

YNH PROPERTY BHD

(Company No.: 561986-V)

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NOTICE OF SIXTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of the Company will be held at Lead View Hotel, 2479, Jalan Dato' Yu Neh Huat, Taman Samudera, 32040 Sri Manjung, Perak Darul Ridzuan, Malaysia on Friday, 27 June 2008 at 11.45 am.

AGENDA

1. To receive the Audited Financial Statements for the year ended 31 December 2007, together with the Directors' and Auditors' Reports thereon.
2. To sanction the declaration of a final dividend of 6%.
3. To approve payment of increased Directors' Fees of RM81,000 in respect of the year ended 31 December 2007.
4. To re-elect the following Directors retiring pursuant to the Articles of Association of the Company:

Dato' Dr Yu Kuan Chon, DIMP, PPT, MBBS
Ding Ming Hea
5. To appoint Auditors and to authorise the Board of Directors to fix their remuneration.
6. To transact any other business appropriate to an Annual General Meeting.
7. As Special Business:
To consider and, if thought fit, pass the following Resolutions:

**Ordinary Resolution No. 1 -
Authority to Allot and Issue Shares in General Pursuant to Section 132D of the Companies Act, 1965**

"That, subject to the Companies Act, 1965 and the Articles of Association of the Company and approvals from the Bursa Malaysia Securities Berhad, the Securities Commission and other relevant governmental or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to allot and issue shares in the capital of the Company from time to time upon such terms and conditions and for such purposes as the Directors may in their discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

**Ordinary Resolution No. 2 -
Authority to Allot and Issue Shares Pursuant to the Employees' Share Option Scheme**

"That, subject to the Companies Act, 1965 and the Articles of Association of the Company, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to allot and issue such number of new ordinary shares of RM1.00 each in the capital of the Company as may be required to be issued pursuant to the exercise of options under the Employees' Share Option Scheme which was approved by an Ordinary Resolution passed at the Extraordinary General Meeting of the Company on 10 June 2004."

NOTICE OF SIXTH ANNUAL GENERAL MEETING (cont'd)**Ordinary Resolution No. 3 -
Proposed Renewal of Share Buy Back Authority**

"That, subject to the Companies Act, 1965, the provisions of the Company's Memorandum and Articles of Association, the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares of RM1.00 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company ("the Proposed Share Buy Back") provided that:-

- i) the aggregate number of shares purchased does not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company as quoted on the Bursa Securities as at the point of purchase;
- ii) the maximum amount of funds to be allocated by the Company pursuant to the Proposed Share Buy Back shall not exceed the sum of Retained Profits and/or the Share Premium Accounts of the Company based on its latest audited financial statements available up to the date of a transaction pursuant to the Proposed Share Buy Back. As at 31 December 2007, the audited Retained Profits and Share Premium Account of the Company were RM13,647,793 and RM101,095,356 respectively; and
- iii) the shares purchased by the Company pursuant to the Proposed Share Buy Back may be dealt with in all or any of the following manner (as selected by the Company):-
 - a) the shares so purchased may be cancelled; and/or
 - b) the shares so purchased may be retained in treasury for distribution as dividend to the shareholders and/or resold on the market of Bursa Securities and/or subsequently cancelled; and/or
 - c) part of the shares so purchased may be retained as treasury shares with the remainder being cancelled.

And that any authority conferred by this resolution may only continue to be in force until:

- i) the conclusion of the next Annual General Meeting of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- ii) the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or
- iii) revoked or varied by ordinary resolution passed by the shareholders in general meeting, whichever occurs first.

And that authority be and is hereby given unconditionally and generally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act, 1991, and the entering into of all other agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with the fullest power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the purchased shares) in accordance with the Companies Act, 1965, the provisions of the Memorandum and Articles of Association of the Company and the listing requirements and/or guidelines of the Bursa Securities and all other relevant governmental and/or regulatory authorities."

NOTICE OF SIXTH ANNUAL GENERAL MEETING (cont'd)**Ordinary Resolution No. 4 -
Proposed Renewal Of Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature**

"That, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiary companies to enter into all arrangements and/or transactions involving the interests of Directors, major shareholders or person connected with Directors and/or major shareholders of the Company and/or its subsidiary companies ("Related Parties") as specified in Section 5.2 of the Circular to Shareholders dated 4 June 2008, provided that such arrangements and/or transactions are:

- i) recurrent transactions of a revenue or trading nature;
- ii) necessary for the day-to-day operations;
- iii) carried out on an arm's length basis, in the ordinary course of business and on normal commercial terms which are not more favorable to the Related Parties than those generally available to the public; and
- iv) are not to the detriment of the minority shareholders.

And that the shareholders' mandate, unless revoked or varied by the Company in a general meeting, shall take effect from the date of the passing of this Ordinary Resolution and will continue in force until:

- i) the conclusion of the next Annual General Meeting of the Company at which time it will lapse unless authority is renewed by a resolution passed at the next Annual General Meeting;
- ii) the expiration of the period within which the next Annual General Meeting is to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- iii) revoked or varied by resolution passed by shareholders in a general meeting before the next Annual General Meeting.

whichever is earlier.

And that the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or give effect to the Mandate."

By Order of the Board

CHAN YOKE YIN
CHENG GHEE CHENG

Secretaries

Ipoh
4 June 2008

NOTICE OF SIXTH ANNUAL GENERAL MEETING (cont'd)**NOTE:**

A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote instead of him. A proxy may but need not be a member of the Company. The instrument appointing a proxy must be deposited at the registered office of the Company, 55, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting.

EXPLANATORY NOTES TO SPECIAL BUSINESS**1) Ordinary Resolution No. 1 -
Authority to Allot and Issue Shares in General Pursuant to Section 132D of the Companies Act, 1965**

Pursuant to Section 132D of the Companies Act, 1965, the Directors of the Company may, subject to the approval of the shareholders of the Company, exercise any power to allot and issue shares in the Company up to and not exceeding in total ten per centum (10%) of the issued share capital of the Company for the time being for such purposes as they consider would be in the interest of the Company. This authority will expire at the next Annual General Meeting of the Company, unless revoked or varied at a general meeting.

**2) Ordinary Resolution No. 2 -
Authority to Allot and Issue Shares Pursuant to the Employees' Share Option Scheme**

On 10 June 2004, the Shareholders of the Company had approved the Employees' Share Option Scheme ("ESOS"). According to Section 132D of the Companies Act, 1965, the approval given by the Shareholders to the Directors of the Company to allot and issue shares pursuant to the ESOS expires at the forthcoming 2008 Annual General Meeting. As such, the Directors seek the Shareholders' renewed approval to allot and issue the shares for the ESOS.

