

6. INDUSTRY OVERVIEW

6.1 MALAYSIAN ECONOMY

The Malaysian economy remained resilient in 2001 in the face of a challenging external environment. While the global economic slowdown in 2001 was more severe than earlier expectations, Malaysia avoided economic contraction and growth for the year remained in positive territory. Unemployment was also contained at a low level.

Given the openness of the Malaysian economy, the negative effects of the economic slowdown in the United States of America and global electronics downturn was felt as early as March 2001. These were manifested in declining manufacturing production and negative export growth. Concerted efforts since the crisis to promote domestic sources of growth and reduce the over-dependence on exports resulted in real Gross Domestic Product ("GDP") expanding by 0.4% in 2001. Fiscal stimulus measures and monetary policy that had remained accommodative led to higher public spending and positive growth in private consumption.

The unemployment rate was contained below 4%. Retrenchment was mainly in industries affected by the downturn in the global electronics cycle. More flexible labour market practices also helped to moderate the number of retrenchments.

Inflationary pressures remained muted with prices, as measured by the Consumer Price Index ("CPI"), increasing moderately by 1.4% (2000: 1.6%). The moderation in inflation was due mainly to the prevalence of excess capacity in several sectors of the economy, the moderate appreciation of the ringgit vis-à-vis non-US dollar currencies, as well as lower imported inflation.

The external position remained robust in 2001. The global economic slowdown affected export performance, but imports of goods and services for export production also declined. Hence, the current account remained in surplus, estimated at about 8.9% of Gross National Product ("GNP").

The trade surplus and continued inflows of long-term capital resulted in higher international reserves. The reserves level fluctuated in early 2001 following volatility in foreign exchange markets. Reserves which declined in early 2001, reversed to a rising trend from end June following stronger fundamentals and lower interest rates abroad. By end-2001, international reserves of Bank Negara Malaysia were higher at RM117.2 billion or US\$30.8 billion (US\$4.9 billion higher than the lowest level in 2001). Subsequently, reserves increased further to RM119.6 billion or US\$31.5 billion as at 28 February 2002. This level is adequate to finance 5.2 months of retained imports and cover 5.1 times the short-term external debt.

While the external debt increased during the year, the outstanding amount remained relatively low, at about 55.4% of GNP (previous peak after the Asian crisis was 64%). The overall debt service ratio continued to remain low at 6.2%, despite the decline in export value. The debt profile also remained healthy with short-term debt accounting for only 13.7% of total debt.

(Source: Bank Negara Annual Report 2001)

6.2 INDUSTRY GROWTH AND SIZE

6.2.1 Manufacturing Sector

The overall performance of the manufacturing sector was affected by the slowdown in major industrial countries and the downturn in the global electronics cycle. While production in the export-oriented industries declined, industries that were dependent on domestic demand continued to expand, benefiting from the positive effects of the fiscal stimulus programme and low interest rates. Domestic demand for passenger cars and construction-related materials remained strong throughout the year. As a result, capacity utilisation in the domestic-oriented industries remained high at close to 80%. The strength in the domestic-oriented sector had mitigated, to some extent, the more severe contraction in the export-led manufacturing activities.

6. INDUSTRY OVERVIEW (Cont'd)

The production of export-oriented industries, which was relatively resilient in the first quarter of 2001, was affected more by the pronounced slowdown in external demand in the subsequent quarters. Nevertheless, with the emerging signs of improvements in the external environment towards the end of the year, the declines in manufacturing activities moderated in the fourth quarter of 2001, with both the exports and production of manufactured goods registering smaller declines. Given these developments, the decline in the overall manufacturing production and value added for 2001 as a whole was contained at a single-digit rate of 6.4% and 5.1% respectively (2000: +25% and +21% respectively).

While operating in a slower business environment during the year, some manufacturers had taken the opportunity to consolidate and streamline their operations in order to better position themselves in the increasingly competitive global market. This was evident in the relocation of the labour-intensive industries and lower-end operations from Malaysia to lower cost producing countries such as Thailand. At the same time, some manufacturers also transferred their higher-end operations to Malaysia to take advantage of the existing well-developed manufacturing facilities, competitive incentive structure as well as a workforce that is well-trained and proficient in the English language.

In addition, there were increasing efforts by exporters to explore export opportunities in niche markets. During the year, Malaysia's exports of manufactured goods to the Middle-East increased by 20.4%, with the share of total manufactured exports increasing to 2.4% from 1.8% in 2000. Major products that were exported included electronics, electrical products, wood products and furniture, food products and chemical products. At the same time, Malaysia's manufactured exports to the People's Republic of China have also been on an upward trend, growing significantly by 41.2% to account for a higher share of 3.9% of total manufactured exports in 2001 (2000: 2.5%). The bulk of manufactured goods exported to the People's Republic of China comprised electronics and electrical products, chemical products, wood products and metal products.

The production of wood products was sustained in 2001, reflecting mainly the strong saw milling activities in the early part of the year. Production declined towards the middle of the year when external demand deteriorated further. Like the rubber products industry, the increased volume of wood products did not translate into higher export receipts, as prices of plywood and sawn timber remained low in the global market amidst sluggish demand from Japan and the US. Similarly, lower external demand also resulted in the decline in exports of furniture and parts in 2001.

While manufacturers and exporters were continuing to move up the value chain and improve product quality to enhance their international competitiveness, efforts were also undertaken to explore export market opportunities. In 2001, the Malaysian External Trade Development Corporation ("MATRADE") had successfully organized the participation of Malaysian exporters in 26 international trade fairs in the traditional markets such as the United States, the United Kingdom and Germany, the Asia Pacific destinations such as Australia, Hong Kong, India, Indonesia, Thailand, the Philippines and Brunei and the newer markets of the Middle Eastern countries, South African countries and Vietnam. Reflecting the Government's commitment in promoting Malaysian products in new markets, MATRADE had organized a trade fair in Madagascar. Meanwhile, under the ASEAN Promotion Centre Technical Assistance Programme, Malaysian exporters took part in another six international trade fairs held in Japan.

(Source: Bank Negara Annual Report 2001)

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6. INDUSTRY OVERVIEW (*Cont'd*)

6.2.2 Furniture Industry

The furniture industry is one of Malaysia's major export earners. Within the furniture sector, the production and export of wooden furniture far surpass furniture made of other materials such as metal and plastic. Within the wooden furniture sector, rubberwood furniture comprised over 80% of the total export of wooden furniture.

In year 1996, Malaysia's export value of wooden furniture stood at RM2.1 billion. In year 2000, the export value more than doubled to RM4.4 billion. The export value of wooden furniture and its growth rate from 1996 until 2000 are illustrated below.

Year	Export value	Growth rate
1996	RM2.1 billion	24.8%
1997	RM2.5 billion	19.0%
1998	RM3.2 billion	28.0%
1999	RM3.9 billion	21.9%
2000	RM4.4 billion	12.8%

The traditional furniture producing and exporting nations such as Italy, Germany, United States of America, Canada and the Scandinavian countries continue to top the league of leading exporting countries for furniture. In Asia, Taiwan and South Korea have been the leading furniture exporters while China and Malaysia are fast emerging as large exporters of furniture.

(Source: Malaysian Timber Council website and Malaysian Timber Bulletin Vol. 7 No. 1/2001, a newsletter by Malaysian Timber Council)

6.3 GOVERNMENT LEGISLATION, POLICIES AND INCENTIVES

Apart from the MITI manufacturing license and other licences required for the wood-based industry, there are no other material laws and regulations that govern the wooden furniture industry. Please refer to Section 11 of this Prospectus for details of the licences obtained by the YAR Group.

The Government in its efforts to stimulate the growth of the manufacturing sector has put in place various incentives including:

(i) Pioneer Status

A company granted Pioneer Status enjoys a five (5) year partial exemption from the payment of income tax.

(ii) Investment Tax Allowance

As an alternative to Pioneer Status, a company may apply for Investment Tax Allowance. A company granted Investment Tax Allowance gets an allowance of 60% of qualifying capital expenditure (such as factory, plant, machinery or other equipment used for the approved project) incurred within five (5) years from the date on which the first qualifying capital expenditure is incurred.

6. INDUSTRY OVERVIEW *(Cont'd)*

(iii) **Reinvestment Allowance**

All manufacturing companies that have been in operation for at least twelve (12) months and incur qualifying capital expenditure to expand production capacity, modernise and upgrade production facilities, diversify into related products and automate its production facilities can obtain a Reinvestment Allowance.

(iv) **Tax exemption on the value of increased exports**

To promote exports, manufacturing companies in Malaysia qualify for:

- A tax exemption on statutory income equivalent to 10% of the value of increased exports, provided that the goods exported obtain at least 30% value-added; or
- A tax exemption on statutory income equivalent to 15% of the value of increased exports, provided that the goods exported obtain at least 50% value-added.

