

### **3. PARTICULARS OF THE SHARE OFFER, THE ICULS OFFER, THE RCULS OFFER AND THE WARRANT ISSUE**

This Prospectus is dated 23 April 2003.

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

**The approval of the SC obtained vide its letters dated 8 November 2002, 13 November 2002, 5 December 2002 and 3 April 2003 shall not be taken to indicate that the SC recommends the Share Offer, the ICULS Offer, the RCULS Offer and the Warrant Issue and that investors should rely on their own evaluation to assess the merits and risks of the Share Offer, the ICULS Offer, the RCULS Offer and the Warrant Issue.**

Application will be made to the KLSE within three (3) market days of the issuance of this Prospectus for the following:-

- (i) Admission to the Official List of the Main Board of the KLSE and the listing of and quotation for the entire issued and fully paid-up share capital of CBHB of 95,249,500 Shares, RM18,500,000 nominal value of the ICULS, RM10,000,000 nominal value of the RCULS and 24,000,000 Warrants;
- (ii) Listing of and quotation for up to 24,000,000 new Shares arising from the exercise of the Warrants;
- (iii) Listing of and quotation for 18,500,000 new Shares arising from the conversion of the ICULS; and
- (iv) Listing of and quotation for up to 10,000,000 new Shares arising from the conversion of the RCULS.

The admission to the Official List of the Main Board of the KLSE and the official quotation of the Shares, the ICULS, the RCULS and the Warrants will commence upon receipt of, amongst others, confirmation from the MCD that all the CDS Accounts of the successful applicants for the Offer Shares, the Offer ICULS, the Offer RCULS and the Warrants have been duly credited with the respective securities and notices of allotment have been despatched to all successful applicants.

Acceptance of applications for the Offer Shares, the Offer ICULS, the Offer RCULS and the Warrants will be conditional upon approval being granted by the KLSE in respect of the abovementioned application. Accordingly, monies paid in respect of any applications accepted for the Share Offer, the ICULS Offer, the RCULS Offer and the Warrant Issue will be returned without interest if the said approval for listing is not granted within six (6) weeks from the date of issue of this Prospectus (or such longer period as may be specified by the SC).

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, the KLSE has prescribed the securities of CBHB to be deposited with the MCD. In consequence thereof, the Offer Shares, the Offer ICULS, the Offer RCULS and the Warrants offered/to be issued through this Prospectus will be deposited directly with the MCD and any dealings in these securities will be carried out in accordance with the aforesaid Act and the Rules of the MCD.

The KLSE assumes no responsibility for the correctness of any of the statements made or opinions or reports expressed in this Prospectus. Admission to the Official List of the KLSE is not to be taken as an indication of the merits of CBHB or the Offer Shares, the Offer ICULS, the Offer RCULS and the Warrants.

No person is authorised to give any information or to make any representation not contained herein in connection with the Share Offer, the ICULS Offer, the RCULS Offer and the Warrant Issue and if given or made, such information or representation must not be relied upon as having been authorised by CBHB and/or the Offerors. Neither the delivery of this Prospectus nor any offerings/issuance to be made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of CBHB or the Group since the date hereof.

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

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

## 3.1 Share Capital

|                                                                                        | <b>Assuming Full<br/>Redemption of<br/>RCULS</b> | <b>Assuming Full<br/>Conversion of<br/>RCULS</b> |
|----------------------------------------------------------------------------------------|--------------------------------------------------|--------------------------------------------------|
|                                                                                        | <b>RM</b>                                        | <b>RM</b>                                        |
| <b>Authorised</b><br>500,000,000 Shares                                                | 500,000,000                                      | 500,000,000                                      |
| <b>Issued and Fully Paid-up</b><br>95,249,500 Shares                                   | 95,249,500                                       | 95,249,500                                       |
| <b>To be Issued Pursuant to the Full Conversion of the ICULS</b><br>18,500,000 Shares  | 18,500,000                                       | 18,500,000                                       |
| <b>To be Issued Pursuant to the Full Conversion of the RCULS</b><br>10,000,000 Shares  | -                                                | 10,000,000                                       |
| <b>To be Issued Pursuant to the Full Exercise of the Warrants</b><br>24,000,000 Shares | 24,000,000                                       | 24,000,000                                       |
| <b>Enlarged Issued and Fully Paid-up</b>                                               | <u>137,749,500</u>                               | <u>147,749,500</u>                               |

The securities offered/to be issued pursuant to the Share Offer, the ICULS Offer, the RCULS Offer and the Warrant Issue are as follows:-

|                                                      |                                  |
|------------------------------------------------------|----------------------------------|
| <b>Offered Pursuant to the Share Offer</b>           | 16,200,000 Shares                |
| <b>OFFER PRICE PER SHARE</b>                         | RM1.00                           |
| <b>Offered Pursuant to the ICULS Offer</b>           | RM100,000 nominal value of ICULS |
| <b>OFFER PRICE PER RM1.00 NOMINAL VALUE OF ICULS</b> | RM1.00                           |
| <b>Offered Pursuant to the RCULS Offer</b>           | RM100,000 nominal value of RCULS |
| <b>OFFER PRICE PER RM1.00 NOMINAL VALUE OF RCULS</b> | RM1.00                           |
| <b>To be Issued Pursuant to the Warrant Issue</b>    | 24,000,000 Warrants              |
| <b>ISSUE PRICE PER WARRANT</b>                       | RM0.30                           |

There is only one class of shares in the Company, namely ordinary shares of RM1.00 each, all of which rank pari passu with one another. The Offer Shares rank pari passu in all respect with the existing Shares, including voting rights and rights to all dividends, allotments and other distributions that may be declared, made or paid.

The new Shares arising from the conversion of the ICULS or the RCULS, or the exercise of Warrants shall, upon allotment and issue, rank pari passu in all respects with the then existing Shares, except that these Shares shall not be entitled to any dividends, rights, allotment and/or other distributions that may be declared, made or paid, the entitlement date of which is prior to the allotment of such Shares.

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

Each ordinary shareholder shall be entitled to vote at any general meeting of the Company in person or by proxy or by attorney and on show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder shall have one vote, and, on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each Share held. A proxy may but need not be a member of the Company.