**3) Ordinary Resolution No. 3 -
Proposed Renewal of Share Buy Back Authority**

Further information on the above Ordinary Resolution is set out in the Circular to Shareholders of the Company.

**4) Ordinary Resolution No. 4 -
Proposed Renewal of Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature**

Further information on the above Ordinary Resolution is set out in the Circular to Shareholders of the Company.

2007 ANNUAL REPORT

The 2007 Annual Report is in CD-ROM format. Printed copy of the Annual Report shall be provided to the shareholders within 4 market days from the date of receipt of the request. Shareholders who wish to receive the printed copy of the Annual Report and who require assistance with the viewing of the CD-ROM, kindly contact Madam Cheng at Tel. No.: 605-5451945

**STATEMENT ACCOMPANYING
NOTICE OF THE SIXTH ANNUAL GENERAL MEETING
OF YNH PROPERTY BHD
PURSUANT TO PARAGRAPH 8.28(2) OF THE LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD**

1. Directors who are standing for re-election

Dato' Dr Yu Kuan Chon, DIMP, PPT, MBBS and Ding Ming Hea who retire pursuant to the Articles of Association of the Company are standing for re-election at the forthcoming Annual General Meeting.

The details of individual standing for re-election as Directors is set out in the Profile of Directors and Statement of Shareholdings on pages 9 to 11 and page 92 respectively of this Annual Report.

2. Details of attendance of Directors at Board Meetings

Four (4) Board Meetings were held during the financial year from 1 January 2007 till 31 December 2007:

12 February 2007
16 April 2007
27 August 2007
12 November 2007

Details of attendance of directors at the Board Meetings are as follows:

Name of Directors	Number of Meetings	Number of Meetings Attended
Dato' Dr Yu Kuan Chon, DIMP, PPT, MBBS	4	4
Yu Kuan Huat, PMP, AMP, PPT	4	3
Dato' Robert Lim @ Lim Git Hooi, DPMP, JP	4	4
Ching Nye Mi @ Chieng Ngie Chay	4	4
Ding Ming Hea (Appointed on 1 December 2007)	N/A	N/A

CORPORATE INFORMATION

Directors

Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS
(Chairman, Executive Director)
Yu Kuan Huat, PMP, AMP, PPT
(Managing Director)
Dato' Robert Lim @ Lim Git Hooi, DPMP, JP
(Senior Independent Non-Executive Director)
Ching Nye Mi @ Chieng Ngie Chay
(Independent Non-Executive Director)
Ding Ming Hea
(Independent Non-Executive Director)

Audit Committee

Dato' Robert Lim @ Lim Git Hooi, DPMP, JP
(Senior Independent Non-Executive Director) - Chairman
Ching Nye Mi @ Chieng Ngie Chay
(Independent Non-Executive Director) - Member
Ding Ming Hea
(Independent Non-Executive Director) - Member

Remuneration Committee

Dato' Robert Lim @ Lim Git Hooi, DPMP, JP
(Senior Independent Non-Executive Director) - Chairman
Yu Kuan Huat, PMP, AMP, PPT
(Executive Director) - Member
Ching Nye Mi @ Chieng Ngie Chay
(Independent Non-Executive Director) - Member

Nominating Committee

Dato' Robert Lim @ Lim Git Hooi, DPMP, JP
(Senior Independent Non-Executive Director) - Chairman
Ching Nye Mi @ Chieng Ngie Chay
(Independent Non-Executive Director) - Member

ESOS Committee

Yu Kuan Huat, PMP, AMP, PPT
(Executive Director) - Member
Chan Yan Meng
(Financial Controller) - Member

Secretaries

Chan Yoke Yin (MAICSA 7043743)
Cheng Ghee Cheng (LS 04598)

Registrars

Symphony Share Registrars Sdn. Bhd.
55, Medan Ipoh 1A
Medan Ipoh Bistari
31400 Ipoh
Perak Darul Ridzuan, Malaysia
Telephone No.: 05-5474833
Fax No.: 05-5474363

Registered Office

55, Medan Ipoh 1A
Medan Ipoh Bistari
31400 Ipoh
Perak Darul Ridzuan, Malaysia
Telephone No.: 05-5474833
Fax No.: 05-5474363

Principal Place Of Business and Head Office

2272, Jalan Dato' Yu Neh Huat
Taman Samudera
32040 Sri Manjung
Perak Darul Ridzuan, Malaysia
Telephone No.: 05-6881128
Fax No.: 05-6881388
Email: karsin@streamyx.com
Website: www.ynhb.com.my

Sales Office – Kuala Lumpur

20th Floor
UBN Tower
10 Jalan P. Ramlee
50250 Kuala Lumpur
Telephone No.: 03-20706993
Fax No.: 03-20707223

Sales Office – Mont' Kiara

Suite D-05-07
Plaza Mont Kiara
Jalan Kiara
50480 Kuala Lumpur
Telephone No: 03-62019213
Fax: 03-62018213

Sales Office – Ipoh

10, Jalan Medan Ipoh 3
Bandar Medan Ipoh Baru
31400 Ipoh
Perak Darul Ridzuan, Malaysia
Telephone No.: 05-5451945
Fax No.: 05-5451945

