



**YEO AIK RESOURCES BERHAD**

(Company No. 459789-X)  
(Incorporated in Malaysia under the Companies Act, 1965)

**YEO AIK  
RESOURCES  
BERHAD**

**PUBLIC ISSUE OF 16,110,000 NEW ORDINARY SHARES OF RM0.50 EACH AND OFFER FOR SALE OF 31,120,000 ORDINARY SHARES OF RM0.50 EACH AT AN ISSUE/OFFER PRICE OF RM0.65 PER SHARE PAYABLE IN FULL UPON APPLICATION COMPRISING:**

- (i) 5,470,000 ORDINARY SHARES OF RM0.50 EACH AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- (ii) 4,170,000 ORDINARY SHARES OF RM0.50 EACH BY PRIVATE PLACEMENT TO IDENTIFIED INVESTORS;
- (iii) 5,370,000 ORDINARY SHARES OF RM0.50 EACH AVAILABLE FOR APPLICATION BY ELIGIBLE DIRECTORS, EMPLOYEES, SUPPLIERS AND CUSTOMERS OF YEO AIK RESOURCES BERHAD AND ITS SUBSIDIARIES; AND
- (iv) 32,220,000 ORDINARY SHARES OF RM0.50 EACH TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

**IN CONJUNCTION WITH ITS LISTING ON THE SECOND BOARD  
OF THE KUALA LUMPUR STOCK EXCHANGE**

Adviser, Underwriter and Placement Agent



**ALLIANCE MERCHANT BANK**

Alliance Merchant Bank Berhad <sup>(21605-D)</sup>

**FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED  
BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" AS SET OUT IN SECTION 4 HEREIN**

THIS PROSPECTUS HAS BEEN SEEN AND APPROVED BY THE DIRECTORS AND PROMOTERS OF YEO AIK RESOURCES BERHAD ("YAR") 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 STATEMENTS OR OTHER FACTS THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT HEREIN FALSE OR MISLEADING.

ALLIANCE MERCHANT BANK BERHAD, THE ADVISER, UNDERWRITER AND PLACEMENT AGENT 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 AND OFFER FOR SALE AND IS SATISFIED THAT THE CONSOLIDATED PROFIT ESTIMATE AND FORECAST (FOR WHICH THE DIRECTORS OF YAR ARE FULLY RESPONSIBLE) PREPARED FOR INCLUSION IN THIS PROSPECTUS HAVE BEEN STATED BY THE DIRECTORS AFTER DUE AND CAREFUL ENQUIRY AND HAVE BEEN DULY REVIEWED BY THE REPORTING ACCOUNTANTS.

THE SECURITIES COMMISSION HAS APPROVED THE PUBLIC ISSUE AND OFFER FOR SALE AND THE APPROVAL SHALL NOT BE TAKEN TO INDICATE THAT THE SECURITIES COMMISSION RECOMMENDS THE PUBLIC ISSUE AND OFFER FOR SALE. THE SECURITIES COMMISSION SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF YAR 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 EXPRESSED IN THIS PROSPECTUS. ADMISSION TO THE OFFICIAL LIST OF THE SECOND BOARD OF THE KLSE IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF YAR OR OF ITS ORDINARY SHARES.

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

**TENTATIVE TIMETABLE**

The indicative timing of events leading up to the listing of and quotation for the Company's entire enlarged issued and paid-up share capital on the Second Board of the KLSE is set out below:

<b>Event</b>	<b>Tentative date</b>
Opening of the Public Issue and Offer For Sale	12 September 2002
Closing of the Public Issue and Offer For Sale	26 September 2002
Tentative balloting date	3 October 2002
Tentative date for the despatch of Notices of Allotment to successful applicants	7 October 2002
Tentative date of listing of YAR's entire enlarged issued and paid-up share capital on the Second Board of the KLSE	14 October 2002

This timetable is tentative and is subject to changes which may be necessary to facilitate the implementation procedures. The application list for the Public Issue Shares will close at the date as stated above or a later date as the Directors and/or Offerors of YAR together with the Underwriter in their absolute discretion may decide. Should there be an extension of the closing date, the date of listing will be extended accordingly.

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**DEFINITIONS**


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Unless the context otherwise requires, the following abbreviations shall apply throughout this Prospectus:

“Acquisitions”	: Acquisition of YAW, Acquisition of PPSB, Acquisition of TCSB and Acquisition of YAH
“Acquisition of PPSB”	: Acquisition by YAR of the entire issued and paid-up share capital of PPSB of RM2,235,000 comprising 2,235,000 ordinary shares of RM1.00 each for a purchase consideration of RM10,002,541 satisfied by the issuance of 8,933,535 new ordinary shares of RM1.00 each in YAR at approximately RM1.12 per share
“Acquisition of TCSB”	: Acquisition by YAR of the entire issued and paid-up share capital of TCSB of RM800,000 comprising 800,000 ordinary shares of RM1.00 each for a purchase consideration of RM3,274,635 satisfied by the issuance of 2,924,664 new ordinary shares of RM1.00 each in YAR at approximately RM1.12 per share
“Acquisition of YAH”	: Acquisition by YAR of the entire issued and paid-up share capital of YAH of RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM1,111,915 satisfied by the issuance of 993,081 new ordinary shares of RM1.00 each in YAR at approximately RM1.12 per share
“Acquisition of YAW”	: Acquisition by YAR of the entire issued and paid-up share capital of YAW of RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM36,717,885 satisfied by the issuance of 32,793,718 new ordinary shares of RM1.00 each in YAR at approximately RM1.12 per share
“ADA”	: Authorised Depository Agent
“ADA Code”	: Authorised Depository Agent (Broker) Code
“Alliance”	: Alliance Merchant Bank Berhad (21605-D)
“Approved Bumiputera Investors”	: Bumiputera investors approved by MITI
“ATMs”	: Automated teller machines
“BLR”	: Base lending rate
“CDS”	: Central Depository System
“Central Glamour”	: Central Glamour Sdn Bhd (519683-X)
“CCM”	: Companies Commission of Malaysia
“Danaharta”	: Pengurusan Danaharta Nasional Berhad (464363-W)
“EBITDA”	: Earnings before interest, depreciation, taxation and amortisation
“EPS”	: Earnings per share
“FIC”	: Foreign Investment Committee
“GDP”	: Gross Domestic Product
“Investment Agreement”	: An agreement dated 16 May 2000 entered into between YAW and the Special Administrators of WHSB Group to acquire the existing issued and paid-up share capital of WHSB and WISB for a purchase consideration of RM10 and to advance RM23 million in the form of subordinated shareholders’ advances into the WHSB Group for the repayment of secured creditors.