**[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

## 3.2 Share Offer

### 3.2.1 Details of the Share Offer

Pursuant to the Share Offer, a total of 16,200,000 Shares will be offered by the following persons:-

| Offerors                       | No. of Shares     |
|--------------------------------|-------------------|
| YSC                            | 13,200,000        |
| Commerce Approach <sup>1</sup> | 3,000,000         |
| <b>Total</b>                   | <b>16,200,000</b> |

Note:-

1 In accordance with the Principal Agreement, the MGR Creditors may appoint MGR and/or Danaharta to deal with the monies and securities of CBHB to be paid or issued to the MGR Creditors pursuant to the Debt Settlement. Danaharta had on 16 January 2003 appointed Messrs Horwath as the agent for the MGR Creditors who had in turn, identified Commerce Approach as its nominee to hold the securities of CBHB issued to the MGR Creditors.

The Offer Shares will be allocated in the following manner:-

#### (i) Allocations to the Former MGR Shareholders

7,900,000 Shares, representing approximately 8.3% of the enlarged issued and paid-up share capital of CBHB, have been reserved for the Former MGR Shareholders. The Share Offer to Former MGR Shareholders is a non-renounceable offer, made exclusively to the Former MGR Shareholders who may not sell, assign or transfer their rights to any other party.

The entitlement of the Former MGR Shareholders will be determined on the basis of such number of Offer Shares required to top-up their respective lots of less than 1,000 Shares held as at 5.00 p.m. on 23 April 2003 to lots of 1,000 Shares. Nevertheless, the Former MGR Shareholders may apply for all or a portion of the allocated number of Offer Shares as shown in their respective PLO. In addition to their entitlement to top-up their lots of less than 1,000 Shares, the Former MGR Shareholders may also apply for additional Offer Shares, in excess of their entitlement.

A total of 88 Former MGR Shareholders are currently holding 1,000 Shares each. As these shareholders are already holding 1,000 Shares, they will not be allocated any Offer Shares under their PLO. Nevertheless, these shareholders may apply for excess Offer Shares.

#### (ii) Allocations to the Public

1,600,000 Shares, representing approximately 1.7% of the enlarged issued and paid-up share capital of CBHB, will be made available for application by the Malaysian Public, to be allocated via ballot, of which at least 30% will be set aside for Bumiputera individuals, companies, societies, co-operatives and institutions.

#### (iii) Pink Form Allocations to Eligible Employees, Directors, Customers, Suppliers and Business Associates of the CBHB Group

2,000,000 Shares, representing approximately 2.1% of the enlarged issued and paid-up share capital of CBHB, have been reserved for eligible employees, directors, customers, suppliers and business associates of the CBHB Group as follows:-

- (a) 1,500,000 Shares have been reserved for 113 employees and a director of the CBHB Group based on the following criteria as at the cut-off date of 31 December 2002: -
- Job position;
  - Length of service; and
  - Job performance.
- (b) 500,000 Shares have been reserved for 80 customers, suppliers and business associates of the CBHB Group based on the following criteria as at the cut-off date of 31 December 2002: -
- Average value of purchases made/services procured in the financial year ended 31 December 2002;
  - Length of business relationships; and
  - Efficiency and quality of work/products.

**(iv) Placement to Identified Placees**

4,700,000 Shares, representing approximately 4.9% of the enlarged issued and paid-up share capital of CBHB, will be placed with identified public placees by the Placement Agent.

The allocation of Offer Shares in paragraphs (i) to (iv) above is subject to adjustments.

In the event of an under-subscription in paragraphs (i) above (including excess Offer Shares applications), all Shares not subscribed for will be made available for subscription by the Malaysian Public under paragraph (ii). Any further Shares not subscribed for will be made available for placement under paragraph (iv) above.

On the other hand, all Shares not subscribed for under paragraphs (iii) and (iv) above will be made available for subscription by the Malaysian Public in paragraph (ii). Any further Shares not subscribed for will be made available for the Former MGR Shareholders in paragraph (i).

The entire 16,200,000 Offer Shares are not underwritten. In the event of an overall under-subscription of the Offer Shares, in order for CBHB to meet the 25% public shareholding spread and/or the minimum required number of public shareholders for the listing of CBHB on the KLSE, any Offer Shares not subscribed for will be dealt with as follows:-

- Any of the 3,000,000 Offer Shares offered by Commerce Approach which is not subscribed for will be subscribed by YSC pursuant to an irrevocable undertaking given by YSC on 2 January 2003. These Shares will be subsequently placed out by YSC to interested investors; and
- Any of the 13,200,000 Offer Shares offered by YSC which is not subscribed for will also be placed out by YSC to interested investors.

In addition to the above, in order for CBHB to achieve the 25% public shareholding spread, the number of Offer Shares that will be allotted to investors who are not "public" shall be limited to such number of Shares as shall be necessary for CBHB to comply with the public shareholding spread. The term "public" shall bear the same meaning as that defined in the Listing Requirements of the KLSE.

### 3.2.2 Critical Dates of the Share Offer

The tentative timetable in relation to the Share Offer is set out below: -

| Events                                                     | Tentative Dates |
|------------------------------------------------------------|-----------------|
| Issue of Prospectus/Opening Date for the Share Offer       | 23 April 2003   |
| Closing Date for the Share Offer                           | 16 May 2003     |
| Tentative Balloting Date                                   | 22 May 2003     |
| Tentative Date for the Despatch of the Notice of Allotment | 6 June 2003     |
| Tentative Listing Date                                     | 12 June 2003    |

The Share Offer will close as at the date stated above or such later date as the directors of CBHB in their absolute discretion may decide.

### 3.2.3 Purposes of the Share Offer

The purposes of the Share Offer are as follows:-

- (i) To achieve the public shareholding spread for the listing of and quotation for CBHB's entire issued and paid-up share capital of 95,249,500 Shares on the Main Board of the KLSE. The listing of CBHB on the KLSE is expected to enhance the Group's corporate reputation and enable the Group to gain access to the capital markets for its future expansion and growth;
- (ii) To provide an opportunity for Malaysian investors and institutions as well as employees, directors, customers, suppliers and business associates of the Group to participate in the equity and continuing growth of the Group;
- (iii) To provide an avenue for the MGR Creditors to realise the value of the Shares received by them as part settlement of the amount owing by MGR; and
- (iv) To provide an opportunity for the Former MGR Shareholders to increase their holdings of lots of less than 1,000 Shares to lots of 1,000 Shares.