Auditors

Ernst & Young
21 & 23, Jalan Hussein
30250 Ipoh
Perak Darul Ridzuan, Malaysia

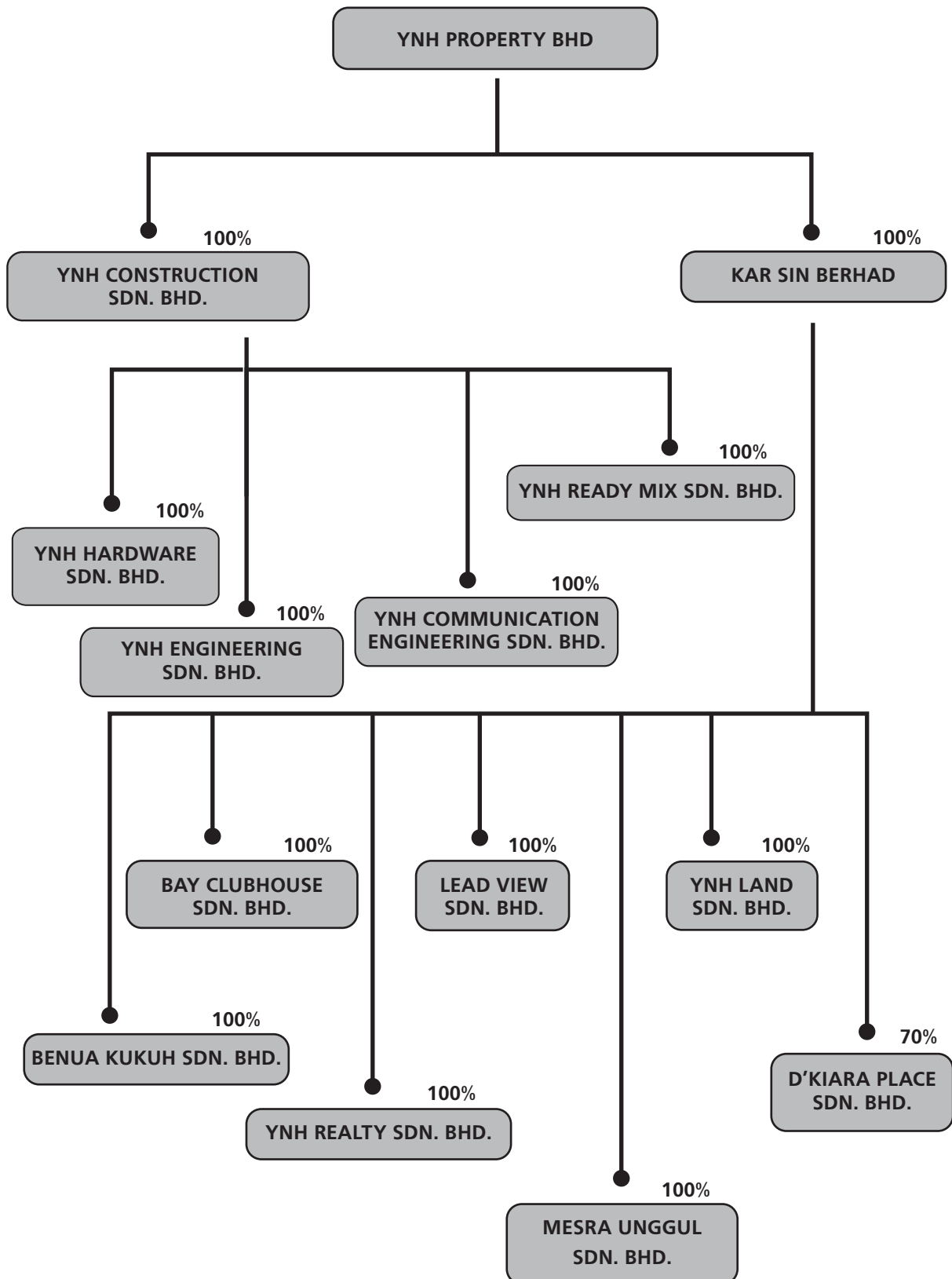
Principal Bankers

Alliance Bank Malaysia Berhad
AmBank (M) Berhad
CIMB Bank Berhad
EON Bank Berhad
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
Public Bank Berhad
Public Investment Bank Berhad
RHB Bank Berhad

Stock Exchange Listing

Bursa Malaysia Securities Berhad
Main Board

CORPORATE STRUCTURE



PROFILE OF THE BOARD OF DIRECTORS

DATO' DR. YU KUAN CHON, DIMP, PPT, MBBS

46 years of age

Malaysian

Chairman, Executive Director

He was appointed to the Board of the Company on 3 September 2003 and subsequently as Chairman of the Company on 20 February 2004. After graduating with a medical degree in 1988, he started work as a houseman in Klang and continued as a medical officer a year later. Subsequently, he has also served as a medical officer in Ipoh and Taiping hospital, Perak. In 1995 he left the government service and started assisting the family business.

He is also a Non-Executive and Non-Independent Director of Rapid Synergy Berhad, a public company listed on the Second Board of Bursa Malaysia Securities Berhad.

He has attended all the four (4) Board of Directors' Meetings held during the financial year ended 31 December 2007.

He is the brother of Yu Kuan Huat, PMP, AMP, PPT. He is also a substantial shareholder of the Company.

He has not been convicted of any offences in the last ten years.

YU KUAN HUAT, PMP, AMP, PPT

50 years of age

Malaysian

*Managing Director**Member, Remuneration Committee**Member, ESOS Committee*

He was appointed to the Board of the Company on 3 September 2003 and subsequently as Managing Director on 8 October 2003. Prior to his appointment to the Board of the Company, he was a Managing and Founder Director of Kar Sin Berhad, which is now a wholly owned subsidiary of the Company. He has over 15 years of experience in property development, construction, money lending and aquaculture.

He has attended three (3) out of the four (4) Board of Directors' Meetings held during the financial year ended 31 December 2007.

He has resigned as member of Audit Committee on 22 February 2008.

He does not hold any directorship in any other public listed company. He is also a substantial shareholder of the Company. He and Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS are brothers.

He has not been convicted of any offences in the last ten years.

PROFILE OF THE BOARD OF DIRECTORS (cont'd)**DATO' ROBERT LIM @ LIM GIT HOOI**, DPMP, JP

69 years of age

Malaysian

Senior Independent and Non-Executive Director

Chairman, Audit Committee

Chairman, Nominating Committee

Chairman, Remuneration Committee

He was appointed to the Board of the Company on 3 September 2003 and subsequently appointed as the Senior Independent and Non-Executive Director of the Company on 17 May 2004. He is a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants.

Prior to his appointment to the Board of the Company, he was a partner in Ernst & Young. He also sits on the Board of Gopeng Berhad, Seloga Holdings Berhad and Choo Bee Metal Industries Berhad as an Independent Director. He is a director in Hektar Asset Management Sdn. Bhd., a management company for Hektar REIT which is listed on the Bursa Malaysia Securities Berhad. He also holds directorships in several other private limited companies.

He has attended all the four (4) Board of Directors' Meetings held during the financial year ended 31 December 2007.

He does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company.

He has not been convicted of any offences in the last ten years.

CHING NYE MI @ CHIENG NGIE CHAY

61 years of age

Malaysian

Independent and Non-Executive Director

Member, Audit Committee

Member, Nominating Committee

Member, Remuneration Committee

He was appointed to the Board and Audit Committee of the Company on 3 September 2003. He has graduated with a Bachelor of Arts (Econs) from University Malaya in 1971. Prior to his appointment to the Board of the Company, he was a bank manager of Public Bank Berhad before his retirement in August 2002. He has over 30 years of professional experience in all aspects of the banking industry.

He does not hold any directorship in any other public listed company.

He has attended all the four (4) Board of Directors' Meetings held during the financial year ended 31 December 2007.

He does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company.

He has not been convicted of any offences in the last ten years.

PROFILE OF THE BOARD OF DIRECTORS (cont'd)**DING MING HEA**

44 years of age

Malaysian

Independent and Non-Executive Director

Member, Audit Committee

He was appointed to the Board and Audit Committee of the Company on 1 December 2007. He obtained a Bachelor of Science in Mathematics from Universiti Kebangsaan Malaysia and a Degree in Law in the United Kingdom. He was called to the Bar of England and Wales by the Honourable Society of Gray's Inn, London in 1990 and was admitted as an advocate and solicitor of the High Court of Malaya in 1992. In 1993, he obtained a Master of Laws (LL.M)-Corporate and Commercial Law from King's College London, University of London, United Kingdom. Presently, he is a partner of a legal firm, Nor Ding & Co.