(Source: Malaysian Industrial Development Authority)

6.4 **RELIANCE ON AND VULNERABILITY TO IMPORTS**

The rubberwood furniture and carton boxes industries do not rely on imports as the raw materials for these two industries are sourced locally. In addition, the rubberwood furniture industry is not vulnerable to imports as most of its products are exported. The carton boxes industry is not vulnerable to imports due to the high logistic cost of importing such boxes. The industries are however dependent on the availability of rubberwood and corrugated boards, being the industries' major raw material. Please refer to Section 7.2 of this Prospectus for more details on the availability of rubberwood and corrugated boards.

6.5 **INDUSTRY DYNAMICS**

Nature of industry

The furniture industry in Malaysia is highly competitive, where most of the local players concentrate on producing for the export market. More often than not, most of the manufacturers possess similar manufacturing facilities, though there may be certain variations where some companies have the machinery to produce certain furniture styles such as the farm house chairs or the Queen Anne style table and chair legs, whilst others do not. For the manufacturers who do not have such facilities, it is the industry norm to source the required furniture or parts from the other manufacturers.

The highly competitive environment is perhaps due to the somewhat homogenous nature of the furniture, where profits are mainly driven by quality and cost efficiency, together with optimum utilisation of available resources.

Industry players and competition

The Malaysian furniture industry is highly fragmented with a few thousand furniture manufacturers operating in the country. The Directors of YAR believe that there are no clear market leaders in the Malaysian furniture industry and thus, this industry does not exhibit any monopoly nor oligopoly characteristics.

The Directors of YAR believe the main competitors of the YAR Group include several companies listed on the KLSE which are involved in the manufacturing and sale of rubberwood furniture products.

6. INDUSTRY OVERVIEW (Cont'd)

Ease of entry and exit

The capital expenditure required to set up an integrated furniture manufacturing company including woodworking, finishing and the pressure treatment and kiln drying facilities is conservatively estimated by the Directors of YAR to be about RM40 million, which may deter potential new entrants. Since profitability is partly determined by the level of gearing, potential new entrants without sufficient funds would have to consider the impact of heavy financing on their profit margins. Technical know-how and marketing network would also form barriers to entry. In depth experience in the furniture industry is also essential, where years of experience would be a prime factor in ensuring good management of resources.

Notwithstanding the capital outlay required, the minimal design and innovative skills required by the traditional OEM markets contributes to the relative ease with which new players may enter the market. However, to remain competitive and serve the markets better, a player would need to be innovative with its products, where it is able to anticipate the designs and specifications required by buyers and produce the samples for their viewing. In addition, a player would also have to ensure the quality of its products match the requirements of the buyer. The ability to keep costs low through an efficient manufacturing process is also vital. All these would have to be against a backdrop of technological advancement and skills in utilising the latest technology in furniture making and inherent skilled manpower.

Cyclicality and stability of revenues

The furniture industry is primarily export-oriented and serves a range of countries, the industry's revenue has been relatively stable over the past years, despite the domestic economic turmoil that plagued Malaysia in 1997 and 1998. The decline in domestic demand was offset by the continued strong demand from the export market, which provided the backdrop for the furniture industry's performance during those years. Please refer to section 6.2.2 for the growth in the export value of wooden furniture.

The Group's products are subject to fluctuations in sales according to seasons i.e. certain months will see higher sales compared to others. The YAR Group generally experiences higher sales during the period from July to December. However, for the financial year ended 31 July 2001, the highest monthly sales achieved is only approximately 19.6% above the average monthly sales of RM8.2 million for that year.

6.6 PROSPECTS OF THE INDUSTRY

As the majority of the rubberwood furniture products manufactured in the country are exported, the rubberwood furniture industry is to a large extent dependent on the health of the world economy in general and specifically the economies of the major export countries of the YAR Group such as the United States of America, Japan and United Kingdom.

Prospects of the world economy in 2002

The world economy is expected to recover gradually in line with the slow and modest recovery in the United States of America. Thus, world growth is expected to pick up slightly to 2.6%, while world trade is forecast to expand between 2% and 2.5%, in tandem with a gradual upturn in the electronics sector. Real output growth in the major industrial countries as a group is expected to stabilize at 1.1%, while growth in the developing countries is projected to pick up slightly to 4.5%.

6. INDUSTRY OVERVIEW (Cont'd)

The American economy entered 2002 in a relatively better position as earlier fears of a recession abated. Consumer confidence and equity markets have rebounded and the fourth quarter 2001 GDP exceeded expectations. The American economy is now expected to recover gradually, gaining momentum from 1.6% in the first half-year to 2.8% in the second half-year. Growth, nevertheless, is expected to be gradual and modest, as investment recovery will lag considerably given the prevailing excess capacity. The recovery in employment will also lag the economic recovery due to ongoing consolidation by corporations as well as the slow recovery in investment. Under these circumstances, growth for 2002 as a whole is estimated at 1.4%.

The recovery is premised on four factors. First, while the policies undertaken in 2001 have begun to filter through the economy, the monetary easing has a lag of 6-18 months before its full effects are felt on economic activity. The substantial easing of 475 basis points in 2001 is expected to provide a large impetus to growth during the course of 2002. The US\$70 billion fiscal stimulus, comprising tax cuts and spending from the emergency package announced after September 11 for reconstruction and defence industries, is also expected to be felt in 2002. In addition, a new fiscal package worth US\$51 billion, comprising unemployment benefits and business tax breaks should add further stimulus to growth in 2002. Second, the gradual shift from destocking to inventory accumulation is envisaged to add about 1 – 1.5 percentage points to GDP. Third, softer oil prices would support consumption. The consequent prospects of lower inflation would also allow greater flexibility for the authorities to focus on growth.

Finally, the resilience in productivity growth seen during the current downturn is expected to further support growth during the year.

Central to the forecast is that consumption growth would continue. While employment and income conditions may weaken in the next few months and restrain consumption to some extent, the positive impact from lower taxes, energy prices and interest rates are likely to cushion part of the impact on disposable income. At the same time, household balance sheets have remained relatively healthy (asset/liability ratio of 5:1), as the negative wealth effect in the past year was confined mainly to losses in equity wealth, while house prices have remained steady. The recent rise in consumer confidence further supports the view that consumption growth would be sustained during the year.

Meanwhile, the corporate sector is expected to continue its consolidation exercise affecting investment and employment prospects. Thus, both investment and employment are expected to lag the recovery cycle and pick up only after clear signs of improvement in corporate earnings and capacity utilisation. In the third quarter of 2001, capacity utilisation declined to the lowest level since 1983 (technology: 61.2, non-technology sector: 77.8). In view of the above, the upside to new investment is somewhat limited except for opportunities in some areas such as the auto industry (upgrading into new models) and the technology upgrading for IT hardware industries.

Investment would also be supported by fiscal spending worth US\$40 billion for the reconstruction and investment in biotechnology and defence industries.

The euro area is expected to expand at a slower pace of 1.3% in 2002, given that its recovery would be lagging the American upturn by one to two quarters. Inflationary pressures that had earlier affected domestic demand are expected to diminish progressively following the effects from lower energy prices. A pick-up in production during the second half-year amidst rising demand from the United States of America and inventory accumulation should contribute to growth. Improved exports as well as the lower cost of borrowing (monetary easing of 150 basis points since 2001) are expected to spur investment. In particular, investment in the high-tech sector is also expected to perform better in the euro area during the next phase of growth since the extent of IT spending in the past had been lower than in the United States of America. Given that the bulk of this impact is likely to be seen in late 2002 and 2003, growth is expected to be modest during the year.

6. INDUSTRY OVERVIEW *(Cont'd)*

In the United Kingdom, although growth is expected to moderate slightly to 2% in 2002, the economy would continue to outperform the other major industrial economies. The weakness in the manufacturing sector is expected to dissipate gradually following an upturn in IT-related production and a shift to inventory accumulation, while the strength in the service sector is expected to remain. Lagged impact from the monetary easing in 2001 (200 basis points), the impetus from the expansionary fiscal policy (2001 – 2003 cumulative spending worth 3% of GDP) and the positive wealth effect from a steady housing market are expected to sustain the underlying strength in consumer spending. These recovery forces are likely to reduce the impact from weaker household incomes and bonuses.

In Japan, growth prospects are expected to remain weak in 2002. Real GDP is projected to fall for the second consecutive year by 0.5%. Structural reforms in the financial and corporate sectors are expected to dampen growth prospects in the immediate term. Under these circumstances, employment prospects are likely to deteriorate amidst the deflationary forces. Although the reforms are viewed to contribute positively over the longer term, the short-term impact of the reforms could be fairly significant, especially on the banking system. The two supplementary budgets totaling 5.6 trillion yen as well as the accommodative monetary stance are expected to cushion part of the adverse impact. Growth prospects also remain sensitive to Japan's fiscal sustainability as well as adverse domestic and external developments, including volatility in the financial markets.