### 3.2.4 Basis of Arriving at the Offer Price

The offer price of RM1.00 per Share was determined after taking into consideration the following:-

- (i) In respect of the offer by YSC, the issue price of the Shares issued pursuant to the Acquisition of CBSB, being RM1.00 per Share; and
- (ii) In respect of the offer by Commerce Approach, the offer price of the Offer Shares offered by YSC of RM1.00 per Share.

### 3.2.5 Utilisation of Proceeds

All proceeds of the Share Offer shall accrue to the Offerors and no part of the proceeds is receivable by the Company. The total gross proceeds of the Share Offer will be RM16.2 million, of which RM13.2 million and RM3.0 million will accrue to YSC and Commerce Approach respectively. Any expenses relating to the Share Offer will be borne by the Company as the Share Offer is an integral part of the Restructuring Scheme.

### 3.2.6 Underwriting Fee, Placement Fee, Brokerage and Other Listing Expenses

The entire Offer Shares are not underwritten and hence, no underwriting fees are payable.

Placement fee of RM35,000 is payable by the Company to the Placement Agent in relation to the placement of 4,700,000 Offer Shares with identified public places.

Brokerage is payable in respect of the Offer Shares at the rate of 1.0% of the Offer Price of RM1.00 per Share in respect of successful applications which bear the stamp of AmMerchant Bank, member companies of the KLSE, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or MIH.

The expenses in relation to the Restructuring Scheme, which the Share Offer forms an integral part of, are estimated at approximately RM3.16 million, with the following estimated breakdown: -

|                                                        | RM'000                   |
|--------------------------------------------------------|--------------------------|
| Professional fees                                      | 2,200                    |
| Fees of the authorities                                | 160                      |
| Placement and brokerage fees                           | 50                       |
| Printing, advertising and other miscellaneous expenses | 750                      |
| <b>Total</b>                                           | <b>3,160<sup>1</sup></b> |

Note:-

- 1 *The expenses in relation to the Restructuring Scheme, previously estimated at RM2.60 million on the basis that CBHB will be listed on the Second Board of the KLSE, have been revised to RM3.16 million in view that the Transfer to the Main Board will be effected prior to the completion of the Restructuring Scheme and CBHB will be listed directly on the Main Board of the KLSE.*

A total of RM0.20 million of the abovementioned expenses will be financed from the proceeds of the Warrant Issue, as set out in Section 3.5.6 of this Prospectus, while the balance of RM2.96 million will be financed from internally generated funds of the Group.

### 3.3 ICULS Offer

#### 3.3.1 Details of the ICULS Offer

The ICULS Offer involves the offer for sale by Commerce Approach to the Selected Investors of RM100,000 nominal value of ICULS at 100% of the nominal value of RM1.00 each.

To comply with the minimum spread requirement for the listing of the ICULS on the KLSE, YSC will offer the ICULS such that there are 100 Selected Investors holding not less than RM100 nominal value of ICULS each.

#### 3.3.2 Critical Dates of the ICULS Offer

The tentative timetable in relation to the ICULS Offer is set out below: -

| Events                                                     | Tentative Dates |
|------------------------------------------------------------|-----------------|
| Issue of Prospectus/Opening Date for the ICULS Offer       | 23 April 2003   |
| Closing Date for the ICULS Offer                           | 16 May 2003     |
| Tentative Date for the Despatch of the Notice of Allotment | 6 June 2003     |
| Tentative Listing Date                                     | 12 June 2003    |

The ICULS Offer will close as at the date stated above or such later date as the directors of CBHB in their absolute discretion may decide.

#### 3.3.3 Principal Terms of the ICULS

The salient terms of the ICULS are set out in the table below:-

|                       |                                                                                                                                                                                                                                                                                                                                 |
|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Issue Size            | : RM18,500,000 nominal value of ICULS.                                                                                                                                                                                                                                                                                          |
| Issue Price           | : At 100% of the nominal value of RM1.00 each.                                                                                                                                                                                                                                                                                  |
| Form and Denomination | : In registered form and in multiples of RM1.00 each.                                                                                                                                                                                                                                                                           |
| Board Lot             | : For purposes of trading on the KLSE, a board lot of ICULS will be RM100 nominal value of ICULS.                                                                                                                                                                                                                               |
| Coupon Rate           | : The ICULS shall bear coupon rate of 3%, 5% and 7% per annum for the first (1 <sup>st</sup> ), second (2 <sup>nd</sup> ) and third (3 <sup>rd</sup> ) year respectively, payable annually on the first (1 <sup>st</sup> ) and second (2 <sup>nd</sup> ) anniversary of the date of issuance of ICULS and on the Maturity Date. |
| Maturity Date         | : On the day immediately preceding the third (3 <sup>rd</sup> ) anniversary of the date of issue of the ICULS (but if that day is not a Market Day, it shall be the immediate preceding Market Day).                                                                                                                            |
| Conversion Price      | : RM1.00 per new Share. The Conversion Price will be subject to adjustment under certain circumstances in accordance with the provisions of the Trust Deed for ICULS. The basis for the Conversion Price is detailed in Section 3.3.5 below.                                                                                    |
| Conversion Period     | : The ICULS shall be convertible into Shares during the period commencing from and including the date of issue of the ICULS up to and including 5.00 p.m. (Kuala Lumpur time) on the Maturity Date, but excluding those days during that period on which the Register of Members and/or the ICULS Register is or are closed.    |
| Mode of Conversion    | : By tendering RM1.00 nominal value of ICULS for one (1) new Share.                                                                                                                                                                                                                                                             |