He is also an Independent and Non-Executive Director of Rapid Synergy Berhad, a public company listed on the Second Board of Bursa Malaysia Securities Berhad.

He has not attended any Board of Directors' Meetings held during the financial year ended 31 December 2007 as he was appointed as Director of the Company on 1 December 2007.

He does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company.

He has not been convicted of any offences in the last ten years.

CHAIRMAN'S STATEMENT

I, on behalf of the Board of YNH Property Bhd ("YNHP"), am pleased to present to you the Annual Report and the Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2007.

Review of operations

The Group has achieved a consolidated turnover of RM280 million in the financial year ended 31 December 2007, an increase of 10% compared to previous year of RM255 million. The Group's profit after tax for the year is reported at RM80.8 million, representing an improvement of RM11.3 million compared to previous year results. Since the listing of the YNHP in year 2003, the Company has been able to achieve sustainable and impressive growth in these challenging market conditions. Our profit margin of 45% is a respectable figure by industry standards.

Major sales contributions for the year came from sales of properties in Manjung Point Township in Seri Manjung, Lot 163 Suites (Kuala Lumpur), Ceriaan Kiara (Mont' Kiara), Taman 3C & Taman Sejati II (Seri Manjung), construction works at Lot 633 (near KL Sentral) and Medan Bercham & Taman Mas (Ipoh City).

YNHP will continue to develop affordable and high quality homes and ensure the Group's continued growth and success in its operations. The Group's adaptability in selectively timing its launches to cater to prevailing market conditions and buyer demand has proven to be a successful growth strategy.

Prospect for the year 2008

Construction work for Lot 163 Suites project is on schedule. As at year end, Lot 163 Suites has secured 88% sales and has reached 55% completion. This project is slated for high end service apartment and is located along Jalan Perak, within the prestigious Golden Triangle with a walking distance of less than five minutes to Kuala Lumpur City Centre (KLCC). Lot 163 Suites has a gross development value of approximately RM330 million. The Company has on 1 October 2007, via its wholly owned subsidiary company, Kar Sin Berhad, entered into a Memorandum of Understanding with Frasers Hospitality Pte Ltd for the provision of consultancy and other services in relation to Lot 163 Serviced Suites.

The Company has soft launched Ceriaan Kiara project in 2007. Ceriaan Kiara consists of 238 units of high-end condominium on the prime land of Mont' Kiara and has a gross development value of RM200 million. The Company has entered into a formal agreement with CIMB-Mapletree to underwrite en-block 66 units of Ceriaan Kiara project. The sales from Ceriaan Kiara is very encouraging and is expected to continue to contribute positively to the Group's earning in year 2008.

On January 2008, YNH Land Sdn Bhd, a wholly-owned subsidiary company of Kar Sin Berhad, which in turn is a wholly owned subsidiary of YNHP, has accepted an offer from Kuwait Finance House (Malaysia) Berhad ("KFH") to purchase an en-bloc interest equal to 50% of a proposed 45 stories single iconic office tower with two wings ("Tower Block") on a premier and luxury retail platform/podium ("Retail Podium") (the Tower Block and the Retail Podium are currently referred as the "Menara YNH"). The total sales consideration is approximately RM920 million for the purchase of the 50% interest in the Tower Block by KFH. The final conditions will be concluded in a sale and purchase agreement to be formalised by both parties.

Menara YNH, is located on one of the most exclusive addresses in Kuala Lumpur city centre, the Jalan Sultan Ismail Road, which is located in the Golden Triangle area where most prestigious 5 star hotels and upmarket office spaces are located. The commercial development sits on a 130,826 sq ft (approximately 3 acres) of land with a wide frontage of 320 feet along Jalan Sultan Ismail. The location of Menara YNH also offers easy accessibility and close proximity to efficient public transport facilities such as the Putra Light Rail Transport and the K.L Monorail station. It is also located within walking distance to all major hotels and shopping centres. Menara YNH project is expected to contribute positively to the Group's earning for the next five years.

In order to further enhance our landbank in Kuala Lumpur City Center, the Group has entered into a series of joint ventures in the current year to develop pieces of land strategically located in the vicinity of Mont' Kiara. The development is at planning stage and is estimated to contribute to the Group's earnings commencing year 2009.

CHAIRMAN'S STATEMENT (cont'd)

On 8 August 2007 and 21 March 2008, Kar Sin Berhad (a wholly owned subsidiary company of YNH Property Bhd) has entered into separate sale and purchase agreements to acquire 9,870,000 and 4,230,000 ordinary shares of RM1 each respectively in D'Kiara Sdn Bhd ("DKP"). DKP will become a wholly owned subsidiary company of the Group upon completion of the purchase. DKP is the registered and beneficial owner of 6 acres of freehold development properties located in Mont' Kiara, Kuala Lumpur, beside a McDonalds outlet at Plaza Mont' Kiara and opposite One Mont' Kiara. The approved development order is for the proposed commercial development comprises:

- i) 2 Blocks of 42 storey of Service Apartment (584 units), 6 storey of multi-storey car park, 4 storey of basement car park and 1 storey of basic facilities
- ii) 1 Office block of 23 storey
- iii) 1 block of 7 storey podium comprises 3 storey of retail centre and 4 storey of auditorium
- iv) 4 storey of basement car park

The abovementioned projects will be able to drive the Company's performance to greater heights. With the government announcement to ease the restriction on foreign ownership of properties, it is certainly a very positive move to revitalise the local market. We are optimistic of the local property market, despite the US sub-prime issue and the recent rise in fuel and commodity prices. Despite the increase in operating cost, in particular the hike in fuel cost and the shortage of steel, the Board's hands-on management and effective cost and material monitoring as well as the Company being able to increase its selling price of its properties has mitigated the effect of rising cost. With the management's strong push for growth and excellence, we envisage our earnings to grow and at a faster and more sustainable pace.

Dividend

The Board recommended a final dividend of 6% net in respect of the year ended 31 December 2007. The proposed dividend is subject to the approval of members at the forthcoming Annual General Meeting of the Company.

On 26 November 2007, YNHP paid a first interim dividend of 5% less 27% tax for the financial year ended 31 December 2007.

With a total dividend paid out of 11 sen per share, our Company has kept its dividends policy to our shareholders to pay out at least 30% of profit after taxation to shareholders. The Company will continue to strive to enhance our shareholders' value and generate higher dividend return to our valued shareholders.