**DEFINITIONS (Cont'd)**

“Issue/Offer Price”	:	RM0.65 for each Issue and Offer Share
“Issuing house” or “MIDFCCS”	:	MIDF Consultancy and Corporate Services Sdn Bhd (11324-H)
“KLSE”	:	Kuala Lumpur Stock Exchange (30632-P)
“Listing”	:	Admission to the Official List and the listing of and quotation for the entire enlarged issued and paid-up share capital of YAR of RM53,700,000 comprising 107,400,000 YAR Shares on the Second Board of the KLSE
“MCD”	:	Malaysian Central Depository Sdn Bhd (165570-W)
“MITI”	:	Ministry of International Trade and Industry
“MTIB”	:	Malaysia Timber Industry Board
“NBV”	:	Net book value
“NTA”	:	Net tangible assets
“Offerors”	:	Yeo Eck Liong, Yeo Yek Meng, Yeo Aik Tan, Yeo Ayk Ke, Lim Poh Teot and Chia Lai Joo, collectively
“Offer For Sale”	:	Offer for sale by the Offerors of 31,120,000 YAR Shares at an offer price of RM0.65 per Share
“Offer Shares”	:	31,120,000 new YAR Shares which are the subject of the Offer For Sale
“Operations Agreement”	:	An agreement dated 24 March 2000 entered into between YAW and the Special Administrators of WHSB Group which allowed YAW to participate in managing the business operations and advancing the necessary working capital to the WHSB Group where all production and operating overheads incurred from 24 March 2000 were borne by YAW whilst all production and operating overheads incurred up to 23 March 2000 continued to be the responsibility of the Special Administrators
“PE Multiple”	:	Price earnings multiple
“Placement Agent”	:	Alliance
“Private Placement”	:	The placement of 4,170,000 Offer Shares at the Offer Price to parties identified by YAR
“PPSB”	:	Pine Packaging (M) Sdn Bhd (319212-W)
“Public Issue”	:	Public issue of 16,110,000 new YAR Shares at an issue price of RM0.65 per YAR Share representing 15% of the enlarged issued and paid-up share capital of YAR to the Malaysian public and eligible Directors, employees, customers and suppliers of the YAR Group, subject to the terms and conditions of this Prospectus
“Public Issue Shares”	:	16,110,000 new YAR Shares to be issued pursuant to the Public Issue
“Public Offering”	:	Offer For Sale, Public Issue and Listing, collectively
“R & D”	:	Research and development
“RM”	:	Ringgit Malaysia
“SC”	:	Securities Commission
“TCSB”	:	Total Creation Sdn Bhd (215695-D)
“WHSB”	:	Winshine Holdings Sdn Bhd (343816-X)
“WHSB Group”	:	WHSB and WISB, collectively

**DEFINITIONS (Cont'd)**

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“WISB”	:	Winshine Industries Sdn Bhd (178106-T)
“Workout Proposal”	:	The workout proposal of WHSB and WISB dated 5 July 2000 and modifications dated 13 December 2000 prepared by the Special Administrators of WHSB and WISB pursuant to and under the Pengurusan Danaharta Nasional Berhad Act 1998 and approved by the secured creditors of WHSB and WISB on 4 August 2000
“YAH”	:	Yeo Aik Hevea (M) Sdn Bhd (430442-K)
“YAR” or “Company”	:	Yeo Aik Resources Berhad (459789-X)
“YAR Group” or “Group”	:	YAR and its subsidiaries, collectively
“YAR Share(s)”	:	Ordinary share(s) of RM0.50 each in YAR
“YAW”	:	Yeo Aik Wood Sdn Bhd (244961-H)
“YAW Group”	:	YAW, WHSB and WISB, collectively

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**I. CORPORATE INFORMATION****BOARD OF DIRECTORS**

<b>Name</b>	<b>Address</b>	<b>Occupation</b>	<b>Nationality</b>
Yeo Eck Liong	JA 8855 Parit Penghulu Benteng Sungai Rambai 77400 Melaka	Executive Chairman	Malaysian
Yeo Ayk Ke	JA 8855 Parit Penghulu Benteng Sungai Rambai 77400 Melaka	Executive Director	Malaysian
Chia Lai Joo	72, Parit Lapis Jalan Abdul Rahman 84000 Muar, Johor	Executive Director	Malaysian
Lim Poh Teot	10, Jalan Kluang Batu 2 83000 Batu Pahat Johor	Executive Director	Malaysian
Datuk Ang Hai @ Datuk Ang Kim Hai	254G, Lorong 1 Semabok 75050 Melaka	Independent Non-Executive Director	Malaysian
Mohd Radzuan bin Ab Halim	67, Lorong 5/ 4J Seksyen 5 46000 Petaling Jaya Selangor	Independent Non-Executive Director	Malaysian
Omar bin Musa	86, Jalan Suadamai 6/3 Bandar Tun Hussein Onn 43200 Cheras Selangor	Independent Non-Executive Director	Malaysian