|                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|--------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Compulsory Conversion                                              | : At any time where the aggregate principal amount of all outstanding ICULS is not more than 25% of the total ICULS, CBHB may on any day before the last day of the Conversion Period compulsorily convert all (but not some) of the outstanding ICULS at the Conversion Price by giving thirty (30) days notice to the relevant ICULS holders.<br><br>Unless previously converted, all outstanding ICULS shall be converted into Shares on the Maturity Date. |
| Status of the ICULS                                                | : The ICULS rank pari passu without discrimination or preference regardless of denomination as unsecured obligations of CBHB (subject to such exceptions as may from time to time exist under any applicable law or the Trust Deed for ICULS) ranking pari passu with all other present and future unsecured obligations (other than subordinated obligations, if any) of CBHB.                                                                                |
| Constitution                                                       | : The ICULS are constituted by the Trust Deed for ICULS.                                                                                                                                                                                                                                                                                                                                                                                                       |
| Trustee                                                            | : Malaysian Trustees Berhad.                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Status of new Shares to be issued upon the conversion of the ICULS | : The new Shares to be issued pursuant to the conversion of the ICULS shall rank pari passu in all respect with the existing Shares in issue at the date of conversion, except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, on the entitlement date of which is prior to such date of conversion.                                                                                                          |
| Listing                                                            | : Application will be made to the KLSE for the admission of the ICULS to the Official List as well as for the listing of and quotation for the ICULS and the new Shares arising from the conversion of the ICULS, on the Main Board of the KLSE.                                                                                                                                                                                                               |
| Rating                                                             | : The ICULS are not rated.                                                                                                                                                                                                                                                                                                                                                                                                                                     |

**Further details on the terms and conditions of the ICULS are set out in Section 16 of this Prospectus.**

#### **3.3.4 Purpose of the ICULS Offer**

The purpose of the ICULS Offer is to achieve the minimum shareholding spread requirement for the listing of the ICULS on the KLSE.

#### **3.3.5 Basis of Arriving at the Conversion Price and Offer Price**

The conversion price of the ICULS of RM1.00 per new Share, is based on the par value of the Shares and is similar to the issue price of the Shares issued pursuant to the Restructuring Scheme.

The offer price of the Offer ICULS of RM1.00 for every RM1.00 nominal value of ICULS was arrived at after taking into consideration the issue price of the ICULS issued pursuant to the Restructuring Scheme, being RM1.00 per RM1.00 nominal value of ICULS.

#### **3.3.6 Proceeds of the ICULS Offer**

No part of the proceeds from the ICULS Offer is receivable by the Company. The total gross proceeds of the ICULS Offer of RM100,000 will accrue entirely to Commerce Approach. Any expenses relating to the ICULS Offer will be borne by the Company as the ICULS Offer is an integral part of the Restructuring Scheme.

### **3.3.7 Underwriting**

The ICULS Offer is not underwritten. In the event that the ICULS Offer is under-subscribed, it will be subscribed by YSC vide an irrevocable undertaking provided by YSC on 2 January 2003. No commission shall be payable to YSC. The ICULS will be subsequently placed out by YSC to interested investors in order for CBHB to comply with the minimum spread requirements for the listing of the ICULS on the KLSE.

**[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

### 3.4 RCULS Offer

#### 3.4.1 Details of the RCULS Offer

The RCULS Offer involves the offer for sale by Commerce Approach to the Selected Investors of RM100,000 nominal value of RCULS at 100% of the nominal value of RM1.00 each.

To comply with the minimum spread requirement for the listing of the RCULS on the KLSE, YSC will offer the RCULS such that there are 100 Selected Investors holding not less than RM100 nominal value of RCULS each.

#### 3.4.2 Critical Dates of the RCULS Offer

The tentative timetable in relation to the RCULS Offer is set out below: -

| Events                                                     | Tentative Dates |
|------------------------------------------------------------|-----------------|
| Issue of Prospectus/Opening Date for the RCULS Offer       | 23 April 2003   |
| Closing Date for the RCULS Offer                           | 16 May 2003     |
| Tentative Date for the Despatch of the Notice of Allotment | 6 June 2003     |
| Tentative Listing Date                                     | 12 June 2003    |

The RCULS Offer will close as at the date stated above or such later date as the directors of CBHB in their absolute discretion may decide.

#### 3.4.3 Principal Terms of the RCULS Offer

The salient terms of the RCULS are set out in the table below:-

|                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Issue Size                    | : RM10,000,000 nominal value of RCULS.                                                                                                                                                                                                                                                                                                                                                                                                            |
| Issue Price                   | : At 100% of the nominal value of RM1.00 each.                                                                                                                                                                                                                                                                                                                                                                                                    |
| Form and Denomination         | : In registered form and in multiples of RM1.00 each.                                                                                                                                                                                                                                                                                                                                                                                             |
| Board Lot                     | : For purposes of trading on the KLSE, a board lot of RCULS will be RM100 nominal value of RCULS.                                                                                                                                                                                                                                                                                                                                                 |
| Coupon Rate                   | : The RCULS shall bear coupon rate of 1%, 3%, 5%, 7% and 9% per annum for the first (1 <sup>st</sup> ), second (2 <sup>nd</sup> ), third (3 <sup>rd</sup> ), fourth (4 <sup>th</sup> ) and fifth (5 <sup>th</sup> ) year respectively, payable annually on the first (1 <sup>st</sup> ), second (2 <sup>nd</sup> ), third (3 <sup>rd</sup> ) and fourth (4 <sup>th</sup> ) anniversary of the date of issuance of RCULS and on the Maturity Date. |
| Maturity Date                 | : On the day immediately preceding the fifth (5 <sup>th</sup> ) anniversary of the date of issue of the RCULS (but if that day is not a Market Day, it shall be the immediate preceding Market Day).                                                                                                                                                                                                                                              |
| Conversion Price              | : RM1.00 per new Share. The Conversion Price will be subject to adjustment under certain circumstances in accordance with the provisions of the Trust Deed for RCULS. The basis of the Conversion Price is detailed in Section 3.4.6 below.                                                                                                                                                                                                       |
| Conversion Period             | : The RCULS shall be convertible into Shares during the period commencing from and including the date of issue of the RCULS up to and including 5.00 p.m. (Kuala Lumpur time) on the Maturity Date, but excluding those days during that period on which the Register of Members and/or the RCULS Register is or are closed.                                                                                                                      |
| Mode and Rights of Conversion | : By tendering RM1.00 nominal value of RCULS for one (1) new Share.                                                                                                                                                                                                                                                                                                                                                                               |