(Source: Bank Negara Annual Report 2001)

Prospects of the Malaysian economy in 2002

The Malaysian economy is expected to strengthen in 2002 following a strengthening of external demand. Past trends show that there is a brief lag between the recovery in the major economies and recovery in Malaysian exports. As such, the timing and magnitude of the recovery would have a significant impact on the Malaysian economy. Current indications suggest that external demand will not pick up as strongly as in the 1999-2000 period, where recovery was mainly led by internet-boom and the Y2K factor. The current economic upturn is taking place amidst global excess capacity, particularly in the technology sector. External demand is, therefore, expected to strengthen gradually. Against this background, the recovery in the Malaysian economy would be modest, with real GDP expanding by 3.5% in 2002.

The growth projection for 2002 is based on stronger growth in private consumption, a modest recovery in private investment, sustained public sector expenditure and a moderate growth in exports. If the positive trend in the latest indicators for the American economy is sustained, the bias to the growth projection would be on the upside. On the domestic front, aggressive policy measures to enhance the role of the services sector, particularly in the education, tourism and information, communication and technology sub-sectors, would benefit these sectors, which in turn could improve further the GDP growth.

The Malaysian economy grew by 3.8% in real terms in the second quarter of 2002 after experiencing a 1.1% in growth in the first quarter of 2002. Based on the performance of the current quarter, it is clear that the widely anticipated economic improvement this year is beginning to happen.

Activity in the manufacturing sector rebounded in the second quarter of 2002 to take the lead, with value added increasing by 5.6%, the first positive growth since the first quarter of 2001. The improved performance was attributed to a stronger expansion in output of the domestic-oriented industries, as well as a turnaround in the electronics industry. With the improved performance, the overall capacity utilisation rate in the manufacturing sector increased to 82% in the second quarter.

(Source: Bank Negara Annual Report 2001 and Bank Negara Economic and Financial Developments in the Malaysian Economy in the Second Quarter 2002 dated 21 August 2002)

6. INDUSTRY OVERVIEW (Cont'd)

Prospects of the rubberwood furniture industry

The growth in the export of wooden furniture in the 1980s continued into the 1990s. From 1996 until 2000, the value of exported wooden furniture more than doubled from RM2.1 billion to RM4.4 billion. The world economy is expected to register a growth of 2.6% in 2002 while the United States of America, being the largest importer of Malaysian furniture is expected to achieve a 1.4% economic growth in 2002.

As rubberwood furniture comprised over 80% of the total export of wooden furniture, a healthy growth of the world's economies especially that of the United States of America in 2002 will help in the growth of Malaysia's rubberwood furniture export.

In addition, the Malaysian International Furniture Fair 2002 which was held at the Putra World Trade Centre in March 2002 recorded RM2.04 billion worth of sales, representing an increase of 5.7% from the same fair recorded in 2001. The fair in 2002 recorded a total 6,115 international visitors from 116 countries.

(Source: Malaysian Timber Bulletin Vol. 8 No. 1/2002, a newsletter by Malaysian Timber Council)

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7. FUTURE PLANS, STRATEGIES AND PROSPECTS

7.1 Future plans and strategies

The YAR Group intends to concentrate on providing existing and potential customers with its own designs. The YAR Group will focus on increasing its exports by aggressively promoting its own designs to its existing customers while capturing new customers and new geographical markets. The Group plans to penetrate into countries and such as India, South Africa, China, Germany and Russia.

Original Design Manufacturing (“ODM”)

The YAR Group was quick to take advantage of the growth of the furniture industry via Original Equipment Manufacturing (“OEM”) during the early years. It successfully penetrated the export market with its competitive pricing, quality and timely delivery. In the same manner it undertook the OEM, the YAR Group recognises that the long term future of the furniture industry lies in not only competitive pricing OEM (in comparison with other countries) but also in ODM.

The YAR Group is already producing designs for its customers, where it does not rely on designs or specifications provided by customers. The company utilises the Autodesk Mechanical desktop AutoCAD system designing computer software for its furniture designs, where the software provides the R&D with the capabilities to come up with design in three dimensional forms, making their designing process more efficient. The YAR Group serves the majority of its customers by providing ready designs for its customers to make their choice. The designs are produced based on market trends and in anticipating customer requirements. To further enhance its designing capabilities, the Company intends to engage design consultants while creating a team of personnel specialising in original designing of furniture by end 2002. Once implemented, the YAR Group is expected to establish its capabilities in generating innovative designs that suit the preference of the consumers in its export markets. YAR Group also plans to concentrate in producing indigenous Malaysian designs to market to its clients.

The YAR Group also expects to increase its original design capabilities in order to target a different market, i.e. a market where the perception is “furniture is a fashion” and therefore new designs would constantly need to be developed. In setting up the design team, the YAR Group intends to penetrate this market with original designs to increase awareness and recognition of its products.

The Group also plans to aggressively market its products via the internet, which it has started with the posting of its website in English, and the Group intends to have various language options for its website, such as Japanese, German, Spanish, Portuguese and French.

Expansion on new furniture range

The YAR Group also plans to introduce a new line of furniture, i.e. bedroom furniture such as bed frames, bedside tables, dressing tables and wardrobes. With this range of new products, the YAR Group expects to capture a larger share of the demand for rubberwood furniture products.

Integrated furniture manufacturer

The YAR Group intends to be a successful integrated furniture manufacturer. This is expected to be undertaken by expanding its kiln drying facilities, which is expected to increase the Group’s capability in producing treated rough sawn rubberwood, allowing it to be a company that is self sufficient. Being an integrated furniture manufacturer will enable the YAR Group to ensure prompt delivery of high quality rubberwood. In an attempt to move upstream, the YAR Group is venturing into the tender of rubberwood plantation for the purpose of ensuring reliable supply of rubberwood. YAH has entered into an agreement with Felda Plantations Sdn Bhd for woodcutting of rubberwood trees at a rubberwood plantation in Lanchang, Pahang measuring 376.51 hectares. This plantation is expected to produce 4,500 metric tonnes of rubberwood to the YAR Group.

7. FUTURE PLANS, STRATEGIES AND PROSPECTS (Cont'd)

7.2 Prospects of the YAR Group

The prospects of the YAR Group are outlined below in terms of viability and vulnerability.

Viability of the YAR Group

- **Product diversity and quality**

The principal businesses of the YAR Group namely the manufacture of rubberwood furniture products, the conversion of corrugated boards into carton boxes and pressure treatment and kiln-drying of rough sawn rubberwood are directly related to the rubberwood furniture industry.

Household furniture products can be considered as necessity products as all homes have furniture. Factors that determine the choice of products include quality, design and pricing.

The YAR Group exhibits diversity within its rubberwood furniture products. Firstly, the Group has four (4) range of products, namely dining, living room, buffet and hutch and occasional, and there are more than 100 different designs within these four (4) product range.

Secondly, there is diversity in each type of furniture product as the YAR Group offers a wide choice of models, designs and finishing which can be broadly classified into the following styles:

- (i) Colonial;
- (ii) Contemporary;
- (iii) Farmhouse; and
- (iv) Country classic.

Thirdly, there is diversity in each type of furniture product as the Group offers a wide choice of different types of materials in the manufacture of its products such as:

- Solid rubberwood;
- Pine wood which the YAR Group started using since February 2001;
- Combination of rubberwood with other material like:
 - Upholstery fabric;
 - veneer;
 - medium density fiberboard;
 - rush seat;
 - ceramic tiles; and
 - wrought iron.

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7. FUTURE PLANS, STRATEGIES AND PROSPECTS *(Cont'd)*

The diversity in its choice of models and designs is also reflected in the choice of colour options available for its products. The range of colour options include:

- Natural
- Maple
- Beech
- Light Oak
- Medium Oak
- Rustic Oak
- Antique Oak
- Pine
- Antique Pine
- Cherry
- Walnut
- Mahogany
- White
- Antique White
- Green

The YAR Group places significant emphasis on the quality of its products and stringent quality control procedures are implemented at all stages of manufacturing from raw materials procurement to the final stage of its production process. The Group's commitment to quality is illustrated by YAW obtaining BS EN ISO 9002 (1994) Certificate of Registration for the manufacture of rubberwood furniture on 12 August 2000 by AOQC Moody (Malaysia) Sdn Bhd and ISO9002 Yr 1994 Certificate of Registration on 25 August 2000 by Moody International Certification Limited.

- **Research and development ("R&D")**

The YAR Group recognises the need to undertake R&D activities in order to stay ahead of competition, thus ensuring the sustainability of its business in the long run. The R&D of the YAR Group mainly pertains to the manufacturing of rubberwood furniture.

YAW's R&D activities have allowed it to achieve gross margins of above 20% in the market which is increasingly competitive. Some of the achievements registered by its R&D activities include reduction in production lead times and the manufacture of high quality products at minimal costs. Please refer to Section 5.4.5 of this Prospectus for further details on the YAR Group's R&D activities.

Vulnerability of the Group

- **Long term contracts/relationships with suppliers**

The YAR Group does not depend on any single supplier and has not committed to any long term contracts with any of its suppliers in relation to the Group's main raw materials namely rubberwood and corrugated board. The YAR Group has established strong relationships with its suppliers over the years the Group has been in operations. The strong financial position of the Group together with its good reputation have enabled the YAR Group to enjoy competitive market prices for the purchase of its raw materials.