**AUDIT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Datuk Ang Hai @ Datuk Ang Kim Hai	Chairman of the Audit Committee	Independent Non-Executive Director
Mohd Radzuan bin Ab Halim	Member of the Audit Committee	Independent Non-Executive Director
Yeo Eck Liong	Member of the Audit Committee	Executive Chairman

**1. CORPORATE INFORMATION (Cont'd)**

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<b>COMPANY SECRETARIES</b>	:	Lum Chee Yeng (MAICSA 0880217) 14, Jalan SS22/35 Damansara Jaya 47400 Petaling Jaya Selangor
		Chua Sew Chu (LS00114) 218-3, Lorong Bunga Ros 84000 Muar, Johor
<b>REGISTERED OFFICE</b>	:	Level 7, Setia 1 15, Lorong Dungun Damansara Heights 50490 Kuala Lumpur Telephone No.: 03 - 20957188
<b>MANAGEMENT OFFICE</b>	:	JA 1880, Batu 22 ½ Parit Perawas 77400 Sungai Rambai Melaka Telephone No.: 06 - 2650111
<b>WEBSITE</b>	:	<a href="http://www.yeoaik.com">http://www.yeoaik.com</a>
<b>PRINCIPAL BANKERS</b>	:	HSBC Bank Malaysia Bhd (127776-V) 15 Jalan Petrie, 84000 Muar Johor
		OCBC Bank (Malaysia) Bhd (295400-W) 26 Jalan Maharani 84000 Muar Johor
		Public Bank Berhad (6463-H) No. 160-162 Kompleks Munshi Abdullah Jalan Munshi Abdullah 75100 Melaka
		Malayan Banking Berhad (3813-K) 171-175, Jalan Munshi Abdullah 75100 Melaka
<b>SOLICITORS FOR THE PUBLIC OFFERING</b>	:	Zul Rafique & Partners Suite 17.01, 17 <sup>th</sup> Floor Menara PanGlobal 8 Lorong P. Ramlee 50250 Kuala Lumpur

**1. CORPORATE INFORMATION (Cont'd)**

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<b>AUDITORS AND REPORTING ACCOUNTANTS</b>	:	KPMG Chartered Accountants 179-3, Jalan Munshi Abdullah 75100 Melaka Malaysia
<b>SHARE REGISTRAR AND TRANSFER OFFICE</b>	:	Malaysian Share Registration Services Sdn Bhd (378993-D) 7 <sup>th</sup> Floor, Exchange Square Bukit Kewangan 50200 Kuala Lumpur Tel. No.: 03 - 20268099
<b>ISSUING HOUSE</b>	:	MIDF Consultancy and Corporate Services Sdn Bhd (11324-H) 12 <sup>th</sup> Floor, Bangunan MIDF 195A, Jalan Tun Razak 50400 Kuala Lumpur
<b>ADVISER, UNDERWRITER AND PLACEMENT AGENT</b>	:	Alliance Merchant Bank Berhad (21605-D) Level 20, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur
<b>LISTING SOUGHT</b>	:	Second Board of the KLSE

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2. SUMMARY OF INFORMATION

The information set out below is only a summary of the salient information on the YAR Group. Investors should read and understand the entire contents of this Prospectus prior to making an investment decision.

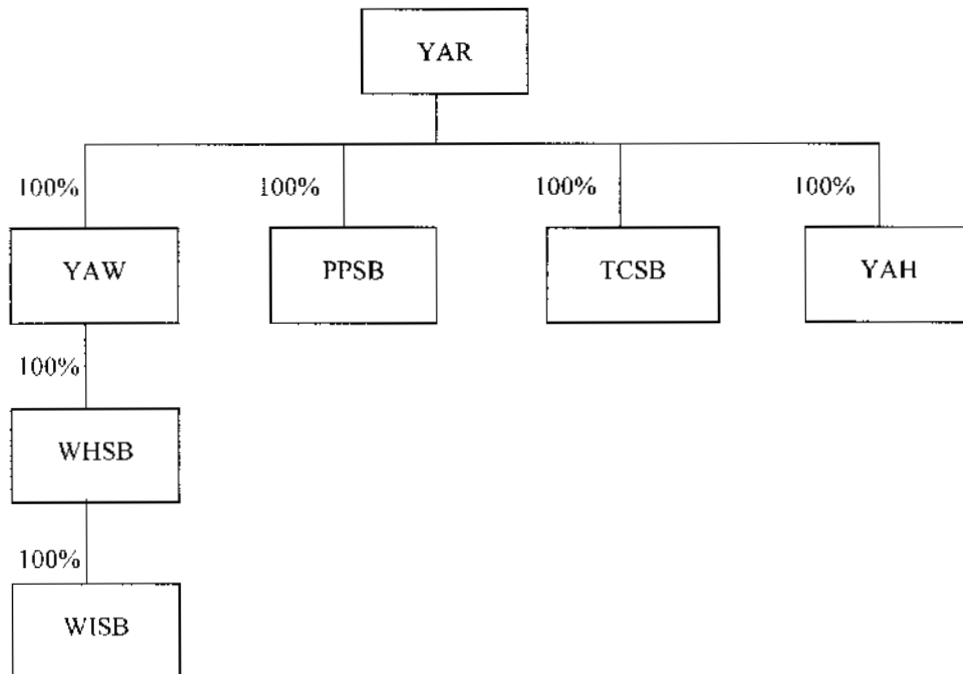
2.1 History and Principal Activities

YAR was incorporated in Malaysia under the Companies Act, 1965 on 24 March 1998 as a public limited company with an authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The Company presently has an authorised share capital of RM100,000,000 comprising 200,000,000 ordinary shares of RM0.50 each of which 91,290,000 ordinary shares of RM0.50 each are issued and fully paid-up.