| Compulsory Conversion                                              | : At any time where the aggregate principal amount of all outstanding RCULS is not more than 25% of the total RCULS, CBHB may on any day before the last day of the Conversion Period compulsorily convert all (but not some) of the outstanding RCULS at the Conversion Price by giving thirty (30) days notice to the relevant RCULS holders.<br><br>Unless previously converted or redeemed, all outstanding RCULS will be converted into Shares on the Maturity Date.                                                                                                                                                                                                                                                                                                                                                                   |             |                    |            |            |   |           |               |           |
|--------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|--------------------|------------|------------|---|-----------|---------------|-----------|
| Redeemability                                                      | : Unless previously converted, the RCULS holders may redeem all or any part of the RCULS in cash on the fourth (4 <sup>th</sup> ) anniversary of the date of issuance of the RCULS (but if that day is not a Market Day, it shall be the immediate preceding Market Day) and on the Maturity Date provided always that the amount to be redeemed by the Company on the redemption dates are as follows:-<br><table border="1"> <thead> <tr> <th><u>Year</u></th> <th><u>Amount (RM)</u></th> </tr> </thead> <tbody> <tr> <td>1, 2 and 3</td> <td>Moratorium</td> </tr> <tr> <td>4</td> <td>5,000,000</td> </tr> <tr> <td>Maturity Date</td> <td>5,000,000</td> </tr> </tbody> </table> <p>If the RCULS redeemed on each of the above redemption dates is more than RM5,000,000, the Company shall redeem the RCULS on a pro rata basis.</p> | <u>Year</u> | <u>Amount (RM)</u> | 1, 2 and 3 | Moratorium | 4 | 5,000,000 | Maturity Date | 5,000,000 |
| <u>Year</u>                                                        | <u>Amount (RM)</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |             |                    |            |            |   |           |               |           |
| 1, 2 and 3                                                         | Moratorium                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |             |                    |            |            |   |           |               |           |
| 4                                                                  | 5,000,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |             |                    |            |            |   |           |               |           |
| Maturity Date                                                      | 5,000,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |             |                    |            |            |   |           |               |           |
| Status of the RCULS                                                | : The RCULS rank pari passu without discrimination or preference regardless of denomination as unsecured obligations of CBHB ranking (subject to such exceptions as may from time to time exist under any applicable law or the Trust Deed for RCULS) pari passu with all other present and future unsecured obligations (other than subordinated obligations, if any) of CBHB.                                                                                                                                                                                                                                                                                                                                                                                                                                                             |             |                    |            |            |   |           |               |           |
| Constitution                                                       | : The RCULS are constituted by the Trust Deed for RCULS.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |             |                    |            |            |   |           |               |           |
| Trustee                                                            | : Malaysian Trustees Berhad.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |             |                    |            |            |   |           |               |           |
| Status of new Shares to be issued upon the conversion of the RCULS | : The new Shares to be issued pursuant to the conversion of the RCULS shall rank pari passu in all respect with the existing Shares in issue at the date of conversion, except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, on the entitlement date of which is prior to such date of conversion.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |             |                    |            |            |   |           |               |           |
| Listing                                                            | : Application will be made to the KLSE for the admission of the RCULS to the Official List as well as for the listing of and quotation for the RCULS and the new Shares arising from the conversion of the RCULS, on the Main Board of the KLSE.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |             |                    |            |            |   |           |               |           |
| Rating                                                             | : The RCULS are rated.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |             |                    |            |            |   |           |               |           |

**Further details on the terms and conditions of the RCULS are set out in Section 17 of this Prospectus.**

#### **3.4.4 Rating of RCULS**

RAM has accorded a long term rating of BBB<sub>1</sub> to the RCULS vide its letter dated 14 April 2003. The assigned rating indicates a moderate ability to repay principal and interest payments of the RCULS.

The letter from RAM is enclosed in Section 15 of this Prospectus.

#### **3.4.5 Purpose of the RCULS Offer**

The purpose of the RCULS Offer is to achieve the minimum shareholding spread requirement for the listing of the RCULS on the KLSE.

**3.4.6 Basis of Arriving at the Conversion Price and Offer Price**

The conversion price of the RCULS of RM1.00 per new Share is based on the par value of the Shares and is similar to the issue price of the Shares issued pursuant to the Restructuring Scheme.

The offer price of the Offer RCULS of RM1.00 for every RM1.00 nominal value of RCULS was arrived at after taking into consideration the issue price of the RCULS issued pursuant to the Restructuring Scheme, being RM1.00 per RM1.00 nominal value of RCULS.

**3.4.7 Proceeds of the RCULS Offer**

No part of the proceeds from the RCULS Offer is receivable by the Company. The total gross proceeds of the RCULS Offer of RM100,000 will accrue entirely to Commerce Approach. Any expenses relating to the RCULS Offer will be borne by the Company as the RCULS Offer is an integral part of the Restructuring Scheme.

**3.4.8 Underwriting**

The RCULS Offer is not underwritten. In the event that the RCULS Offer is under-subscribed, it will be subscribed by YSC vide an irrevocable undertaking provided by YSC on 2 January 2003. No commission shall be payable to YSC. The RCULS will be subsequently placed out by YSC to interested investors in order for CBHB to comply with the minimum spread requirement for the listing of the RCULS on the KLSE.

**[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

### 3.5 Warrant Issue

#### 3.5.1 Details of the Warrant Issue

The Warrants Issue involves a renounceable rights issue of 24,000,000 Warrants to the Entitled Shareholders at an issue price of RM0.30 per Warrant, on the basis of 1.008 Warrants for every four (4) existing Shares held on the Entitlement Date.

In determining the Entitled Shareholders' entitlement to the Warrants, any fractional entitlement will be disregarded. Fractional entitlement shall be dealt with in such manner as the directors of CBHB in their absolute discretion may deem expedient in the interest of the Company.

**The Entitled Shareholders are allowed to apply for additional Warrants in excess of their entitlement.**

Any Warrants that are not taken up for any reason, will first be made available for excess Warrants applications and if under-subscribed, will be subscribed by YSC vide an irrevocable undertaking given by YSC on 2 January 2003.