Acknowledgement

On behalf of the Board, I would like to thank the management team and all employees for their continuous effort, commitment and support during the year. I would also like to express my appreciation to our valued customers, bankers and other business associates for their support and co-operation. To our valued shareholders, I would like to thank them for their faith in us.

Last but not least I would like to extend my sincere appreciation to my fellow Board members for their support, guidance and contribution to the Group.

DATO' DR. YU KUAN CHON, DIMP, PPT, MBBS
Chairman

CORPORATE GOVERNANCE STATEMENT

The Board is committed to ensuring that good corporate governance is practised throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the long-term financial performance of the Group. The Board acknowledged and welcome the implementation towards achieving the objectives of the Code.

The Board is therefore pleased to report on the manner the Group has applied the principles, and the extent of compliance with the Best Practices of good governance as set out in Part 1 and Part 2 respectively of the Code pursuant to Paragraph 15.26 of the Listing Requirements of the Bursa Malaysia Securities Berhad ("the Listing Requirements") as follows:-

1. Board of Directors

The Board has the overall responsibility for corporate governance, strategic direction, formulation of policies and overseeing the investment and business of the Group. The following are specific areas of responsibilities of the Board:-

- Strategic plan of the Group
- Monitoring the conduct and management of the Group's business
- Identification of risks and ensure appropriate systems for risk management
- Succession planning for senior management
- Internal control system
- Developing and implementing an investor and shareholders communication policy

The Board shall meet at least four (4) times a year at quarterly intervals with additional meetings convened as necessary. Four (4) Board Meetings were held during the financial year ended 31 December 2007. Details of attendance of Directors at the Board Meetings are presented in the Statement Accompanying the Notice of the 2008 Annual General Meeting.

Supply of information

All Directors have unhindered access to the advice and services of the Company Secretary who is responsible for ensuring that Board meeting procedures are followed and that applicable rules and regulations are complied with. All Directors also have access to all information within the Group.

A formal procedure shall be implemented to enable the full Board or in their individual capacity to take independent professional advice at Group's expense in furtherance of their duties.

Committees of the Board

Four committees namely the Audit Committee, Nominating Committee, Remuneration Committee and Employees' Share Option Scheme (ESOS) Committee were established in 2004 to assist the Board in managing the Group's businesses.

The Audit Committee, Nominating Committee, Remuneration Committee and ESOS Committee have the authority to examine particular issues and report back to the Board with their recommendations. However, the ultimate responsibility for the final decision on all matters rests with the entire Board. Directors, whether executive or non-executive, shall not participate in decisions on their own remuneration packages.

2. Board balance

The Company is currently led by a Board comprising five (5) members, one (1) of whom is the Executive Chairman and one (1) is the Managing Director whilst the remaining three (3) are Independent Non-Executive Directors. The Board has reviewed the composition of its members which comprised five (5) and has decided to keep the Board members to five (5) having regards to the current level of activities.

CORPORATE GOVERNANCE STATEMENT (cont'd)

2. Board balance (cont'd)

There is a Board balance of Executive Directors and Independent Non-Executive Directors with at least half (1/2) of the Board consisting of Independent Non-Executive Directors. Together, the Directors bring a wide range of business and financial experience relevant to the direction of the Group.

There is a clear division of responsibility between the Chairman and Managing Director to ensure a proper balance of power and authority. The Managing Director has overall responsibilities over the operating units, organisational effectiveness and implementation of Board policies and decisions. The Chairman's responsibility is to ensure effectiveness and conduct of the Board. The presence of two (2) Independent Non-Executive Directors fulfil a pivotal role in corporate accountability. Although all the Directors have an equal responsibility for the Group's operations, the role of these Independent Non-Executive Directors are particularly important as they provide unbiased and independent views, advice and judgment.

Dato' Robert Lim @ Lim Git Hooi, DPMP, JP acts as the Senior Independent Non-Executive Director. Any concerns relating to the Group may be conveyed to him.

3. Appointments to the Board

The Board has set up a Nominating Committee on 20 February 2004 with the responsibility for proposing new nominees for the Board and for assessing Directors on an on-going basis. Nevertheless, the actual decision as to who shall be appointed should be the responsibility of the entire Board after considering the recommendations of the Nominating Committee.

4. Directors training

All Directors have attended the Mandatory Accreditation Programmes as required under the Listing Requirements of Bursa Securities. In house trainings had been conducted and attended by all Directors during the Financial year. The Directors will continue to undergo training and other relevant programmes to further enhance their skills and knowledge where relevant.

5. Re-election of Directors

In accordance with the Articles of Association of the Company, all Directors who are appointed by the Board are subject to re-election at the next Annual General Meeting immediately after appointment and at least one-third (1/3) of the Directors are subject to re-election by rotation at each Annual General Meeting. The Articles of Association also provide that all Directors shall retire at least once in each three (3) years.

6. Investor relations and shareholder communication

The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Company. Announcements and release of financial results on a quarterly basis provide the shareholders and the investing public with an overview of the Group's performance and operations. These are available in the Bursa Malaysia Securities Berhad website and provides an avenue to its shareholders to receive information about the Group electronically.

7. The AGM

The Annual General Meeting which is held each year (not later than 30 June each year), provides a means of communication with shareholders. A copy of the Annual Report and notice of AGM are sent to all shareholders at least twenty-one (21) days before the AGM. Members of the Board as well as the Auditors of the Company are present to answer questions raised at the meeting.

CORPORATE GOVERNANCE STATEMENT (cont'd)**7. The AGM** (cont'd)

Each item of special business included in the notice of meeting will be accompanied by a full explanation of the effects of the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

Shareholders are also informed and invited to attend any Extraordinary General Meetings through circulars and notice of meeting where the Board is available to respond to shareholders' questions during the meeting.

At all times shareholders may contact the Company through the Company Secretary for information.

8. Corporate social responsibility statement

In the midst of pursuing business objective and striving to enhance shareholders' value of the YNH Property Bhd, the Board of Director is dedicated to assist the local community to create a harmonious and pleasant living environment. YNH Property Bhd had in year 2007 committed to contribute RM30,000 to Yuk Choy Education Fund, as part of the Company's vision to assist those needy students.

The Company emphasizes the needs for safety and ethics not only in the work place but also in the product that it delivers. The Company also provides industrial training to technical students from various colleges and universities for a period of three to six months.

9. Financial reporting

The Company's financial statements are prepared in accordance with the requirements of the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965. The Board is responsible to ensure that the financial statements of the Company present a balanced and understandable assessment of the state of affairs of the Company. The Audit Committee assists the Board in scrutinizing information for disclosure to ensure accuracy and adequacy. In this respect, it is the Board's policy to ensure the accurate and timely dissemination of financial and corporate announcements for greater accountability and transparency. Such announcements are made to the Bursa Malaysia Securities Berhad promptly upon the Board's approval.