- **Availability of raw materials**

Although the supply of rubberwood to the furniture industry has been sustained over the past years, the future supply of rubberwood in the future is uncertain. This is due to the continued decrease in the land area that is covered by rubber trees as a result of conversion activities.

7. FUTURE PLANS, STRATEGIES AND PROSPECTS (Cont'd)

However, the supply of rubberwood could potentially be sustained in the long term if the rubber replantation programmes are implemented as planned. The successful replantation of rubber and/or the establishment of new rubber plantations would depend on the approach taken by the Government, the private sector and other relevant bodies.

Pioneer status and investment tax allowances are examples of the fiscal incentives put in place by the Government. These incentives, however, have not been enough to encourage the establishment of rubber plantations, mainly due to the gestation period of about 15 years and the relatively low recovery rate in the sawing of rubberwood logs. In addition, the current high land premiums and outright payment demanded from state governments would heavily burden a prospective investor. The prices of rubberwood in the open market are also relatively low compared to other forest wood such as meranti, nyatoh and jati, partly due to the perception of rubberwood as simply a residue and by-product of the rubber industry.

To ensure certainty in the supply of rubberwood in the long term, the Government plays a very important role. Suitable areas for the rubber plantations need to be alienated by state governments, and to encourage private sector investment, suggestions such as reducing land premiums or deferring the payments until the end of the gestation period have been made. In addition, the encouragement of replanting of rubber solely for timber extraction and not for latex is expected to result in higher recovery rates due to the larger log diameter, which is anticipated to help boost the supply of rubberwood.

The Group has not encountered any shortage in the supply of corrugated boards, the raw material for carton boxes and it does not believe that there will be such shortage in the foreseeable future.

- **Threat of substitute products**

Furniture manufactured from other materials such as metal, glass, plastic and rattan are the potential substitutes of rubberwood furniture. However, furniture manufactured from rubberwood is well-received as it is recognised to be an environmentally-friendly product. It also has a natural and traditional look, compared to furniture manufactured from other materials, where it is unlikely for wooden furniture to be replaced by furniture made from other materials as there are certain qualities of wood that are unique and cannot be replaced or replicated by furniture manufactured from metal, glass, plastic and rattan.

There is also the risk that the YAW Group's furniture could be substituted with other types of wooden furniture manufactured from forest woods, such as nyatoh, meranti and jati. However, furniture made from forest woods are usually much more expensive. In addition, forest wood furniture are perceived to be environmentally unfriendly, since the extraction of forest woods for commercial purposes is seen to be a threat to the environment.

In addition, there is also the risk of the YAW Group's furniture being substituted with fine furniture. However, taking into account that the overseas consumer market chooses to purchase rubberwood furniture for its functionality and value-for-money characteristics, it is also not likely that rubberwood furniture would be replaced by the fine furniture range which is usually catered to the higher income earners and for a more exclusive and niche market.

As an established manufacturer of rubberwood furniture products and carton boxes for the furniture industry, the YAW Group is well positioned to take advantage of the expected growth in the rubberwood furniture industry.

8. INFORMATION ON SHAREHOLDERS/DIRECTORS/KEY MANAGEMENT

8.1 Information On Promoters And Major Shareholders

8.1.1 Shareholdings of Promoters and Major Shareholders in YAR

As at the date of this Prospectus, the promoters and major shareholders of the YAR Group and their shareholdings in YAR are as follows:

Promoter / Major Shareholder	Designation	Nationality / Place of Incorporation	Before Public Offering		After Public Offering		No. of shares '000	%	No. of shares '000	%
			Direct	Indirect	Direct	Indirect				
Yeo Lick Liong	Executive Chairman / Promoter / Major Shareholder	Malaysian	6,548	7.17	*48,330	52.94	2,964	2.76	*48,330	45.00
Yeo Yek Meng	Promoter / Major Shareholder	Malaysian	9,230	10.11	*48,330	52.94	2,041	1.90	*48,330	45.00
Yeo Aik Tan	Promoter / Major Shareholder	Malaysian	9,230	10.11	*48,330	52.94	2,041	1.90	*48,330	45.00
Yeo Ayk Ke	Executive Director / Promoter / Major Shareholder	Malaysian	9,513	10.42	*48,330	52.94	575	0.54	*48,330	45.00
Chia Lai Joo	Executive Director / Promoter	Malaysian	3,574	3.92	-	-	1,501	1.40	-	-
Lim Poh Teot	Executive Director / Promoter	Malaysian	3,652	4.00	-	-	1,579	1.47	-	-
Yeo Sew Kee	Major Shareholder	Malaysian	-	-	*48,330	52.94	-	-	*48,330	45.00
Yeo Siu Poh	Major Shareholder	Malaysian	-	-	*48,330	52.94	-	-	*48,330	45.00
Yeo Sew Kim	Major Shareholder	Malaysian	-	-	*48,330	52.94	-	-	*48,330	45.00
Yeo Siow Chu	Major Shareholder	Malaysian	-	-	*48,330	52.94	-	-	*48,330	45.00
Yeo Siow Wah	Major Shareholder	Malaysian	-	-	*48,330	52.94	-	-	*48,330	45.00
Yeo Siow Lay	Major Shareholder	Malaysian	-	-	*48,330	52.94	-	-	*48,330	45.00
Yeo Siw Nee	Major Shareholder	Malaysian	-	-	*48,330	52.94	12	0.01	*48,330	45.00
Central Glamour	Major Shareholder / Promoter	Malaysia	48,330	52.94	-	-	48,330	45.00	-	-

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

8.1.2 Information on Central Glamour

Central Glamour

Central Glamour was incorporated on 11 July 2000 as a private limited company under the Companies Act, 1965. The authorised share capital of Central Glamour is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which 1,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

The principal activity of the company is investment holding.

8. INFORMATION ON SHAREHOLDERS/DIRECTORS/KEY MANAGEMENT (Cont'd)

The shareholdings of the directors and major shareholders of Central Glamour are as follows:

Names	Direct		Indirect	
	No. of shares	%	No. of shares	%
Yeo Eck Liong	500	50.00	-	-
Yeo Yek Meng	130	13.00	-	-
Yeo Aik Tan	130	13.00	-	-
Yeo Ayk Ke	130	13.00	-	-
	<u>890</u>	<u>89.00</u>	-	-

8.1.3 Experience in the Furniture Industry

Yeo Eck Liong, aged 42 is the Executive Chairman of YAR. His experience in the furniture industry spans as far back as in 1985 when he started Pioneer Packing Industries with his brother, Yeo Aik Tan who is the Managing Director of PPSB, to supply carton boxes to the furniture industry in Muar and Batu Pahat. His entrepreneurial spirit led him to venture into the manufacturing and sale of furniture by the setting up of YAW in 1992. With more than 17 years of experience in the furniture industry, he has propelled YAW from a humble start-up manufacturer to one that achieved a turnover of over RM50 million for the financial year ended 31 July 2001.

Yeo Yek Meng, aged 40 is the Executive Director of PPSB. He started his career in the furniture industry in 1986 when he joined his brother, Yeo Eck Liong in Pioneer Packing Industries. His technical background in the printing industry that was acquired through his years in the printing industry prior to joining Pioneer Packing Industries has enabled him to make significant contributions to quality control in PPSB.

Yeo Aik Tan, aged 39, is the Managing Director of PPSB. He and his brother, Yeo Eck Liong, jointly started Pioneer Packing Industries in 1985. His vast experience in the furniture industry has enabled him to understand the needs of customers in the industry and to undertake the role of effectively marketing the products of the Group and servicing customers.

Yeo Ayk Ke, aged 33, is the Executive Director of YAR. He has been in the furniture industry since 1990 when he joined Pioneer Packing Industries. He has been involved in the marketing of YAW's products since YAW started operations in 1992. He has been instrumental in assisting YAW in its attempt to penetrate the overseas market.

Chia Lai Joo, aged 42, is the Executive Director of YAR. He started his career in the furniture industry in 1974 in a local furniture factory. With more than 28 years of experience in the furniture industry, he has ensured the smooth running of the production process and delivering of high quality products.

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8. INFORMATION ON SHAREHOLDERS/DIRECTORS/KEY MANAGEMENT (Cont'd)**8.1.4 Directorships and major shareholdings in all other public corporations for the past two (2) years**

None of the promoters and major shareholders have any other directorships and/or major shareholdings (holding five percent (5%) shareholding or more) in other public companies for the past two (2) years.