As part of the minimum spread requirement for the listing of the Warrants on the KLSE, the Company is required to have not less than 100 holders of the Warrants holding not less than 100 Warrants each. In the event that the minimum spread requirement for the listing of the Warrants is not met, YSC will offer for sale to investors such number of Warrants as shall be required so as to comply with the minimum required number of holders of Warrants.

#### 3.5.2 Critical Dates of the Warrant Issue

The tentative timetable in relation to the Warrant Issue is set out below:-

| Events                                                       | Tentative Dates          |
|--------------------------------------------------------------|--------------------------|
| Issue of Prospectus                                          | 23 April 2003            |
| Last day and time for Splitting                              | 6 May 2003 at 5.00 p.m.  |
| Last day and time for Acceptance and Payment                 | 16 May 2003 at 5.00 p.m. |
| Last day and time for Renunciation and Payment               | 16 May 2003 at 5.00 p.m. |
| Last day and time for Excess Warrant Application and Payment | 16 May 2003 at 5.00 p.m. |
| Tentative Date for the Despatch of Notice of Allotment       | 6 June 2003              |
| Tentative Listing Date                                       | 12 June 2003             |

The Warrant Issue will close as at the date stated above or such later date as the directors of CBHB in their absolute discretion may decide.

#### 3.5.3 Principal Terms of the Warrants

The salient terms of the Warrants are as follows:-

|               |                                                                                                                                                                                                      |
|---------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Issue Size    | : 24,000,000 Warrants.                                                                                                                                                                               |
| Issue Price   | : RM0.30 per Warrant.                                                                                                                                                                                |
| Form          | : The Warrants will be issued in registered form.                                                                                                                                                    |
| Board Lot     | : For purposes of trading on the KLSE, a board lot of Warrants will be 100 Warrants.                                                                                                                 |
| Maturity Date | : On the last day of a period of ten (10) years commencing on and including the date of issue of the Warrants (but if such day is not a Market Day, it shall be the immediate preceding Market Day). |

|                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|---------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Exercise Price                                                      | : RM1.00 per new Share. The Exercise Price will be subject to adjustment under certain circumstances in accordance with the provisions of the Deed Poll. The basis for determining the Exercise Price is detailed in Section 3.5.5 below.                                                                                                                                                                                                                          |
| Exercise Period                                                     | : The Warrants shall be exercisable into Shares at any time during the period commencing on and including the date of issue of the Warrants up to and including 5.00 p.m. (Kuala Lumpur time) on the Maturity Date, but excluding those days during that period on which the Register of Members and/or the Warrant Register is or are closed. Warrants not exercised during the said Exercise Period will thereafter lapse and cease to be valid for any purpose. |
| Mode of Exercise                                                    | : By tendering one (1) Warrant for one (1) new Share at the Exercise Price.                                                                                                                                                                                                                                                                                                                                                                                        |
| Status of new Shares to be issued upon the exercise of the Warrants | : The Shares to be issued pursuant to the exercise of the Warrants shall rank pari passu in all respect with the then existing Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid, the entitlement date of which is prior to the allotment of such Shares.                                                                                                 |
| Constitution                                                        | : The Warrants are constituted by the Deed Poll.                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Listing                                                             | : Application will be made to the KLSE for the admission of the Warrants to the Official List as well as for the listing of and quotation for the Warrants and the new Shares arising from the exercise of the Warrants, on the Main Board of the KLSE.                                                                                                                                                                                                            |

**Further details of the terms and conditions of the Warrants are set out in Section 18 of this Prospectus.**

#### **3.5.4 Purposes of the Warrant Issue**

The principal objective of the Warrant Issue is to generate cash proceeds of RM7.2 million, of which RM7.0 million will be utilised as cash payment to the MGR Creditors pursuant to the Debt Settlement. The Warrant Issue will also provide the Former MGR Shareholders an opportunity to further increase their equity participation in CBHB after the dilutive effects of the Acquisition of CBSB on their shareholding.

#### **3.5.5 Basis of Arriving at the Exercise Price and Issue Price**

The exercise price of Warrants of RM1.00 was arrived at based on the par value of the Shares and is similar to the issue price of the Shares issued pursuant to the Restructuring Scheme.

The issue price of RM0.30 per Warrant was arrived at after taking into consideration the exercise price of the Warrants of RM1.00. Including the exercise price of RM1.00 per Share (arising from the exercise of Warrants), the aggregate cost for each Share of RM1.30 was arrived at based on the following: -

- (a) The forecast net PE Multiple of approximately 8.9 times based on the net forecast EPS of the Group for the financial year ended 31 December 2002 (being the financial forecast prepared by the Company for inclusion in the application to the SC in respect of the Restructuring Scheme on 7 June 2002) of 14.6 sen; and
- (b) The proforma audited consolidated NTA upon the completion of the Restructuring Scheme (prior to the conversion/exercise of ICULS/RCULS/Warrants), based on the audited consolidated balance sheet of CBSB as at 31 December 2001 (being the latest audited financial statements available prior to the date of application to the SC on the Restructuring Scheme of 7 June 2002) of approximately RM7.4 million or RM0.08 per Share. The aggregate cost of each Share (arising from the exercise of the Warrants) of RM1.30 represents a premium of RM1.22 or price to NTA per Share of 16.25 times.

**3.5.6 Utilisation of Proceeds**

The gross proceeds of the Warrant Issue of RM7.2 million will accrue entirely to CBHB. These proceeds will be utilised as follows: -

|                                                                                     | <b>RM'000</b> |
|-------------------------------------------------------------------------------------|---------------|
| Settlement of amount owing by MGR to the MGR Creditors pursuant to the Cash Payment | 7,000         |
| Part payment of expenses incidental to the Restructuring Scheme                     | 200           |
| <b>Total</b>                                                                        | <b>7,200</b>  |

The proceeds of the Warrant Issue are expected to be fully utilised within six (6) months from the date of receipt of the proceeds.

**3.5.7 Underwriting**

The Warrant Issue is not underwritten. Any Warrants that are not taken up for any reason, shall be made available for excess Warrants applications and if under-subscribed, will be subscribed by YSC vide an irrevocable undertaking given by YSC on 2 January 2003. No commission will be payable to YSC.

Pursuant to the Principal Agreement, in the event the Warrants under the Warrant Issue are under-subscribed, the proceeds of the Share Offer which are accruing to YSC will be utilised in satisfaction of his obligation to subscribe for such number of Warrants.