10. Directors' responsibility statement in respect of the preparation of the audited financial statements

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial period and of their profit or loss and cash flows for the period then ended. In preparing the financial statements, the Directors have ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgments and estimates.

The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

11. Internal control

The Board recognises the importance of sound internal controls and risk management practices to good corporate governance. In this respect, the Board affirms its overall responsibility for the Group's systems of internal controls and risk management, and for reviewing the adequacy and integrity of those systems.

The Statement on Internal Control furnished on page 21 of the Annual Report provides an overview on the state of internal controls within the Group.

CORPORATE GOVERNANCE STATEMENT (cont'd)

12. Relationship with the auditors

The Company has always maintained a formal and transparent relationship with the external auditors in seeking professional advice and ensuring compliance with the approved accounting standards. Both the External and Internal Auditors will meet the Board at least twice a year when the annual financial statements are presented to the Directors. Annual appointment or re-appointment of the external auditors is by shareholders' resolution at the AGM on the recommendation of the Board. Annual appointment or re-appointment of the internal auditors is made by the Board on the Audit Committee's recommendation.

13. Board Committees

The Board has established four committees to assist the Board in discharging certain responsibilities and duties. The establishment of these Board Committees further enhance the effectiveness of the Board in decision making.

a) Audit Committee

The Audit Committee is made up of three (3) Independent Non-Executive Directors. The Terms of Reference of the Audit Committee regulates the conduct of the members. The members are empowered to review the financial statements of the Group and deliberate on any audit finding from both the external and internal auditors arising from the Group's financial statements and any issues raised by the external and internal auditors.

The Committee has full access to both internal and external auditors. These auditors in turn have access at all times to the Chairman of the Audit Committee.

The Audit Committee Report is set out on pages 22 to 24 of the Annual Report.

b) Nominating Committee

The members of the Nominating Committee are:-

Chairman : Dato' Robert Lim @ Lim Git Hooi, DPMP, JP
(Senior Independent Non-Executive Director)

Members : Ching Nye Mi @ Chieng Ngie Chay
(Independent Non-Executive Director)

Terms of Reference

Composition

The Nominating Committee comprised two (2) members all of which are non-executive directors.

Functions

The functions of the Nominating Committee shall include the following:

- a) recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board.
- b) consider, in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any director or shareholder.
- c) recommend to the Board, Directors to fill the seats on Board Committees.

CORPORATE GOVERNANCE STATEMENT (cont'd)

13. Board Committees (cont'd)

b) Nominating Committee (cont'd)

Functions (cont'd)

- d) the Board, through the Nominating Committee, should review annually its required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board. This should be disclosed in the Annual Report.
- e) the Board should implement a process, to be carried out by the Nominating Committee annually, for assessing the effectiveness of the Board as a whole, the Committees of the Board and for assessing the contribution of each individual Director.
- f) training and orientation of directors.
- g) in connection with the Remuneration Committee, succession plan for senior officers and key group managers.

c) Remuneration Committee

The members of the Remuneration Committee are:

Chairman : Dato' Robert Lim @ Lim Git Hooi, DPMP, JP
(Senior Independent Non-Executive Director)

Members : Ching Nye Mi @ Chieng Ngie Chay
(Independent Non-Executive Director)

Yu Kuan Huat, PMP, AMP, PPT
(Managing Director)

Terms of Reference

Composition

The Remuneration Committee comprised three (3) members, the majority of whom are Non-Executive Directors.

Functions

The functions of the Committee shall include the following:

- a) to recommend to the Board the remuneration of the Executive Directors in all its forms, drawing from outside advice as necessary. Executive Directors should play no part in decisions on their own remuneration.
- b) to recommend to the Board the determination of remuneration packages of Non-Executive Directors, including the Non-Executive Chairman. The individuals concerned should abstain from discussion on their own remuneration.
- c) establish a formal and transparent procedure for developing policy on executive directors remuneration and for fixing the remuneration packages of individual Director.
- d) disclose in the Annual Report the details of the remuneration of each Director.
- e) compensation policies and programme.

CORPORATE GOVERNANCE STATEMENT (cont'd)

13. Board Committees (cont'd)

c) Remuneration Committee (cont'd)

- f) in conjunction with the Nominating Committee, succession planning for senior officers, key group managers and staff.
- g) employee compensation and benefits programme.

During the last financial year, the Remuneration Committee held two meetings in 12 February 2007 and 12 November 2007.

The remuneration of each Director reflects the level of responsibility and commitment, which goes with Board membership. The Board determines the remuneration of each Director. It is the Board's or Committee's duty to ensure that the level of remuneration is sufficient to attract and retain the Directors needed to run the Company successfully. The Executive Directors play no parts in deciding their own remuneration and the respective Board members shall abstain from all discussion pertaining to their remuneration.

The fees of Directors, are endorsed by the Board for approval by the shareholders at the Annual General Meeting prior to payment to the Directors.

The details of the remuneration for Directors of the Company received or receivable for the financial year ended 31 December 2007 by category and in bands of RM50,000 are as described below:-

Range of remuneration per annum	No. of Directors (Executive)	No. of Directors (Non-Executive)
Below RM50,000	-	1
RM50,001 to RM100,000	-	2
RM4,500,001 to RM5,000,000	2	-

The remuneration packages of the Directors are as follows:-

Remuneration packages	Total per annum for the financial year ended 31 December 2007	
	Executive Directors RM	Non-Executive Directors RM
Fees	-	66,000
Salaries & other emoluments	9,668,319	62,000
Benefits-in-kind	1,200	-
TOTAL	9,669,519	128,000

d) Employees' Share Option Scheme (ESOS) Committee

The ESOS Committee was established on 23 June 2004. The ESOS Committee is given full power to administer the Scheme in such manner as it shall in its entire discretion deem fit and in accordance with the terms and conditions as set out in the Bye-Laws of the Scheme including setting and amending any regulations as allowed under the Bye-Laws. The ESOS Committee comprises Yu Kuan Huat, PMP, AMP, PPT and Chan Yan Meng.

ADDITIONAL COMPLIANCE INFORMATION

1. Utilisation of Proceeds

During the financial year, the Company has completed a private placement exercise with an additional placement of 35,668,939 new ordinary shares of RM1 each at an issue price of RM3.30 per share for the Group's working capital purposes.

2. Share Buy Back

The information on share buy back for the financial year is presented in the Directors' Reports.

3. Options, Warrants or Convertible Securities

The amount of options exercised in respect of the financial year is presented in the Directors' Report. The Audit Committee has verified that the allocation of the Employees' Shares Options during the year is in accordance with the criteria set out in the ESOS bye-laws.

The Company did not issue any warrants or convertible securities during the financial year.

4. American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme

The Company did not sponsor any ADR or GDR programme during the financial year.