8.1.5 Changes in major shareholders and promoters and their shareholdings

Save as disclosed below, there are no changes to the promoter/major shareholders of YAR and their shareholdings since incorporation until 30 August 2002:

Date	Shareholder	No. of ordinary shares of RM1.00 each held before change	Addition	(Disposal)	No. of ordinary shares of RM1.00 each held after change
24.03.98	Goh Sung Huat	-	1	-	1
24.03.98	Song Guan Chow	-	1	-	1
18.07.02	Yeo Eck Liong	-	3,273,967	-	3,273,967
18.07.02	Yeo Yek Meng	-	4,614,837	-	4,614,837
18.07.02	Yeo Aik Tan	-	4,614,837	-	4,614,837
18.07.02	Yeo Ayk Ke	-	4,756,670	-	4,756,670
18.07.02	Lim Poh Teot	-	1,825,790	-	1,825,790
18.07.02	Chia Lai Joo	-	1,787,213	-	1,787,213
18.07.02	Tee Kim Yam	-	606,684	-	606,684
18.07.02	Central Glamour	-	24,165,000	-	24,165,000
19.07.02	Yeo Eck Liong	3,273,967	2	-	3,273,969
19.07.02	Goh Sung Huat	1	-	(1)	-
19.07.02	Song Guan Chow	1	-	(1)	-
19.07.02	Yeo Eck Liong	3,273,969	3,273,969	-	6,547,938
19.07.02	Yeo Yek Meng	4,614,837	4,614,837	-	9,229,674
19.07.02	Yeo Aik Tan	4,614,837	4,614,837	-	9,229,674
19.07.02	Yeo Ayk Ke	4,756,670	4,756,670	-	9,513,340
19.07.02	Lim Poh Teot	1,825,790	1,825,790	-	3,651,580
19.07.02	Chia Lai Joo	1,787,213	1,787,213	-	3,574,426
19.07.02	Tee Kim Yam	606,684	606,684	-	1,213,368
19.07.02	Central Glamour	24,165,000	24,165,000	-	48,330,000

8.2 Information On Directors**8.2.1 Profile**

Yeo Eck Liong, aged 42, was appointed to the Board as Executive Chairman on 19 July 2002. He started his career in 1977 as a printing technician in Muar. Two years later, he joined another printing company, Today Printing Sdn. Bhd. also located in Muar as its printing supervisor. In 1982, he joined another printing company, Syarikat Li Teck as its technical manager. His enthusiasm in doing business prompted him to start his own business, Pioneer Packing Industries in 1985, a partnership with his brother, Yeo Aik Tan, set up to supply carton boxes to the furniture industry in Muar and Batu Pahat. Since then he established strong relationships with these furniture customers and learnt the furniture trade. His sincere, down to earth approach in business has enabled him to build a strong customer-supplier relationships with all the company's customers. In 1997, the entire business of Pioneer Packing Industries was taken over by Pine Packaging (M) Sdn. Bhd. Almost all of its customers have been doing business with the company for more than 10 years. His entrepreneurial skill together with his sharp business acumen initiated the setting up of YAW in 1992. Within 10 years of incorporation, he has led YAW to become a successful rubberwood furniture exporter in Malaysia. He is also a director of YAW, YAH, PPSB, TCSB, WHSB, WISB and Central Glamour.

8. INFORMATION ON SHAREHOLDERS/DIRECTORS/KEY MANAGEMENT (Cont'd)

Yeo Ayk Ke, aged 33 was appointed to the Board as Director on 19 July 2002. He started his career as Marketing Executive with Pioneer Packing Industries in 1990. He joined YAW as Marketing Manager in 1992. Since then, he has been involved in developing the marketing master plan for YAW's products, especially in penetrating the overseas market. His good interpersonal skill has enabled him to build up strong relationships with the customers. He traveled extensively to participate in trade fairs and to meet up with customers overseas. This has given him wide exposure to furniture trade designs, customers buying patterns, trends and behaviour in various countries. He also oversees WIISB's marketing department and plans marketing strategies for the YAW Group. His extensive marketing network enables him to perform the marketing function for the group's furniture products. He is also the director for YAW, PPSB, TCSB, WHSB, WISB and Central Glamour.

Chia Lai Joo, aged 42, was appointed to the Board as Director on 19 July 2002. He started his career as Junior Mechanic in a furniture company, Sin Yi in 1974. He was there for 3 years before he moved to a Singapore furniture factory in 1977 as its production supervisor. He returned to Malaysia in 1983 to be factory superintendent of Sin Huat Hing Sdn. Bhd, a well-established furniture company in Muar. He was there for 6 years. He left in 1989 to join Perindustrian Perabot Anda Sdn. Bhd. as factory manager. In 1992, he joined YAW as factory manager and was subsequently appointed as one of the company's director. He has more than 28 years of experience in the furniture manufacturing industry. He is the driving force in ensuring the smooth running of the production process and has led the production team in achieving the predetermined target standard with high quality output. Presently, he is overseeing the whole production department. He is also responsible for designing the production process to reduce wastage and enhance the efficiency of the production process. He is also the director of YAW, WHSB and WISB.

Lim Poh Teot, aged 38, was appointed to the Board as Director on 19 July 2002. He graduated from Kolej Tunku Abdul Rahman with a Diploma in Commerce (Management Accounting) in 1987. In 1988, he attained his Professional Accountancy Certificate from the Chartered Institute of Management Accountants ("CIMA"). He has been a member of the Malaysia Institute of Accountants ("MIA") since 1991 and has been a Fellow of CIMA since 1993. He started his career in 1987 as an Assistant Accountant with Perusahaan Chan Choo Sing Sdn Bhd ("PCCS"). In 1989, he was responsible in setting up Harta Packaging Industries Sdn. Bhd. ("Harta"), the packaging operation of the PCCS group of companies. Subsequently, in 1992, he was promoted as Deputy Managing Director of Harta. In 1995, he was appointed as Group General Manager of PCCS Group Berhad when it was listed on the KLSE Main Board. In 1997, he was involved in the listing of Harta on the KLSE Second Board. Subsequently, he left the PCCS Group in 1999. He is the Deputy Chairman of the Batu Pahat Furniture Association and Internal Auditor of the Johor Furniture Association ("JFA"). He is also one of the two (2) JFA representatives to the Central Committee of Malaysia Furniture Industry Council ("MFIC") where he is a member of the International Market Sub-Committee. He is also the Director of WHSB, WISB and several other private limited companies.

Datuk Ang Hai @ Datuk Ang Kim Hai, aged 60, was appointed to the Board as Director on 19 July 2002. He started Loh Printing Press (M) Sdn Bhd in 1964 and is currently the Managing Director of the company. He is also the director and shareholder of Tung Shing Machinery (M) Sdn Bhd and Sin Chuan Art & Carved Furniture. He has been actively involved in community work. He is the State Treasurer of the St. John's Ambulance Malaysia for the past 12 years, the President of the Rotary Club of Malacca from 1988 to 1989 and a member since 1971, Vice Chairman of the Meng Seng Charitable Association, Malacca and the Director of the Malacca Chinese Chamber of Commerce. In recognition of his contribution, he has been awarded the following awards: Pingat Bakti Masyarakat (P.B.M.) in 1975, Jasa Pendamai (J.P.) in 1988, Darjah Seri Melaka (D.S.M.) in 1992 and Darjah Mulia Seri Melaka (D.M.S.M.) in 1997.

8. INFORMATION ON SHAREHOLDERS/DIRECTORS/KEY MANAGEMENT (Cont'd)

Mohd Radzuan bin Ab Halim, aged 53, was appointed to the Board as Director on 19 July 2002. Mohd Radzuan has vast experience in both commercial banking and merchant banking. He served in the banking industry at various levels for 16 years. In 1994, he was appointed Chief Executive Officer to Rakyat Merchant Bankers Berhad by Bank Negara Malaysia. He was also a Visiting Associate Professor at the University of Malaya. In 1999, he was appointed Deputy Chairman of Oriental Bank Berhad by Danamodal Nasional Berhad. Mohd Radzuan is legally qualified, having been called to the English Bar in 1989 and to the Malayan Bar in 1996. He also has a First Class Honours degree in Economics from the University of Malaya and an MBA (Finance & Investments) from the University of California, Los Angeles.

Omar bin Musa, aged 40, was appointed to the Board as Director on 19 July 2002. He graduated from the State University of New York with a Bachelor of Technology in 1986 and the Ohio University with a Master in Business Administration in 1988. He started his career as Assistant Registrar, Academic and Student Affairs Division, International Islamic University in 1989. From 1991 until 1997, he was a lecturer in the Faculty of Economics and Management Sciences, Department of Business Administration, International Islamic University. He worked for Universiti Tun Abdul Razak ("UNITAR") for two years before leaving in 1999 as Senior Manager, Technical. He is currently the Senior Manager – Project Management Office in United Multimedia Sdn Bhd ("UMSB"). Both UNITAR and UMSB are subsidiaries of KUB Malaysia Berhad.

8.2.2 Directors' shareholding in YAR

Names	Designation	Nationality	Before Public Offering				After Public Offering			
			Direct		Indirect		Direct		Indirect	
			No. of shares '000	%	No. of shares '000	%	No. of shares '000	%	No. of shares '000	%
Yeo Lick Liong	Executive Chairman	Malaysian	6,548	7.17	*48,330	52.94	2,964	2.76	*48,330	45.00
Yeo Ayk Ke	Executive Director	Malaysian	9,513	10.42	*48,330	52.94	575	0.54	*48,330	45.00
Chia Lai Joo	Executive Director	Malaysian	3,574	3.92	-	-	1,501	1.40	-	-
Lim Poh Teot	Executive Director	Malaysian	3,652	4.00	-	-	1,579	1.47	-	-
Mohd Radzuan bin Ab Halim	Independent Non-Executive Director	Malaysian	-	-	-	-	3,600	3.35	-	-
Omar bin Musa	Independent Non-Executive Director	Malaysian	-	-	-	-	-	-	-	-
Datuk Ang Hai @ Datuk Ang Kim Hai	Independent Non-Executive Director	Malaysian	-	-	-	-	12	0.01	-	-

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

8.2.3 Directorships and major shareholdings in all other public corporations for the past two (2) years

Save for the following, none of the Directors have any other directorships and/or major shareholdings (holding five percent (5%) shareholding or more) in other public companies for the past two (2) years.