**[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**



---

## **4. RISK FACTORS**

---

**Prior to making an investment decision, potential applicants for the Offer Shares, the Offer ICULS, the Offer RCULS or the Warrants should carefully consider, in addition to all other relevant information contained elsewhere in this Prospectus, the following risk factors (which are not exhaustive) before making the application for the Offer Shares, the Offer ICULS, the Offer RCULS or the Warrants.**

### **4.1 Marketability of Shares**

There can be no assurance that the Offer Price will correspond to the price at which the Shares will trade on the Main Board of the KLSE upon or subsequent to its listing or that an active market for the Shares will develop and continue upon or subsequent to its listing.

In addition to the fundamentals of CBHB, the future performance of the price of the Shares upon listing will be dependent on various internal and external factors such as economic and political conditions of the country, growth potential of the construction sector in which the CBHB Group is involved, performance of regional and world bourses as well as sentiments and liquidity in the local stock market. There is no assurance that an active market for the Shares will develop upon or subsequent to its listing on the KLSE, or if developed, that such market can be sustained.

### **4.2 ICULS and RCULS**

The ICULS and the RCULS constitute unsecured obligations of CBHB and shall rank *pari passu* with all other present and future unsecured obligations of CBHB (other than subordinated obligations). Thus their inherent risks may be higher as compared to investors depositing their funds in fixed deposit. However, the coupon rates of the ICULS and the RCULS are fixed for the entire tenure of the ICULS and the RCULS whereas the fixed deposit rates have the tendency to fluctuate either upwards or downwards. Further, the ability of the Company to meet the payment of the coupon on the ICULS and the RCULS is dependent on its financial performance and cashflow.

There has been no prior public market for the ICULS and the RCULS. Therefore, there can be no assurance that an active market for the ICULS and the RCULS will develop upon or subsequent to its listing on the KLSE, or if developed, that such market can be sustained.

### **4.3 Warrants**

Entitled Shareholders are requested to consider that each Warrant derives its value from giving its holder the right to subscribe for the new Shares at a pre-determined exercise price over a ten (10) year period. The Warrants have a life span of ten years during which time, the holders of the Warrants can exercise the Warrants at RM1.00 per Share. If the sum of the price of the Warrants as quoted and traded on the KLSE and the exercise price of the Warrants is higher than the price of the underlying Shares, the Warrants are deemed out-of-the-money.

The value of the Warrants is directly related to the market price of the Shares. The higher the market price of the Shares above the exercise price of the Warrants, the higher will be the value of the Warrants. However, the remaining life span of the Warrants will also affect the value of the Warrants. Entitled Shareholders are reminded, however, that many factors may also affect the volatility of the price of the Warrants or the market price of the Shares such as political, economical and regulatory conditions.

There has also been no prior public market for the Warrants. Therefore, there can be no assurance that an active market for the Warrants will develop upon or subsequent to its listing on the KLSE or if developed, that such market can be sustained.

#### 4.4 Economic, Political and Regulatory Consideration

Like all other business entities, changes in political, economic and regulatory conditions in Malaysia and elsewhere could materially and adversely affect the financial and operational conditions or overall profitability of the CBHB Group. These include the risks of war, global economic downturn, unfavourable changes in the Government's policies and priorities, changes in interest rates and methods of taxation or introduction of new regulations.

In particular, the construction industry in which the CBHB Group operates is cyclical in nature. Nevertheless, the CBHB Group has been able to minimise the impact of an economic downturn by its prudent policy of focusing on projects awarded by government or quasi-government bodies that generally have lower credit risks. Furthermore, the CBHB Group operates at a low gearing position which allows it to operate without the burden of high financing costs, which can be a source of business difficulties and cashflow problems generally experienced by construction companies.

The CBHB Group's operations are governed by the terms of the licences awarded by Pusat Khidmat Kontraktor of the Ministry of Entrepreneur Development and the CIDB to CBSB, which set out the types and nature of activities in which a construction company can undertake. Apart from the above, the CBHB Group is also governed by other legislations such as Occupational Safety and Health Act, 1994. Although the CBHB Group always worked to ensure strict compliance with these rules and regulations, no assurance can be given that any future changes to the present rules and regulations will not have an adverse impact on the CBHB Group's operations.

Further, the Government's regulations and controls in the construction industry are being continuously amended by the authorities from time to time. Amongst others, the Government had in July 2002 effected a nationwide exercise to reduce the level of unregistered foreign workers in the country and this inadvertently had an impact on the construction industry on the whole. Nonetheless, the Kementerian Dalam Negeri had, vide its letter dated 21 August 2002, approved the CBHB Group's application to engage a further 1,000 foreign workers in addition to its present some 200 foreign workers. The duration of the employment of these foreign workers will be for a period of three (3) years. The Board of Directors is of the view that based on the present operations of the CBHB Group, the number of foreign workers available to the CBHB Group would be sufficient to meet the labour requirements of the CBHB Group in the near future.

#### 4.5 Controlling Shareholders of CBHB

Upon the listing of CBHB on the KLSE, YSC will own, directly and indirectly, approximately 51.64% of the enlarged issued and paid-up share capital of CBHB. As a result, YSC will be able to effectively control the outcome of certain matters requiring the vote of CBHB's shareholders, unless he is required to abstain from voting by law and/or by the relevant authorities.

#### 4.6 Procurement of Contracts

A substantial proportion of the CBHB Group's proforma turnover for the financial year ended 31 December 2002 relates to construction projects secured by FSB, PTSB and PPSSB. There is a risk of failure of the CBHB Group's relationships with these companies.

However, the risk relating to the failure of the on-going relationships between the CBHB Group and these companies are mitigated by the following:-

- FSB is a company owned by TDSS. TDSS is currently the Executive Chairman of CBHB. TDSS also holds 21.85% of the issued and paid-up capital in CBHB (via his major shareholding in Pertiwi Positif) upon the listing of CBHB on the KLSE;

- The CBHB Group, via CBSB, has enjoyed close business relationships with these companies for over 18 years and had formalised their relationships via the Marketing Agent Agreements, whereby these companies have been appointed as the exclusive marketing agents of CBSB.