YAR is an investment holding company while the principal activities of its subsidiaries are as follows:

Subsidiary	Principal Activities
YAW	Manufacturing and sale of furniture
WHSB	Investment holding and provision of management services
WISB	Manufacture and selling of rubberwood furniture
YAH	Pressure treatment and kiln-drying of rubberwood
PPSB	Conversion of corrugated boards into carton boxes
TCSB	Transportation and property letting

The existing Group structure of YAR is as follows:



## 2. SUMMARY OF INFORMATION (Cont'd)

The history of the YAR Group began with the commencement of YAW's operations of manufacturing furniture components for local furniture manufacturers in an 8,000 sq. ft. factory at Air Tawar, Melaka in August 1992. A year later, YAW commenced production of complete dining sets in its newly constructed 10,000 sq. ft. finishing line factory at Parit Perawas for sale in the domestic market. In 1993 and 1994, capitalising on the much larger overseas market, YAW exported its products to Japan and Holland respectively. YAW progressively exported its range of products to the United States of America in the same year, and subsequently to Australia, United Kingdom and Finland. In order to cope with rising demand for its products, YAW expanded its finishing facility in 1995 and in 1996, it further expanded its wood working facility.

The commitment of Yeo Eck Liang and his brothers, Yeo Aik Tan, Yeo Ayk Ke and Yeo Yek Meng and his partner, Chia Lai Joo, saw YAW grow from its humble turnover of approximately RM99,000 in 1993 to a company which achieved a turnover of over RM51 million in the financial year ended 31 July 2001. In the year 2000, in its plan to expand and achieve synergistic benefits for its manufacturing operations, YAW entered into an agreement to acquire the WHSB Group, which were then under Special Administrators appointed by Danaharta. The acquisition of the WHSB Group was completed on 28 September 2001. Further details on the acquisition of the WHSB Group are set out in Section 5.1 of this Prospectus.

Currently, the YAW Group manufactures a broad range of products that can be classified into four (4) major categories, namely dining, buffet and hutch, living room and occasional.

The YAR Group also comprises PPSB, TCSB and YAH that are involved in the conversion of corrugated boards into carton boxes for the packaging of various furniture products, the provision of transportation services and letting of properties and the pressure treatment and kiln-drying of rubberwood respectively.

### 2.2 Information on Promoters, Major Shareholders, Directors and Key Management/Technical Personnel

#### 2.2.1 Directors

Name	Designation	No. of shares held after Public Issue and Offer For Sale			
		Direct		Indirect	
		No. of Shares	%	No. of Shares	%
Yeo Eck Liang	Executive Chairman	2,963,938	2.76	*48,330,000	45.00
Yeo Ayk Ke	Executive Director	575,340	0.54	*48,330,000	45.00
Chia Lai Joo	Executive Director	1,501,426	1.40	-	-
Lim Poh Teot	Executive Director	1,578,580	1.47	-	-
Mohd Radzuan bin Ab Halim	Independent Non-Executive Director	3,600,000	3.35	-	-
Omar bin Musa	Independent Non-Executive Director	-	-	-	-
Datuk Ang Hai @ Datuk Ang Kim Hai	Independent Non-Executive Director	12,000	0.01	-	-

\* Deemed interest through his substantial shareholding in Central Glamour in accordance with Section 6A of the Companies Act, 1965

## 2. SUMMARY OF INFORMATION (Cont'd)

### 2.2.2 Promoters

Name	Designation	No. of shares held after Public Issue and Offer For Sale			
		Direct		Indirect	
		No. of Shares	%	No. of Shares	%
Yeo Eck Liong	Executive Chairman of YAR	2,963,938	2.76	*48,330,000	45.00
Yeo Yek Meng	Executive Director of PPSB, TCSB and YAH	2,041,674	1.90	*48,330,000	45.00
Yeo Aik Tan	Managing Director of PPSB and Executive Director of TCSB and YAH	2,041,674	1.90	*48,330,000	45.00
Yeo Ayk Ke	Executive Director of YAR	575,340	0.54	*48,330,000	45.00
Chia Lai Joo	Executive Director of YAR	1,501,426	1.40	-	-
Lim Poh Teot	Executive Director of YAR	1,578,580	1.47	-	-
Central Glamour	-	48,330,000	45.00	-	-

\* Deemed interest through his shareholding in Central Glamour in accordance with Section 6A of the Companies Act, 1965

### 2.2.3 Major Shareholders

Name	Designation	No. of shares held after Public Issue and Offer For Sale			
		Direct		Indirect	
		No. of Shares	%	No. of Shares	%
Central Glamour	-	48,330,000	45.00	-	-
Yeo Eck Liong	Executive Chairman	2,963,938	2.76	*48,330,000	45.00
Yeo Yek Meng	Executive Director of PPSB, TCSB and YAH	2,041,674	1.90	*48,330,000	45.00
Yeo Aik Tan	Managing Director of PPSB and Executive Director of TCSB and YAH	2,041,674	1.90	*48,330,000	45.00
Yeo Ayk Ke	Executive Director	575,340	0.54	*48,330,000	45.00
Yeo Sew Kee	-	-	-	*48,330,000	45.00
Yeo Siu Poh	-	-	-	*48,330,000	45.00
Yeo Sew Kim	-	-	-	*48,330,000	45.00
Yeo Siew Chu	-	-	-	*48,330,000	45.00
Yeo Siew Wah	-	-	-	*48,330,000	45.00
Yeo Siew Lay	-	-	-	*48,330,000	45.00
Yeo Siw Nee	Marketing Manager of PPSB	12,000	0.01	*48,330,000	45.00