5. Sanctions and/or Penalties

There were no material public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

6. Non-Audit Fees

Non-audit fees paid to external auditors for the financial year ended 31 December 2007 amounted to RM5,000.

7. Variation in Results

There was no materials variance between the audited results for the financial year ended 31 December 2007 and unaudited results previously released for the financial quarter ended 31 December 2007.

8. Profit Guarantee

There was no profit guarantee given by the Company during the financial year.

9. Material Contracts

There were no material contracts, entered into or loan made by the Company and its subsidiaries, involving Directors' and substantial shareholders' either still subsisting at the end of the financial year 31 December 2007 or entered into since the end of the previous financial year.

10. Revaluation of Landed Properties

There were no revaluations of landed properties during the financial year.

STATEMENT ON INTERNAL CONTROL

Introduction

Paragraph 15.27 (b) of the Bursa Malaysia Securities Berhad Listing Requirements require the Board of Directors of public listed companies to include in its annual report a "statement about the state of internal control of the listed issuer as a group".

The Board of Directors is committed to maintain a sound system of internal control in the Group and is pleased to provide the following statement which has been prepared in accordance with the Guidance for Directors of Public Listed Companies on the Statement on Internal Control.

Responsibilities

The Board has overall responsibility for the Group's system of internal control and for reviewing its adequacy and integrity to safeguard shareholders' investment and Group's assets. The Board's responsibility covers not only financial controls, but also relating to operational risk management and compliance with applicable laws and regulations and guidelines set by the authorities.

However, because of the limitations that are inherent in any internal control, it should be noted that such system is designed to manage rather than to eliminate the risk of failure to achieve business objectives and can only provide a reasonable assurance against material misstatement. The Directors have established the following operational framework to provide an adequate internal control system.

- (a) The Group operates within an organisational structure with defined lines of responsibilities and accountabilities. A procedural and hierarchical reporting has been established which provides for a documented and auditable trail of accountability.
- (b) The Management with the assistance of a reputable accounting firm developed a Risk Management Policy and Procedures Manual as part of the exercise to develop an Enterprise Risk Management ("ERM") framework. The ERM clearly defines the Group's risk profile to increase awareness and ownership of risk by Management of the Group and an appropriate action plan has been developed to mitigate the key risk areas. Management meetings will be conducted to schedule available resources to rectify the identified risks within an acceptable timeframe.
- (c) An Audit Committee has been established to provide assistance to the Board of Directors in fulfilling its overall responsibilities. The members of the Audit Committee are appointed from the composition of the Board of Directors. The terms of reference of the Audit Committee are set out in the Report of Audit Committee.
- (d) The Group outsourced its Internal Audit Function to an accounting firm during the current year and the Internal Auditors, which report directly to the Audit Committee, performed reviews on the effectiveness of the current controls in place and highlighted key risk areas affecting the Group as well as made practical recommendations to address any potential weaknesses. The Audit Committee, together with the Management, reviewed the issues identified by the Internal Auditors and external auditors and ensured that all practical recommendations, agreed to by the Management, are implemented.

The Group has implemented a new Management Information System that generates comprehensive management reports on a regular and consistent basis to facilitate the Board and the Management to perform financial and operational reviews.

The Board concurs that the system of internal control will continue to be reviewed, added on or updated in line with the changes in the operating environment. The Board will continue to seek regular assurance on the effectiveness of the internal control system through the work carried out by both internal and external auditors. The Board is of the view that the existing system of internal control is adequate to safeguard the Group's assets at the existing level of operations of the Group.

This statement has been reviewed by the external auditors in compliance with Paragraph 15.24 of Bursa Malaysia Securities Berhad Listing Requirements.

AUDIT COMMITTEE REPORT

MEMBERS OF THE COMMITTEE

Name of Members	Directorship	Designation
Dato' Robert Lim @ Lim Git Hooi, DPMP, JP	Senior Independent Non-Executive Director	Chairman of Committee
Ching Nye Mi @ Chieng Ngie Chay	Independent Non-Executive Director	Committee Member
Ding Ming Hea	Independent Non-Executive Director	Committee Member

TERMS OF REFERENCE

Constitution

The Audit Committee was established on 3 September 2003. The terms of reference of the Audit Committee are as follows:

Composition of the Audit Committee

The Committee shall be appointed by the Board from among its Directors (except alternate directors) and shall fulfill the following requirements:

- (a) the Committee must be composed of no fewer than three (3) members;
- (b) all the Committee members must be non-executive directors, with a majority of them being independent directors; and
- (c) at least one member of the Committee:
 - (i) must be a member of the Malaysian Institute of Accountants; or
 - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:
 - (aa) he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or
 - (bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.
 - (iii) fulfils such other requirements as prescribed or approved by the Exchange.

The members of the Committee shall elect a Chairman from among their number who shall be an independent director.

The Board shall, within three (3) months of any vacancy occurring in the Committee which results in the non-compliance of the composition of the Committee, appoint such number of new members as may be required to comply with the required composition.

The Board shall review the term of office and performance of the Committee and each of its members at least once every three years.

Rights

The Committee shall, in accordance with the procedure determined by the Board and at the cost of the Company:

- (a) have authority to investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Company;
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- (e) be able to obtain independent professional or other advice; and
- (f) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

AUDIT COMMITTEE REPORT (cont'd)

Functions

The functions of the Committee shall include the following:

- (1) review the following and report the same to the Board:
 - (a) with the external auditor, the audit plan;
 - (b) with the external auditor, his evaluation of the system of internal controls;
 - (c) with the external auditor, his audit report, management letter and management's response;
 - (d) the assistance given by the employees of the Company to the external auditor;
 - (e) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - (f) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - (g) the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:
 - (i) changes in or implementation of major accounting policy changes;
 - (ii) significant and unusual events; and
 - (iii) compliance with accounting standards and other legal requirements;
 - (h) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - (i) any letter of resignation from the external auditors of the Company; and
 - (j) whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment; and
- (2) recommend the nomination of a person or persons as external auditors.

Meetings

Meetings of the Committee shall be held not less than four (4) times a year. The Committee shall meet with the external auditors without executive board members present at least twice a year. The Chairman shall convene a meeting whenever any member of the Committee requests for a meeting. Written notice of the meeting together with the agenda shall be given to the members of the Committee and external auditor where applicable. The quorum for a meeting of the Committee shall be two (2) provided always that the majority of members present must be independent directors and any decision shall be by a simple majority.

Other Board members and employees may attend any particular meeting only at the Committee's invitation.

The Company Secretary shall be the Secretary of the Committee.

Reporting Procedures

The Secretary shall maintain minutes of the proceedings of the meetings of the Committee and circulate such minutes to all members of the Board.

AUDIT COMMITTEE REPORT (cont'd)

Attendance of Meetings

During the financial year, a total of four (4) meetings were held.