Director	Company	Interest Held				Position	Year Appointed/ (resigned)	Principal activities
		Direct		Indirect				
		No. of shares	%	No. of shares	%			
Mohd Radzuan bin Ab Halim	Oriental Bank Berhad	-	-	-	-	Deputy Chairman	1999/(2000)	Commercial Bank

8. INFORMATION ON SHAREHOLDERS/DIRECTORS/KEY MANAGEMENT *(Cont'd)*

8.3 Directors' Remuneration And Benefits

The aggregate remuneration paid to the Directors of the Group for services rendered in all capacities to the Company and its subsidiaries for the financial year ended 31 July 2001, amounted to approximately RM0.7 million. For the current financial years ended 31 July 2002 and ending 31 July 2003, the amount payable to the Directors for services to YAR and its subsidiaries in the aforesaid capacities is estimated to be RM0.7 million and RM1.2 million respectively.

8.4 Audit Committee

The composition of the Audit Committee is as follows:

Name	Designation	Directorship
Datuk Ang Hai @ Datuk Ang Kim Hai	Chairman of Committee	Independent Non-executive Director
Mohd Radzuan bin Ab Halim	Member of Committee	Independent Non-executive Director
Yeo Eck Liong	Member of Committee	Executive Chairman

8.5 Key Management

The Board of Directors of YAR Group is assisted by an experienced and qualified Key Management team. The profiles of the Key Management of the Group are as follows:

8.5.1 Profiles

Management Team

Yeo Yek Meng, aged 40, is the Executive Director of PPSB. He started his career as Printing Technician in 1980 with Sin Min Printing, Muar. Two years later, he joined Syarikat Li Teck, another Muar printing company as its Printing Supervisor. He was there until 1985 where he joined Marathon Press Sdn. Bhd., Melaka as its Printing Supervisor. A year later, he joined his brother's company, Pioneer Packing Industries as Production Manager. Equipped with more than 6 years of printing experience, his involvement in Pioneer Packing Industries helped to overcome the production issues especially with regard to printing. He was appointed as Executive Director when PPSB was incorporated to take over the entire business of Pioneer Packing Industries. His sound technical background contributed significantly in delivering good quality products promptly to the customers. His functions include overseeing the maintenance, production and quality issues of PPSB. Other than PPSB, he is also the director of TCSB, YAH and Central Glamour.

Yeo Aik Tan, aged 39, is the Managing Director of PPSB. He started his career as a cook with Genting Highland Hotel in 1980. Two years later, he joined Apollo Hotel as a western cook for 2 years. He joined his brother in setting up the family's packaging business, Pioneer Packing Industries in 1985. His involvement in the well-established organisation in the hospitality industry has trained him to be disciplined in delivering products that meet customers expectation. This skill has enabled him to handle the customer service and marketing roles for the packaging business effectively. His drive to continuously find solutions to improve the operational efficiency and enhance productivity has prompted him to computerise the company's production planning and control function, and apply the cutting edge technology in block making and tracking system. He is also a director of TCSB, YAH and Central Glamour.

8. INFORMATION ON SHAREHOLDERS/DIRECTORS/KEY MANAGEMENT (Cont'd)

Chia Lai Yong, aged 36, is the Group Accounts Manager of YAW. She graduated from University of New England, Australia with a Bachelor of Finance Administration majoring in accounting. She is a Certified Practising Accountant of the Australian Society of Certified Practising Accountants (“ASCPA”) and a member of Malaysia Institute of Accountants (“MIA”). After her graduation in 1991, she joined Arthur Anderson (“AA”) as Audit Junior. During her stay in AA, she was exposed to auditing, taxation and systems control and was engaged in various auditing assignments in a number of industries such as palm oil, hotel, manufacturing and bakery. She left AA as Audit Senior in 1996 to join, Pang Hock Construction Sdn. Bhd as Deputy Finance Manager.

She was assigned with the responsibility of overseeing the whole accounting department. A year later, she joined a Liquid Crystal Display manufacturing company, Vikay Technology Sdn. Bhd. as Accounts Manager. She was in charge of the company’s treasury, accounting and financing functions. She joined PPSB in 1998 as Accounts Manager with the responsibility to undertake the accounting, financing and treasury functions of the company. She was promoted to Group Accounts Manager in 1999 with the responsibility of overseeing YAW’s accounts, monitoring the performance of PPSB and TCSB, budget preparation, tax planning and financial management functions of the company.

Tham Chan Heng, aged 40, is the Senior Quality Assurance Executive of YAW. He graduated with a Bachelor of Arts degree majoring in Business Administration from Universiti Kebangsaan Malaysia in 1989. He started his career as Management Trainee with Winner Hong Kong (M) Sdn Bhd, a foreign-owned textile factory in 1989. He has been exposed to work in various departments such as administration, public relations and production before being promoted to Production Supervisor in 1992. Since then, he supervised the production affairs which included production planning & scheduling, shift arrangement and shipment delivery. He left the company in 1996 and joined Sungei Way Premix Sdn Bhd, a company with ISO 9002 accreditation as Production Executive.

His scope of work included supervising day to day premix plant operations, monitoring plant maintenance and implementing and maintaining the quality system (ISO 9002) of the company. He has attended many courses in quality system. He was also assigned to head the company’s task force in striving for Total Quality Management. He gained much of the quality management experience throughout his tenure with the company. He left the company in 1999 and joined YAW as Senior Quality Assurance Executive. Currently he is overseeing the company’s quality system implementation, formulating quality control and assurance procedures. He also plays a key role in assisting YAW in achieving ISO 9002 accreditation.

Lec Koon Chuan, aged 37, is the Administration Manager of YAW. He started his career in the audit department of Shamsir Jasani & Co (now known as Grant Thornton International) in 1991 as Audit Assistant. During his 4 ½ years with the firm, he was involved in various industries’ audit engagements such as manufacturing, construction, aquaculture, stockbroking, financial institution, trading, non-profit associations etc. He was also involved in special assignments such as profit forecast review, due diligence audit and management consultancy. He left the firm in 1995 as Audit Senior to join KUB Malaysia Bhd as Senior Accounts Executive. His scope of work included budgeting, profit forecast, accounts review, liaising with auditor and tax agent, accounts consolidation etc. He was promoted to Assistant Finance Manager in 1996 and was entrusted with corporate finance affairs involving performance assessment of subsidiaries, profit forecast review, investment appraisal, tax planning and group accounts.

Two years later, he joined PPSB as Finance Manager with the responsibility of overseeing the Accounts Department, performance appraisal, treasury and budgeting. Due to his dedication and sound managerial skill, he was transferred to YAW as Administration Manager. Currently, he is responsible for the overall administration affairs which includes human resource management, government agency relations, financial management and other administrative functions of YAW. He also served as the Management Representative in YAW’s ISO 9002 working committee since 1999 and has contributed significantly in helping the company in achieving the ISO 9002 certification.

8. INFORMATION ON SHAREHOLDERS/DIRECTORS/KEY MANAGEMENT (Cont'd)

Yap Kian Feang, aged 30, is the Production Manager of YAW. He possesses 7 years of experience as Production Supervisor. Prior to joining YAW, he was attached to PPSB as Production Leader in 1992. Due to his leadership capability, he was promoted to Production Supervisor 2 years later with the responsibility of supervising the production process and delivery scheduling. He received production management training from various seminars and courses attended by him. He was transferred from PPSB to YAW and promoted as Production Manager. He has carried out and implemented many productivity improvement programs for YAW. This has increased the efficiency of process flow and reduced lead time and wastage. Currently, he is fully in charge of the daily production affairs ranging from production planning and control, mould making, white parts sourcing and shaping to products finishing and shipment.

Loo Ai Seng, aged 34, is the Engineering Manager of YAW and is one of the pioneer staff of the company. He began his woodworking career with SIH Resources Bhd in 1985 as Junior Mechanic. During his 4-year tenure with the company, he was groomed and trained to undertake the repair and maintenance functions of all the woodworking machinery. He left the company in 1989 and joined Perindustrian Perabot Anda Sdn Bhd as Mechanic. He was then responsible for all the maintenance function of the company. He left the company in 1992 and joined YAW as Maintenance Supervisor. He had attended various workshops and seminars in mechanical engineering. Due to his outstanding performance, he was promoted to his current post in 1998. At present, he is responsible for the Group's repair and maintenance functions as well as machine upgrading, process flow modification and machine sourcing. His sound experience in woodworking machinery has enabled him to play a significant role in the company's continuous productivity enhancement program.