\* Deemed interest through his/her shareholding in Central Glamour in accordance with Section 6A of the Companies Act, 1965

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## 2. SUMMARY OF INFORMATION *(Cont'd)*

### 2.2.4 Key Management/Technical Personnel

Name	Designation	No. of shares held after Public Issue and Offer For Sale			
		Direct		Indirect	
		No. of Shares	%	No. of Shares	%
Yeo Yek Meng	Executive Director of PPSB, TCSB and YAH	2,041,674	1.90	*48,330,000	45.00
Yeo Aik Tan	Managing Director of PPSB and Executive Director of TCSB and YAH	2,041,674	1.90	*48,330,000	45.00
Chia Lai Yong	Group Accounts Manager for YAW	20,000	0.02	-	-
Tham Chan Heng	Senior Quality Assurance Executive of YAW	10,000	0.01	-	-
Lee Koon Chuan	Administration Manager of YAW	20,000	0.02	-	-
Yap Kian Feang	Production Manager of YAW	25,000	0.02	-	-
Loo Ai Seng	Engineering Manager of YAW	25,000	0.02	-	-
Lim Lir Hoon	Operation Manager of WISB	10,000	0.01	-	-
Tee Kim Yam	Production Manager of PPSB	1,238,368	1.15	-	-
Yeo Siw Nee	Marketing Manager of PPSB	12,000	0.01	*48,330,000	45.00
Ong Chin Piau	Designer of YAW	16,000	0.01	-	-
Law Ger Ching	Accountant of WISB	20,000	0.02	-	-
Md Ismail Abd Latheef	Quality Assurance Head of WISB	10,000	0.01	-	-

\* Deemed interest through his/her substantial shareholding in Central Glamour in accordance with Section 6A of the Companies Act, 1965

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## 2. SUMMARY OF INFORMATION (Cont'd)

### 2.3 Financial Highlights

#### 2.3.1 Proforma Consolidated Results

The following tables set out the proforma consolidated results of the Group for the five years ended 31 July 2001 and nine (9) months ended 30 April 2002 after such adjustments considered necessary assuming that the Group has been in existence throughout the above years/period and subject to the bases as set out in the notes.

##### 2.3.1.1 Assuming WHSB and WISB are part of the Group since the effective date of acquisition on 19 June 2001<sup>^</sup>

	←-----Proforma <sup>1</sup> ----->					9 months ended 30 April 2002 RM'000
	←-----Financial year ended 31 July----->					
	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	<sup>5</sup> 2001 RM'000	
Turnover	30,727	40,368	57,135	82,976	98,605	72,305
EBITDA	6,547	8,632	14,189	17,607	20,554	14,298
Depreciation	(1,580)	(1,993)	(2,175)	(3,525)	(6,287)	(4,145)
Interest expenses	(414)	(350)	(260)	(118)	(388)	(303)
Interest income	89	396	460	235	185	240
Profit before taxation and exceptional items	4,642	6,685	12,214	14,199	14,064	10,090
Exceptional items	-	-	<sup>2</sup> (815)	-	-	-
Profit before taxation	4,642	6,685	11,399	14,199	14,064	10,090
Taxation <sup>3</sup>	(723)	(1,486)	(510)	(4,046)	(3,531)	(2,637)
Profit after taxation	3,919	5,199	10,889	10,153	10,533	7,453
Number of ordinary shares assumed to be in issue <sup>4</sup> ('000)	91,290	91,290	91,290	91,290	91,290	91,290
Gross EPS (sen)	5.08	7.32	12.49	15.55	15.41	14.74*
Net EPS (sen)	4.29	5.70	11.93	11.12	11.54	10.89*

<sup>^</sup> 19 June 2001 was declared by the Special Administrators of WHSB and WISB as the implementation date where all conditions precedent set out in the Workout Proposal were met and as such, the auditors of YAW have taken 19 June 2001 as the effective date of the acquisitions of WHSB and WISB

\* Annualised

#### Notes:

- The proforma consolidated results are prepared for illustrative purposes only and are based on the audited financial statements of YAR, YAW, PPSB, TCSB, YAH, WHSB and WISB. WHSB and WISB are assumed to form part of the Group from the effective date of acquisition of the WHSB Group by YAW on 19 June 2001.

The results of the following subsidiary companies have been time apportioned in order to be coterminous with the financial year end of the Group:-

Company	Financial Year Ended
PPSB	28 February 1997 to 28 February 1999 and 17-month period ended 31 July 2000
TCSB	31 May 1997 to 31 May 1999 and 14-month period ended 31 July 2000

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**2. SUMMARY OF INFORMATION (Cont'd)**

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2. There were no extraordinary items or exceptional items during the above years/period other than the exceptional item in the financial year ended 31 July 1999 which was in respect of a deficit on revaluation of PPSB's leasehold land amounting to RM822,000, whereby RM7,000 has been charged against the revaluation reserve and the balance of RM815,000 has been charged to the income statement.
3. The effective tax rate for the financial years ended 31 July 1997 to 1999 were lower than the statutory tax rate due to the utilisation of reinvestment allowance for YAW granted under Schedule 7A, Income Tax Act 1967 and the tax waiver for 1999 pursuant to the Income Tax (Amendment) Act 1999. Taxation shown in 1999 was in respect of the apportionment of tax expense to coincide with the apportionment of certain subsidiary companies' results as mentioned in item 1 above and deferred taxation.  