As set out in the Marketing Agent Agreements, these companies have agreed to secure construction contracts in Malaysia exclusively for CBSB. These companies will further ensure that none of their agents or affiliates or subsidiaries enters into competition, either directly or indirectly, with CBSB in any construction projects. These companies had, vide their letters dated on 23 January 2003, undertaken that they will procure from their agents and affiliates, prior to the appointment of these parties, the undertaking that these parties will not enter into competition, either directly or indirectly with CBSB in applying for construction projects.

The Marketing Agent Agreements will also continue to subsist until and unless it is terminated by CBSB in the event of a breach of the terms and conditions of the agreements by these companies. In such event, these companies shall pay CBSB agreed liquidated damages of three percent (3%) of the contract value of such contracts that is not offered to CBSB by these companies; and

- The concerted efforts taken by the CBHB Group to gradually source for projects directly from the client. Amongst others, the CBHB Group had increased its participation in the bidding and negotiation to secure contracts directly from the principals of the projects.

#### **4.7 Business Risks**

The CBHB Group is subject to certain risks inherent in the construction sector. These may include changes in general economic and political conditions, inflation, taxation, interest rates and exchange rates of foreign currencies; and changes in business conditions such as, but not limited to, deterioration in prevailing market conditions, labour and material supply shortages, increase in costs of labour and materials, non-performance or unsatisfactory performance of sub-contractors etc.

Although the CBHB Group seeks to limit these risks through, inter-alia, a careful selection of projects and contractual terms, prudent financial policy, maintenance of a large pool of suppliers and sub-contractors, staff training, close on-the-job supervision and effective human resource management, no assurance can be given that any change to these factors will not have a material adverse effect on the CBHB Group's business.

#### **4.8 Delay in Completion of Projects**

The timely completion of the construction projects undertaken by the CBHB Group is dependent on many external factors including, inter-alia, obtaining the requisite licences, permits or regulatory approvals as scheduled; availability of construction material, equipment and labour at cost competitive prices; availability of financing and favourable credit terms; satisfactory performance of various sub-contractors; weather conditions etc. These factors can lead to interruptions or delays in completing a project, which may consequently result in cost overruns and impact the profitability and cashflow of the CBHB Group.

Although the CBHB Group endeavours to complete projects undertaken within the specified time through close project supervision and planning, there is no assurance that any change to these factors will not result in a delay in the completion of projects.

#### **4.9 Competition**

The CBHB Group faces competition from other construction companies, which include various public and non-public listed companies. The relevant sub-sectors of the construction industry in which the CBHB Group is involved, i.e. infrastructure and building works, offer relatively low barriers to entry and competition from other existing as well as new entrants is intense. The vagaries of competition can result in the contractors lowering their prices in order to secure a contract, which may consequently affect the CBHB Group's profit margin.

Although the CBHB Group seeks to stay competitive by actively participating in competitive bidding and negotiation to secure contracts and continuing its efforts in maintaining its competitive edge in terms of cost efficiency and services quality and reliability, no assurance can be given that CBHB Group will be able to maintain/increase its existing market share in the future.

#### **4.10 Dependence on Key Personnel**

The CBHB Group believes that the continuing success of the CBHB Group will depend, to a significant extent, upon the abilities and continuing efforts of its key personnel. The loss of any of its key personnel could adversely affect the CBHB Group's continuing ability to compete in the industry. In this regard, the CBHB Group has in place various human resource policies to retain existing key management and attract new skilled personnel.

Based on the long support of some of its key personnel who have been with the CBHB Group since its early days, the CBHB Group is confident that they will continue their dedication and commitment towards the CBHB Group.

#### **4.11 No Control Over Main Contractors' Activities**

The CBHB Group, being in the construction industry, serves as a sub-contractor to main contractors from time to time. Whilst the relationship between the CBHB Group, as the sub-contractor, and the main contractors are formalised and agreed through sub-contracting agreements, other than those set out in the said agreements, the CBHB Group does not have any influence or control over the main contractors' activities. Amongst others, there is no assurance that the main contractors would fulfil their contractual obligations with the principals, including the procurement of any requisite consents from the principals as may be required under the main contracts. Nevertheless, the CBHB Group has in the past successfully completed all contracts as the sub-contractor without the principal's claim of breach of contract by the main contractors.

#### **4.12 Covenants on Borrowings**

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

#### **4.13 Forward-Looking Statements**

Certain statements in this Prospectus are forward-looking in nature, which are subject to uncertainties and contingencies. All forward-looking statements are based on estimates and assumptions made by the management of the CBHB Group, and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. In the light of these and other uncertainties, the inclusion of a forward-looking statement in this Prospectus should not be regarded as a representation or warranty by the CBHB Group that the plans and objectives of the CBHB Group will be achieved.

#### **4.14 Achievability of Forecasts**

This Prospectus contains certain forecasts for the CBHB Group that are based on assumptions, which the directors of CBHB deem to be reasonable at the time of issuance, but nevertheless are subject to uncertainties and contingencies. Because of the subjective judgments and inherent uncertainties of the forecasts and because events and circumstances frequently do not occur as predicted, there can be no assurance that the forecasts contained herein will be realised and actual results may be materially different than those shown. Investors will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the forecasts that are contained herein.

#### **4.15 Future Capital Injection**

It is in the Board of Director's opinion that the cashflow from operations and other existing sources of liquidity will be sufficient to meet the CBHB Group's projected capital commitment, working capital and other cash requirements. However, there is no assurance that future events may not cause the CBHB Group to seek additional capital sooner. If additional capital is required, there can be no assurance that it will be available or, if available, that it will be on terms satisfactory to the CBHB Group. The sale of additional equity or other convertible securities to non-shareholders will result in a further dilution in the interest of the shareholders of the Company.

#### **4.16 Insurance Coverage on Assets**

As at 11 April 2003 (being the last practicable date prior to the printing of this Prospectus), the Group has adequate insurance coverage on its business operations. Although the CBHB Group reviews the insurance policies on a regular basis to ensure that there is adequate insurance coverage for its assets and projects, there can be no assurance that the insurance coverage would be adequate for its projects or for the replacement cost of the its assets or any consequential loss arising therefrom.

**[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**