ownership And Control Of The Group

The former Managing Director of HYB, the late Ho Mok Heng, in his last Will and Testament ("Will"), gave all his shares in HHSB and HJSB to his wife, Chew Po Sim, and his four children in equal shares. At present, these shares have not been transferred to them and are still in the name of the Estate of Ho Mok Heng. In his last Will, the late Ho Mok Heng prescribed that the remainder of his estate, which included 4.09% of the shares in HYB, be used to pay his debts and thereafter, of the balance thereof, 40% be divided among his four children, 15% to each of his executors and the balance of the 30% to charity. As his estate is still being administered, the number of shares in HYB that may be distributed to his beneficiaries is presently not known.

However, discounting the said 4.09% of the shares in HYB held directly by the late Ho Mok Heng and taking into account only the shares in HYB held by HHSB and HJSB, upon completion of the Public Issue/Offer For Sale, the wife and children of the late Ho Mok Heng, although not involved in the day-to-day operations of the HYB Group, together via their shareholdings in HHSB and HJSB totaling approximately 32.36% of the shares of HYB, will form the single largest shareholders of HYB. As such, the aforesaid shareholders of the HYB Group will be able to control the outcome of certain matters requiring the votes of the Company's shareholders.

The management of the HYB Group is under the direction of Chor Eng Choon who assumed the post of Chief Executive Officer/Executive Director following the demise of Ho Mok Heng, who was the previous Managing Director of HYB.

Over the years, the structure of the organisation is such that members of the Board and management has its own independent functions but decisions overall are made on a collective basis. For example, the awarding of contracts is by open tender basis on a professional and arms length basis based on price, qualification and experience and tabled to a tender committee for final decision.

4. RISK FACTORS (Cont'd)

Furthermore, an Executive Committee was set up in January 2002 with the objectives of implementing an organisational structure to formulate policies on all aspects of HYB's operations and to monitor and review the implementation of policies by the management team of HYB.

Hence, this ensures that the Group continues to be run smoothly after the passing of Ho Mok Heng.

(c) Business Risks

The primary inherent risk of the property development industry in general is the subjugation of the business to economic cycles. In order to mitigate such risks, the HYB Group provides a well balanced and varied product composition mix in its development projects with emphasis on low to medium costs residential developments.

The higher end priced products of bungalows, terrace houses, condominiums and commercial and retail units are more price sensitive to the economic cycles of peak and trough as evident during the recent economic crisis and the recession of the 1980's.

Basic housing products like low cost, medium low and medium cost housing have satisfactory take up rates in both the primary and secondary property market. As demand from this segment of the market for basic housing is relatively continuous and generally less susceptible to economic cycle swings, HYB is confident that it is able to position itself and adapt its business strategies according to the prevailing economic and market conditions.

(d) Risk Associated With Borrowings

Significant fluctuations in the interest rate may pose an impact on the financial performance of the HYB Group, as some working capital requirements are met partially by borrowings and internally generated funds. However, the HYB Group has proposed to utilise part of the proceeds from the Public Issue to reduce its borrowings by a total of RM15 million, from RM40 million to RM25 million (based on the proforma consolidated balance sheet as at 31 March 2002, details of which are provided in Section 11.11 of this Prospectus) thereby reducing its gearing ratio to 0.21 times.

(e) Dependencies On Suppliers

There is minimal risk of dependency on certain main contractors/suppliers as:

- i. all tenders are awarded based on open system.
- ii. tenders are invited based on price competitiveness vis-à-vis experience, track record and qualification basis.
- iii. contracts are awarded to more than one qualified and reputable contractor on parcel-to-parcel basis. This will enable the quality control personnel to check their work progress and the quality of performance, and to decide on the continual consideration of their service for the following parcel/project.

4. RISK FACTORS (Cont'd)

(f) Government Control And Environmental Regulation

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 (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 and an exemption from 50% of the stamp duty in relation to instruments of transfer between husband and wife, parents and children.

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 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.

(g) Competition

In view of the current market condition and a number of developments being launched in 2000 and 2001, competition will be keen. As such, a good product is sometimes not enough, the developer not only has to drive home the message that the product is superior, but also to take steps to ensure that investors are convinced that it is a profitable and secure investment. The HYB Group with its marketing strategy has been able to achieve a measure of success in terms of quality, services, business and consumer confidence since the completion of the 4 storey shop project in Ipoh in the year 1981.

Pricing is a determinant of supply and demand in the market. Profitability therefore is a function of both revenue derived from saleability of products as well as efficient cost control management. HYB, as a result of its low holding cost of its land bank, is well placed to offer products with a competitive edge compared to its competitors.

4. RISK FACTORS (Cont'd)

HYB's business positioning vis-à-vis the market/competition is on a 2 level basis, namely:

- Project positioning (Macro level) in terms of varied composition mix to cater for the various target market stratum; and
- Product positioning (Micro level) which entails the provision of value added benefits such as the provision of lakeside recreational parks and facilities and landscaping in Taman Pulau Indah, Johor and Bandar Universiti Seri Iskandar, Perak and the use of cement roof tiles for the low cost housing units in Bandar Universiti Seri Iskandar, Perak.

These value added benefits will enable HYB to differentiate its products, thereby creating a brand of its own which will ultimately create potential premium pricing of its products in the long run.

(h) Quantity and Quality Of Land Bank

The success of a property development company is very much dependent on the quantity and quality of its land bank in order to sustain its future profitability. Currently, the HYB Group has approximately 1,194.79 acres of land held for development which are located mainly in Pulau, Johor, Ipoh, Sungai Terap and Seri Iskandar, Perak. The outlook of the property market in these areas are encouraging with the Government's move to improve the property related sector via the lowering of interest rates, injection of funds into banks and the willingness of some banks to give up to 95% financing for housing loans. However, there is no assurance that the development properties currently on-going or to be developed by the Group will fetch higher premiums in the future.

(i) Management And Key Personnel

The Group believes that its continued success depends to a significant extent upon its abilities and continued efforts of its existing Directors and senior management. The Group's future success will also depend upon its ability to attract and retain skilled personnel.

The organisational structure of the Group is independently decentralised in the operational aspects under each division, level or unit under respective experienced senior management as well as a pool of capable middle management to tap and replenish potential human resources.

(j) Covenants On Bank Borrowings

The HYB Group, pursuant to credit facility agreements entered into by the Company and its subsidiaries with banks or financiers, are bound by certain positive and negative covenants which may limit the HYB Group's operating and financial flexibility. The aforesaid covenants are of a nature which are commonly contained in credit facility agreements in Malaysia, any act by the HYB Group 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 have taken and shall continue to take all precautions necessary to prevent any such breach.

4. RISK FACTORS (Cont'd)

(k) Adequacy Of Insurance Coverage On The Group's Assets

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

For the Group's operations, all assets such as completed properties, office buildings, office equipment, furniture and fittings and motor vehicles are sufficiently insured under fire and other insurance policies.

(l) Disclosure Regarding Forward-Looking Statements

The Prospectus contains certain forward-looking statements i.e. those other than statements of historical facts. Although HYB 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 HYB's actual performance and plans.

(m) Delay In Completion Of Projects

Development projects are subject to various regulatory approvals and the completion of development projects on time is dependent on many external factors, such as uninterrupted adequate labour supply by the contractors, weather conditions, 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 projects. There can be no assurance that these factors will not lead to unforeseen significant delays in completion of the projects. These delays may have a direct impact on HYB's future profitability.

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