The effective tax rate for the financial year ended 31 July 2001 was lower than the statutory tax rate due to the utilisation of reinvestment allowance for PPSB granted under Schedule 7A, Income Tax Act 1967.

The effective tax rate for the financial period ended 30 April 2002 was lower than the statutory tax rate due to the utilisation of unabsorbed capital allowances and reinvestment allowance for WISB.
4. Gross earnings per share has been calculated by dividing the profit before taxation by the proforma number of 91,290,000 ordinary shares of RM0.50 each in issue for the financial years ended 31 July 1997 to 2001 after the Acquisitions and subdivision of the par value of the shares from RM1.00 to RM0.50 per share. The net earnings per share was similarly calculated using profit after taxation.
5. In accordance with the Operations Agreement, YAW consolidated the results of WHSB and WISB's operations for the period of sixteen (16) months to 19 June 2001 in the financial statements of YAW for the year ended 31 July 2001. However, for the purpose of presentation of the proforma consolidated results of the Group for the financial years ended 31 July 2000 and 2001, the 4-month period and 12-month period results respectively of WHSB and WISB were taken up accordingly to be consistent with the presentation of the Group.

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## 2. SUMMARY OF INFORMATION (Cont'd)

### 2.3.1.2 Assuming WHSB and WISB are part of the Group since the Group's existence

	←-----Proforma <sup>1</sup> ----->					9 months ended 30 April 2002 RM'000
	←-----Financial year ended 31 July----->					
	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	
Turnover	53,050	82,340	113,397	116,424	98,605	72,305
EBITDA	10,644	12,754	9,407	10,408	14,645	14,298
Depreciation	(2,581)	(3,856)	(5,267)	(5,899)	(6,287)	(4,145)
Interest expenses	(1,909)	(3,546)	(4,609)	(2,019)	(388)	(303)
Interest income	101	431	496	267	185	240
Profit before taxation and exceptional items	6,255	5,783	27	2,757	8,155	10,090
Exceptional items	-	-	<sup>2</sup> (3,844)	<sup>2</sup> 38,496	<sup>2</sup> (1,315)	-
Profit before taxation	6,255	5,783	(3,817)	41,253	6,840	10,090
Taxation <sup>2</sup>	(821)	(1,547)	(506)	(4,032)	(3,531)	(2,637)
Profit after taxation	5,434	4,236	(4,323)	37,221	3,309	7,453
Number of ordinary shares assumed to be in issue <sup>4</sup> ('000)	91,290	91,290	91,290	91,290	91,290	91,290
Gross EPS (sen)	6.85	6.33	(4.18)	45.19	7.49	14.74*
Net EPS (sen)	5.95	4.64	(4.74)	40.77	3.62	10.89*

\* Annualised

#### Notes:

- The proforma consolidated results are prepared for illustrative purposes only and are based on the audited financial statements of YAR, YAW, PPSB, TCSB, YAH, WHSB and WISB and on the assumption that the Group has been in existence throughout the above years/period.

The results of the following subsidiary companies have been time apportioned in order to be coterminous with the financial year end of the Group:-

<u>Company</u>	<u>Financial Year Ended</u>
PPSB	28 February 1997 to 28 February 1999 and 17-month period ended 31 July 2000
TCSB	31 May 1997 to 31 May 1999 and 14-month period ended 31 July 2000
WHSB	31 December 1996 to 31 December 2000 and 7-month period ended 31 July 2001
WISB	31 December 1996 to 31 December 2000 and 7-month period ended 31 July 2001

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**2. SUMMARY OF INFORMATION (Cont'd)**

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2. There were no extraordinary items or exceptional items during the above years/period other than the following:-
- (a) The exceptional items in the financial year ended 31 July 1999 which were in respect of the following:
- deficit on revaluation of PPSB's leasehold land amounting to RM822,000 whereby RM7,000 has been charged against the revaluation reserve and the balance of RM815,000 has been charged to the income statement.
  - loss on termination of foreign exchange forward contracts undertaken by WISB amounting to RM3,029,000.
- (b) The exceptional items for the years ended 31 July 2000 and 31 July 2001 were in respect of the waiver of WISB and WISB's liabilities in accordance with the Workout Proposal prepared by the Special Administrators as at 5 July 2000.
3. The effective tax rate for the financial year ended 31 July 1997 was lower than the statutory rate due to the utilisation of reinvestment allowance for YAW granted under Schedule 7A, Income Tax Act 1967.
- There was no tax charge for the financial year ended 31 July 1999 in view of the tax waiver for 1999 pursuant to the Income Tax (Amendment) Act, 1999. Taxation shown was in respect of the apportionment of tax expense to coincide with the apportionment of certain subsidiary companies' results as mentioned in item 1 above and deferred taxation.
- The effective tax rate for the financial year ended 31 July 2000 was lower than the statutory tax rate as the exceptional gain in respect of waiver of liabilities in WISB and WISB was not subject to tax.
- The effective tax rate for the financial year ended 31 July 2001 was higher than the statutory tax rate due to significant loss incurred by WISB during the financial year which reduced the Group profit before tax.
- The effective tax rate for the financial period ended 30 April 2002 was lower than the statutory tax rate due to the utilisation of unabsorbed capital allowances and reinvestment allowance for WISB.
4. Gross earnings per share has been calculated by dividing the profit before taxation by the proforma number of 91,290,000 ordinary shares of RM0.50 each in issue for the financial years ended 31 July 1997 to 2001 after the Acquisitions and subdivision of the par value of the shares from RM1.00 to RM0.50 per share. The net earnings per share was similarly calculated using profit after taxation.