Tee Kim Yam, aged 32, is the Production Manager of PPSB. He joined the company in 1989 as production operator. After working for 3 years he was promoted to Production Supervisor. He was responsible for material sourcing and operations supervising. Due to his sound knowledge in the carton box industry, he was promoted to his current post of Production Manager in 1997. He was one of the pioneer staff of PPSB and has developed good business relationship with suppliers and customers. During his stay with PPSB, he attended seminars and courses such as Effective Supervision, Works towards ISO 9000 and Management through 5S System, a Japanese industry management standard. Currently, he is entrusted to handle the production planning and control, material sourcing and delivery-scheduling monitoring for the group's packaging division.

Yeo Siw Nee, aged 30, is the Marketing Manager of PPSB. She completed her SPM in 1990. After leaving school, she took up LCCI and obtained a Certificate in Marketing in 1992. She joined PPSB as Marketing Executive in 1993 responsible for developing clients base. Through her hardwork coupled with attending various courses such as Motivation courses, Effective Interpersonal Communication, Super Sales, she improved her marketing skills. Her sound interpersonal and customer relationship management has enabled her to penetrate into most of the furniture industry companies in Muar, Melaka and Batu Pahat. In 1998, she was promoted to her present post. She has also built strong relationships with most of the company's customers. Currently, she is responsible for co-ordinating customers' orders, providing after sales service, marketing and strategy formulation.

Ong Chin Piau, aged 24, is the Designer of YAW. After his SPM, he worked with Sin Heng Furniture, a company that specialised in kitchen cabinet and house renovation works as Graphic Assistant. After a year with the company, he joined YAW in 1997 as Assistant Designer. He was given a duty which includes graphic and design drawing for every new model. To further expand his designing capability, he was sent to Japan and was attached to one of YAW's Japanese customer's design division. In addition, he also attended Auto CAD courses. He was promoted to Designer in 1999 and is responsible for overseeing the product development activities which include designing, production of blue-prints and prototype development. His creativity in design contributed to YAW's 3rd prize award in best booth design and display categories in the furniture fair organised by MAFEX in 2000.

8. INFORMATION ON SHAREHOLDERS/DIRECTORS/KEY MANAGEMENT (Cont'd)

Law Ger Ching, aged 37, is the Accountant of WISB. She graduated with a Bachelor of Accounting (Hons) from University of Malaya. She is also a member of the Malaysian Institute of Accountants. From 1990 to 1992, she was an audit assistant with Hew & Tan. She was later transferred to the tax department undertaking tax compliance works for clients and was involved in real property gains tax, personal, partnership and sole proprietor tax matters. She left the company in 1992 as semi-senior in the department.

From 1992 to 1994, she was a tax executive in the Lion Group undertaking tax compliance work in various tax planning for the companies within the group. She later joined Knitex Sdn Bhd (a subsidiary of Berjaya Group) as Assistant Accountant until 1995. From 1995 to 1997, she joined PCCS Group Berhad as accountant and was in charge of supervising accounts clerks, preparing annual budgets, reviewing monthly management accounts and liaising with bankers for arranging term loan facilities. In 1997, she joined WISB as accountant and is in charge of accounting and monitoring the cash flow positions of the company. She also ensures that management reports are prepared on a timely basis.

Lim Lir Hoon, aged 39, is the Operation Manager of WISB. After graduating from the University of Malaya in 1985 with a Bachelor of Arts (Economics) degree, she started her career as Graduate Research Assistant in the Faculty of Medicine, University of Malaya. In 1989, she joined Dolomite Industries Company Sdn. Bhd. as Purchasing Executive & Administrative Assistant. Three years later, she joined DNP Holdings Berhad, a public listed company, as Assistant Administration & Personnel Manager. She was promoted to the position of Senior Manager, (Corporate Affairs) in 1994 where she was assigned to oversee the group's overseas investment in Sri Lanka. She joined a furniture company, Sin Hua Sen Sdn Bhd in 1998 as Manager where she was in charge of sales administration and production planning and control tasks. She joined WISB in 2001 as Operation Manager in-charge of sales administration and production planning and control. She is also the company's ISO 9001 working committee leader where she is assigned to coordinate and lead the team to prepare for the ISO 9001 certification.

Md Ismail Abd Latheef, aged 44, is the Quality Assurance Head of WISB. He started his career with WISB in 1995 as Senior Quality Controller where he was assigned to design and implement the quality control system. He left the company in 1998 to join Turning Point Industries Sdn. Bhd. as Quality Assurance Inspector where he was assigned to monitor quality standards on all outgoing shipments and provide assistance from the quality aspect on product development. He returned to WISB in 2000 as Quality Assurance Head where he is in charge of total quality control and improvement tasks.

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8. INFORMATION ON SHAREHOLDERS/DIRECTORS/KEY MANAGEMENT *(Cont'd)*

8.5.2 Shareholding in YAR

Save for the share allocation to employees pursuant to the Public Offering, none of the key management holds any shares in YAR after the Public Offering except for the following:

Employee	Direct		Indirect	
	No. of Shares '000	%	No. of Shares '000	%
Yeo Yek Meng	2,041	1.90	*48,330	45.00
Yeo Aik Tan	2,041	1.90	*48,330	45.00
Yeo Siw Nee	12	0.01	*48,330	45.00
Tee Kim Yam	1,238	1.15	-	-

* *Deemed interest through their shareholding in Central Glamour*

8.6 Family Relationship

Yeo Eck Liong, Yeo Yek Meng, Yeo Aik Tan, Yeo Ayk Ke and Yeo Siw Nee are brothers and sister while Tee Kim Yam is the cousin of the above mentioned Yeo siblings. Save for the above, there are no family relationships among the directors and management of YAR.

8.7 Existing or Proposed Service Agreements between YAR or any of its subsidiary companies and its Directors, Key Management and Key Technical Personnel

None of the Directors, key management and key technical personnel of the Company has any existing or proposed service contract with the Company or any of its subsidiaries, excluding contracts expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within one (1) year.

8.8 Miscellaneous

None of the Directors, key management nor key technical personnel has been involved in the following events (whether in or outside Malaysia):

- (i) petition under any bankruptcy or insolvency laws was filed (and not struck out) against him/her or any partnership in which he/she was a partner or any corporation of which he/she was a director or key personnel;
- (ii) he/she was convicted in a criminal proceeding or is a named subject of a pending criminal proceeding; or
- (iii) he/she was the subject of any order, judgement or ruling of any court of competent jurisdiction temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

9. APPROVALS AND CONDITIONS

9.1 Conditions To The Public Offering

As an integral part of the listing of and quotation for the entire issued and paid-up share capital of YAR on the Second Board of the KLSE, the Company undertook a restructuring scheme, details of which are set out in Section 5.2 of this Prospectus which was approved by the MITI on 13 February 2001 and 20 September 2001, the FIC on 20 December 2000 and 10 September 2001 and the SC on 30 April 2002 and 23 August 2002. The conditions imposed by all the authorities and the status of the compliance are set out as follows:

9.1.1 SC

Details of the conditions imposed

Status of compliance

- (i) A moratorium is imposed on the disposal of 48,330,000 YAR Shares, or 45% of the enlarged issued and paid-up share capital held by the major shareholders/promoters of YAR, as set out in paragraph 10.12 of the SC's Policies and Guidelines on Issue/Offer of Securities ("SC Guidelines"). The major shareholders/promoters of YAR will not be allowed to sell, transfer or assign their shareholdings in YAR within one (1) year from the date of admission of YAR to the Official List of the Second Board of the KLSE. Thereafter, the major shareholders/promoters are permitted to sell, transfer or assign not more than one-third per annum on a straight line basis of its shareholding in YAR which is under moratorium.

Complied. Kindly refer to Section 9.2 below.

The said moratorium would be imposed on the following major shareholders/promoters, as proposed by YAR:

	No. of shares under moratorium	% of enlarged share capital
Central Glamour	48,330,000	45.00

The said moratorium is also imposed on each of the shareholders in Central Glamour. In relation to that, each shareholder in Central Glamour is required to submit a declaration that they would not sell, transfer or assign their shareholdings in Central Glamour as long as the said moratorium applies:

Complied. The declaration dated 19 July 2002 from each of the shareholders of Central Glamour has been submitted to the SC on 19 July 2002.