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## 2. SUMMARY OF INFORMATION *(Cont'd)*

### 2.3.2 Summarised Proforma Consolidated Balance Sheets

The proforma consolidated balance sheets of the YAR Group as at 30 April 2002 set out below are for illustrative purposes only to show the effects of the payment of special dividends, Acquisitions, subdivision of shares, Offer For Sale, Public Issue and utilisation of proceeds from the Public Issue and was prepared on the assumption that these transactions had taken place on that date. The proforma consolidated balance sheets should be read in conjunction with the accompanying notes included in the Proforma Consolidated Balance Sheets set out in Section 12.8 of this Prospectus.

	(1)	(2)	(2)
	Audited as at 30. 4. 2002 RM'000	After (1), payment of special dividends, acquisitions and subdivision of shares** RM'000	After (2) and Public Issue, Offer For Sale and utilisation of proceeds RM'000
Property, plant and equipment	-	46,112	46,112
Deferred expenditure	424	424	-
Current Assets	-	50,611	56,992
Current Liabilities	(436)	(28,173)	(27,492)
Net Current (Liabilities)/ Assets	(436)	22,438	29,500
	(12)	68,974	75,612
Financed by:			
Share capital	*-	45,645	53,700
Reserves	(12)	7,207	***8,123
Shareholders' Funds	(12)	52,852	61,823
Long term and deferred liabilities	-	16,122	13,789
	(12)	68,974	75,612
NTA per share (RM)	(218,000)	0.57	0.58

\* The Company's issued and paid-up share capital is made up of 2 ordinary shares of RM1.00 each.

\*\* Payment of special dividend amounting to RM3,859,600 by YAW, RM4,086,751 by PPSB, RM1,214,950 by TCSB and RM646,216 by YAH to the existing shareholders of YAW, PPSB, TCSB and YAH prior to the Acquisitions

\*\*\* After deducting estimated listing expenses of RM1.5 million

The proforma consolidated balance sheets as at 30 April 2002 together with the Reporting Accountants Letter thereon are set out in Section 12.9 of this Prospectus.

### 2.3.3 Audit Qualifications in the audited financial statements of the companies in the YAR Group

Save as disclosed below, there are no audited financial statements of the companies in the YAR Group that contain audit qualifications or emphasis of matter for the past five (5) years.

- (i) WHSB for the financial years ended 31 December 1998, 31 December 1999 and 31 December 2000;
- (ii) WISB for the financial years ended 31 December 1998, 31 December 1999 and 31 December 2000; and
- (iii) TCSB for the financial years ended 31 May 1997 and 31 May 1998.

Details of the above qualifications and emphasis of matter are set out in Paragraph 1.6 of the Accountants' Report which is set out in Section 13 of this Prospectus.

## 2. SUMMARY OF INFORMATION *(Cont'd)*

### 2.4 Principal Statistics Relating to the Public Issue and Offer for Sale

#### 2.4.1 Share Capital

	RM
<b>Authorised:</b>	
200,000,000 YAR Shares	100,000,000
<b>Issued and fully paid-up:</b>	
91,290,000 YAR Shares	45,645,000
<b>To be issued and credited as fully paid-up pursuant to the Public Issue:</b>	
16,110,000 new YAR Shares	8,055,000
	<u>53,700,000</u>
<b>To be offered for sale pursuant to the Offer For Sale</b>	
31,120,000 YAR Shares	15,560,000

#### 2.4.2 Issue/Offer Price

RM0.65

#### 2.4.3 Proforma Consolidated NTA

Proforma Consolidated NTA as at 30 April 2002  
(net of estimated listing expenses of RM1.5 million) RM61,823,000

Proforma Consolidated NTA per share  
(based on the enlarged issued and paid-up share capital of 107,400,000 YAR Shares) RM0.58

#### 2.4.4 Market Capitalisation

Market capitalisation of YAR based on the Issue/Offer price of RM0.65 RM69,810,000

#### 2.4.5 Utilisation of Proceeds

The entire proceeds raised from the Offer For Sale of RM20,228,000 will accrue to the Offerors and no part will be receivable by the Company.

YAR will utilise the gross proceeds from the Public Issue of RM10,471,500 by 31 July 2003 as follows:

Utilisation	Amount RM
Repayment of term loans	3,014,000
Working capital	5,957,500
Estimated listing expenses	1,500,000
Total	<u>10,471,500</u>



## 2. SUMMARY OF INFORMATION *(Cont'd)*

### 2.4.6 Consolidated profit estimate and forecast for the financial years ended/ending 31 July 2002 and 31 July 2003

	Estimate 2002 RM '000	Forecast 2003 RM '000
Consolidated profit before taxation	14,196	16,636
Less: Taxation	(3,675)	(4,110)
Consolidated profit after taxation	10,521	12,526
Less: Pre-acquisition profits	(10,123)	-
Profit attributable to shareholders	398	12,526
Weighted average number of shares in issue ('000)	3,752	**104,708
Net EPS* (sen)	10.6	12.0
Net PE Multiple (times)	6.13	5.42

\* Based on the weighted average number of shares in issue

\*\* Assuming the Public Issue is completed on 30 September 2002

### 2.4.7 Dividend Forecast

	Forecast for the financial year ending 31 July 2003
Gross dividend per share (sen)	2.5
Gross dividend yield based on the Issue/Offer price of RM0.65 per share (%)	3.8
Net dividend cover (times)	6.5

### 2.4.8 Classes of Shares and Ranking

There is only one class of shares of RM0.50 each in YAR. The Public Issue Shares and Offer Shares will rank pari passu in all respect with the other existing issued and paid-up ordinary shares of the Company, including voting rights and the right to all dividends and other distributions that may be declared subsequent to the date of allotment and issue of the Public Issue Shares and Offer Shares.

### 2.5 Risk Factors

The following are some of the main risk factors (which may not be exhaustive) as extracted from Section 4 of this Prospectus which investors should carefully read together with the other information contained elsewhere in this Prospectus before making a decision to invest in the Public Issue Shares and Offer Shares. For a more detailed commentary, please refer to Section 4.

- **No prior market for YAR Shares** - No prior market for YAR Shares and there is no guarantee that an active market for the YAR Shares will develop or that the Public Issue Shares and Offer Shares will trade at the Issue/Offer Price. The price at which YAR Shares will be traded may be higher or lower than the Issue/Offer Price.
- **Business risks** - Business risks inherent in the furniture and packaging industries including availability of rubberwood and corrugated boards, increases in cost of labour and raw materials and changes in the general economic, business, credit and interest rate conditions.

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**2. SUMMARY OF INFORMATION (Cont'd)**

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- **Dependence on key personnel** - Dependence on key personnel where the profitability of the Group depends to a certain extent on the ability and continued efforts of its existing Directors and Key Management team.
- **Price and supply of raw material** - Any prolonged increase in rubberwood and corrugated board prices would affect YAR's bottomline.
- **Competition** - Competition from various local and foreign companies involved in the furniture and packaging industries.
- **Foreign exchange fluctuations** - YAR is exposed to foreign exchange fluctuations through its exports and to a lesser extent, its imports.
- **Development of new markets for its products** - No reasonable assurance that the development of new markets for products will be successful.
- **Profit estimate and forecast** - Profit estimate and forecast for the Group are based on assumptions which are subject to uncertainties and contingencies.
- **Control by substantial shareholders** - Control by the Yeo family where the Yeo family will collectively hold approximately 52.1% in YAR. With this holding, the said parties will be able to control the outcome of certain matters requiring the vote of the shareholders.
- **Political, economic and regulatory conditions** - Adverse developments in political, economic and regulatory conditions could materially affect the financial and business prospects of the Group.
- **Borrowings** - The YAR Group is not exposed to any foreign borrowings. As at 30 August 2002, the YAR Group's total domestic borrowings stood at approximately RM23.7 million.
- **Dependence on particular customers and failure of on-going relationships** - Dependence on particular customers and failure of on-going relationships with these customers will materially affect the Group's profits.
- **Substitute products** - YAR's rubberwood products may be substituted by glass, metal, plastic and forest wood furniture.
- **Economic conditions and cycles** - YAR's furniture business is cyclical in nature as it is dependent on consumer demand and on the commercial and residential property performance in both the domestic economy and the economy of the countries that import the Group's furniture products.
- **Seasonal sales** - The Group's products are subject to fluctuations in sales according to seasons.
- **Decrease in selling prices** - An unfavourable downward change in the selling price of its products could materially affect the Group's profits.

**2.6 Material Litigation, Commitments And Contingent Liabilities Of The YAR Group****Material Litigation**

Save as disclosed below, neither the Company nor its subsidiaries are engaged in any litigation either as plaintiff or defendant which has a material effect on the financial position of the Company or its subsidiaries 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 or adversely affect the position or business of the Company or its subsidiaries.

**2. SUMMARY OF INFORMATION (Cont'd)**

1. Mirotone (M) Sdn Bhd ("Mirotone") issued a notice under Section 218 of the Companies Act 1965 dated 16 April 2002 against WISB for an alleged outstanding sum of RM97,800. The solicitors acting for WISB had on 17 May 2002 rebutted the claim made by Mirotone. As Mirotone is an unsecured creditor of WISB, pursuant to the Workout Proposal, the unsecured debts owing by WISB would have been deemed waived. Therefore, the solicitors acting for WISB are of the opinion that WISB will be able to successfully refute Mirotone's claim against WISB. WISB has not received further correspondence from Mirotone on the matter.
2. Affin Bank Berhad ("Affin") vide its solicitors have issued two (2) letters of demand dated 12 June 2002 to WISB ("Hirer") in respect of two (2) hire purchase agreements dated 6 June 1997 and 4 December 1997 between WISB and BSNC Leasing (M) Sdn Bhd ("BSNC"). In addition two (2) letters of demand dated 12 June 2002 were also issued to WHSB as the guarantor for the above facilities ("Guarantor"). Affin demanded from WHSB and WISB for payment of RM1,195,462.72 and RM1,076,630.96 being the amount due as at 15 May 2002 under the above agreements or deliver the hire purchase goods to them within fourteen (14) days.

The solicitors for WISB are of the opinion that Affin's claim cannot be sustained as it is bound by the terms and provisions of the Workout Proposal.

**Material Capital Commitment**

There are no material capital commitment in the YAR Group as at 30 August 2002 (being the latest practicable date at which such amounts could be determined prior to the registration of this Prospectus).

**Contingent Liabilities**

Save for the contingent liabilities which arose from the acquisition of the WHSB Group in accordance with the Workout Proposal, there are no other contingent liabilities in the YAR Group as at 30 August 2002 (being the latest practicable date at which such amounts could be determined prior to the registration of this Prospectus).

Kindly refer to Section 12.2 of this Prospectus for more details on the contingent liabilities which arose from the acquisition of the WHSB Group.

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