Names	No. of shares held	%
Yeo Eck Liong	500	50
Yeo Yek Meng	130	13
Yeo Aik Tan	130	13
Yeo Ayk Ke	130	13
Yeo Sew Kee	10	1
Yeo Siu Poh	10	1
Yeo Sew Kim	10	1
Yeo Siew Chu	10	1
Yeo Siew Wah	20	2
Yeo Siew Lay	20	2
Yeo Siw Nee	30	3
	1,000	100

9. APPROVALS AND CONDITIONS (*Cont'd*)

Details of the conditions imposed	Status of compliance
(ii) YAR is required to make a full disclosure of the following details, in its listing prospectus:-	
(a) The details and the rationale behind the acquisition of WHSB Group;	Complied. Disclosed in Section 5.1.
(b) The factors that led to the deterioration in the financial position of the WHSB Group, YAR's plans to turn around the WHSB Group and the achievements obtained to date;	Complied. Disclosed in Section 5.1.
(c) The proforma financial results of the YAR group (including the financial results for the WHSB Group) for the said period;	Complied. Disclosed in Sections 2.3.1 and 12.1.
(d) The total amount of trade debtors, the ageing analysis for the trade debtors as well as for debtors which have exceeded the credit period;	Complied. Kindly refer to Section 9.3 below.
(e) Comments/statements from the Board of Directors of YAR regarding the recoverability of the trade debtors which have exceeded the credit period; and	Complied. Kindly refer to Section 9.4 below.
(f) YAR's risk management policies;	Complied. Disclosed in Section 5.4.14
(iii) Full provisions should be made for debtors where:	As at 15 August 2002, full provisions have been made for debtors where there are disputed amounts, legal action has commenced or the time-frame exceeds one (1) year totaling RM427,843 as follows:
(a) there are any uncertainties/disputes on the amount ("disputed amount"); or	(i) RM282,912 has been fully provided for in the audited financial statements for the 9 months ended 30 April 2002; and
(b) any legal action has been commenced/taken; or	(ii) Subsequent to 30 April 2002, RM144,931 has been fully provided for in the management accounts for period ended 31 July 2002.
(c) the time-frame exceeds one (1) year;	
(iv) The Board of Directors of YAR is required to submit a written confirmation to the SC stating that the debtors which have exceeded the credit period, as disclosed in paragraph (ii) above, are recoverable and that provisions for the bad/doubtful debts have been made in the financial statements as well as in the forecast/projections of the YAR Group as stated in paragraph (iii) above;	Complied. Written confirmation dated 4 September 2002 from the Board of Directors of YAR has been submitted to the SC on 5 September 2002.
(v) The Board of Directors of YAR is required to submit written confirmation to the SC stating that full provisions for the losses as a result of impairment to property, plant and equipment have been made;	Complied. Written confirmation dated 4 September 2002 from the Board of Directors of YAR has been submitted to the SC on 5 September 2002.

9. APPROVALS AND CONDITIONS (*Cont'd*)

Details of the conditions imposed	Status of compliance
(vi) The promoters, directors and major shareholders of YAR shall not engage in business which may represent a conflict of interest to the YAR Group. In respect of this matter, the YAR Group is required to make a full disclosure in its listing prospectus of any businesses the promoters, directors or major shareholders are involved in and whether any conflict of interest exists, and the measures to be taken in order to reduce the said conflict;	The promoters, Directors and major shareholders have submitted their respective declaration all dated 19 July 2002 to the SC that they are not engaged in any business which may represent a conflict of interest to the YAR Group on 19 July 2002.
(vii) Any future transactions between the YAR Group and parties/companies which are related to the promoters, directors or the major shareholders of the YAR Group must be conducted on an arm's length basis and shall not involve special terms which exceed normal commercial terms which could be unfavourable to the YAR Group. The Audit Committee of the YAR Group is required to monitor and the Board of Directors is required to report any such transactions, if any in the YAR Group's Annual Report every year;	Will be complied with.
(viii) The YAR Group is reminded to ensure that the total number of Bumiputera directors in the composition of the YAR Group's Board of Directors reflects the percentage Bumiputera equity holders in the group at the time of listing;	Complied.
(ix) The YAR Group is required to obtain the approval of all other relevant authorities; and	Complied.
(x) The YAR Group is required to comply with the guidelines on listing of companies as provided under the SC Guidelines.	Will be complied with.
Conditions on the utilisation of proceeds	
(i) Approval of the SC is required to be obtained for any changes in the utilisation of proceeds if such changes involve utilisation other than for the core business of YAR.	Approval from the SC will be sought if there are any changes in the utilisation of proceeds other than for the core business of YAR.
(ii) Shareholders' approval is required to be obtained for any changes amounting to 25% or more compared to the original utilisation of proceeds. If the changes to be implemented are less than 25%, appropriate disclosure is required to be made to the shareholders of YAR.	Approval from the shareholders of YAR will be obtained for changes amounting to 25% or more compared to the utilisation of proceeds that is set out in Section 3.9 of this Prospectus. If the changes are less than 25%, appropriate disclosure will be made to the shareholders of YAR.
(iii) Any extension from the time period initially fixed by YAR for the proceeds to be utilised must be approved by a final resolution of the Board of Directors of YAR and must be fully disclosed to the KLSE.	Any extension of time for the proceeds to be utilised will be approved by a final resolution of the Board of Directors of YAR and fully disclosed to the KLSE.

9. APPROVALS AND CONDITIONS *(Cont'd)*

	Details of the conditions imposed	Status of compliance
(iv)	Appropriate disclosure shall be made regarding the status of the utilisation of proceeds in the Company's quarterly report and annual report until the proceeds have been fully utilised.	Appropriate disclosure will be made regarding the status of the utilisation of proceeds in YAR's quarterly report and annual report until the proceeds have been fully utilised.

9.1.2 FIC

	Details of the conditions imposed	Status of compliance
(i)	YAR has at least 30% direct Bumiputera equity interest after the completion of the Public Offering	As 30% direct equity interest has been allocated to Bumiputera investors approved by MITI, this condition will be met upon the completion of the Public Offering.
(ii)	Obtain approval from the MITI	Approval from the MITI was obtained on 13 February 2001 and 20 September 2001.

9.1.3 MITI

	Details of the conditions imposed	Status of compliance
(i)	Obtain the approval from the SC	Approval from the SC was obtained on 30 April 2002.
(ii)	Obtain approval from the FIC	Approval from the FIC was obtained on 20 December 2000 and 10 September 2001.
(iii)	All the 32,220,000 YAR Shares to be allocated to Bumiputera investors and its distribution will be separately approved by the MITI after the proposal has been approved by the SC.	As at 30 August 2002, MITI has approved the allocation of 29,100,000 Shares to Bumiputera investors. The remaining 3,120,000 Shares will be allocated in due course.

9.2 Moratorium on disposal of YAR Shares

Under the SC's Policies and Guidelines on Issue/Offer of Securities and as a condition of the SC's approval, the shareholder of YAR mentioned below will not be allowed to sell, transfer or assign its shareholding of 45.0% of the enlarged issued and paid-up share capital of YAR for one (1) year from the date of admission of YAR to the Official List of the Second Board of the KLSE. Thereafter, it is allowed to sell, transfer or assign only up to a maximum of one-third (on a straight line basis) of its shareholding in the Company which are under moratorium.

9. APPROVALS AND CONDITIONS (Cont'd)

The shareholder of YAR who is subject to the moratorium is as follows:

	No. of shares under moratorium	% of enlarged share capital
Central Glamour	48,330,000	45.00

The restriction is specifically endorsed on the notice of allotment and share certificate representing the shareholding of the aforesaid shareholder which is under moratorium to ensure that trading of these shares are not allowed in compliance with the restriction imposed by the SC. The restriction is fully accepted by the aforesaid shareholder and the public is deemed to have notice of this restriction.

The said moratorium is also imposed on each of the shareholders in Central Glamour. In relation to that, each shareholder in Central Glamour has submitted a declaration to the SC that they would not sell, transfer or assign their shareholdings in Central Glamour as long as the said moratorium applies:

Names	No. of shares held	%
Yeo Eck Liong	500	50
Yeo Yek Meng	130	13
Yeo Aik Tan	130	13
Yeo Ayk Ke	130	13
Yeo Sew Kee	10	1
Yeo Siu Poh	10	1
Yeo Sew Kim	10	1
Yeo Siew Chu	10	1
Yeo Siew Wah	20	2
Yeo Siew Lay	20	2
Yeo Siw Nee	30	3
	1,000	100

9.3 Information on Debtors

As a condition of the SC's approval, YAR is required to make full disclosure of the total amount of trade debtors, the ageing analysis of trade debtors as well as for debtors which have exceeded the credit period.

The ageing analysis of debtors as at 15 August 2002 is as follows:

	Within credit period RM '000	←-----Exceeded Credit Period-----→			Total RM '000
		Less than 6 months RM '000	Less than 12 months RM '000	More than 12 months RM '000	
Trade debtors	10,316	6,096	644	365	17,421
Other debtors	1,787	100	-	63	1,950
Total	12,103	6,196	644	428	19,371

9. APPROVALS AND CONDITIONS (Cont'd)

9.4 Comments/statements from the Board of Directors of YAR regarding the recoverability of the debtors which have exceeded the credit period

The Board of Directors of YAR believes that the debtors which have exceeded the credit period but have not exceeded one (1) year as at 15 August 2002 are recoverable due to the following reasons:

- (i) the Directors of YAR are aware of these customers' financial position and background through the relationships that have been established over the years and are confident that they will make payments; and
- (ii) these customers still make purchases from the YAR Group and they make payments although not within the credit period.

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