The details of the attendance of the Committee members are as follows:

Name	Number of Meetings Attended
Dato' Robert Lim @ Lim Git Hooi, DPMP, JP	4/4
Ching Nye Mi @ Chieng Ngie Chay	4/4
Yu Kuan Huat, PMP, AMP, PPT	3/4
Ding Ming Hea (Appointed on 1 December 2007)	N/A

Summary of Activities

The activities of the Audit Committee during the financial year under review are as summarised below:

- Reviewed and approved the Internal Audit's plan and programmes;
- Reviewed the internal audit reports and considered the findings by the auditors and management's responses thereto;
- Reviewed, prior to the recommencement of audit, the external auditors' scope of engagement, their audit plan and approach;
- Reviewed with the external auditors the results of their audit, their audit report and management letters relating to the audit, their internal control recommendations in respect of control weaknesses noted in the cause of their audit and the management's responses thereto;
- Reviewed the annual and quarterly financial statements and reporting to Bursa Malaysia Securities Berhad and ensured compliance with additional disclosure requirements in accordance with the Listing Requirements of Bursa Securities;
- Reviewed the related party transactions and conflict of interest situations that arose within the Company or Group during the year.

Internal Audit Function

The Internal Audit Function was established in 2004 with the initial engagement of a major audit firm to provide the internal audit services. The role of the internal audit team is to provide independent and objective reports on the state of internal control and compliance to policies and procedures. The internal audit team will assist the Group in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance process.

It is the responsibility of the internal auditors to provide the Audit Committee with independent and objective reports on the state of internal control of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements.

The Internal Audit Function is currently outsourced to another professional services firm which reports directly to the Audit Committee. The scope of work covered by the Internal Audit Function is determined by the Audit Committee after discussion of the audit plan with the Board. The costs incurred for the Internal Audit Function for the financial year ended 31 December 2007 were RM20,000.

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of Group and of the Company for the financial year ended 31 December 2007.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the year attributable to equity holders of the Company	<u>80,861,397</u>	<u>28,036,464</u>

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

	RM
The amount of dividends paid by the Company since 31 December 2006 were as follows:	
(a) a final dividend of 5% less 27% taxation, on 394,445,729 ordinary shares in respect of the year ended 31 December 2006, approved on 29 June 2007 and paid on 28 September 2007; and	14,397,317
(b) an interim dividend of 5% less 27% taxation, on 394,445,729 ordinary shares in respect of the year ended 31 December 2007, declared on 27 August 2007 and paid on 26 November 2007.	<u>14,400,273</u>
	<u>28,797,590</u>

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2007, of 6% on 395,217,729 ordinary shares, amounting to dividend payable of RM23,713,064 (6 sen per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2008.

The Directors had also proposed that a dividend policy of at least 30% of profit after taxation be fixed for future declarations of dividend.

DIRECTORS' REPORT (cont'd)

DIRECTORS

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:

Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS
 Yu Kuan Huat, PMP, AMP, PPT
 Dato' Robert Lim @ Lim Git Hooi, DPMP, JP
 Ching Nye Mi @ Chieng Ngie Chay
 Ding Ming Hea (appointed w.e.f 1.12.2007)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Employee Share Options Scheme.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company shown in the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except for those benefits disclosed in the financial statements.

DIRECTORS' INTERESTS

According to the register of directors' shareholding, the interests of directors in office at the end of the financial year in shares and options over shares in the Company and its related corporations during the financial year were as follows:

The Company	Number of ordinary shares of RM1 each			Balance as at 31.12.2007
	Balance as at 1.1.2007 / date of appointment	Bought During the year	Sold	
Direct interest				
Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS	17,642,541	21,030,900	8,203,000	30,470,441
Yu Kuan Huat, PMP, AMP, PPT	32,186,293	420,000	-	32,606,293
Dato' Robert Lim @ Lim Git Hooi, DPMP, JP	200,000	120,000	75,000	245,000
Ching Nye Mi @ Chieng Ngie Chay	445,000	100,000	-	545,000
Ding Ming Hea	478,000	-	-	478,000
Deemed interest				
Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS	46,924,753	1,435,000	-	48,359,753
Yu Kuan Huat, PMP, AMP, PPT	28,581,001	22,045,900	8,203,000	42,423,901
Ching Nye Mi @ Chieng Ngie Chay	502,200	-	1,100	501,100

DIRECTORS' REPORT (cont'd)

DIRECTORS' INTERESTS (cont'd)

The Company	Number of options over ordinary shares of RM1 each			Balance as at 31.12.2007
	Balance as at 1.1.2007	Granted During the year	Exercised	
Direct interest				
Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS	840,000	-	420,000	420,000
Yu Kuan Huat, PMP, AMP, PPT	840,000	-	420,000	420,000
Dato' Robert Lim @ Lim Git Hooi, DPMP, JP	200,000	-	100,000	100,000
Ching Nye Mi @ Chieng Ngie Chay	200,000	-	100,000	100,000

Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS and Mr. Yu Kuan Huat, PMP, AMP, PPT, by virtue of their interests in the Company are also deemed interested in shares of all the Company's subsidiaries to the extent that the Company has an interest.

ISSUE OF SHARES

During the current financial year ended 31 December 2007, the Company has completed a private placement exercise with an additional placement of 35,668,939 new ordinary shares of RM1 each, representing not more than 10% of the issued and paid up capital of YNH Property Bhd at an issue price of RM3.30 per share for the purpose of financing the Group's immediate working capital requirement. The issue price has been fixed by the Board of Directors of the Company, based on a discount of approximately 2% from the 5 days weighted average market price of YNH Property Bhd's shares up to and including 4 June 2007 of RM3.37.

The Company also increased its issued and paid up share capital by way of the issuance of 5,538,600 ordinary shares of RM1 each for cash pursuant to the Company's ESOS at a weighted average exercise price of RM1.14 per ordinary share.

During the financial year, the Company implemented the share buy back scheme which was approved by the shareholders of the Company. Details of the shares bought back and retained as treasury shares are as follows:

Total Number of Shares Purchased	Minimum Price Paid per Share RM	Maximum Price Paid per Share RM	Average Cost per Share RM	Total Amount Paid RM
100,000	2.42	2.43	2.43	243,708

EMPLOYEE SHARE OPTIONS SCHEME ("ESOS")

The YNH Property Bhd Employee Share Options Scheme ("YNHPB ESOS") is governed by the bye-laws approved by the shareholders at an Extraordinary General Meeting held on 10 June 2004.

The salient features and other terms of the ESOS are disclosed in Note 20 to the financial statements.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of option holders, other than directors, who have been granted options to subscribe for less than 800,000 ordinary shares of RM1 each. No option holders were granted options to subscribe for 800,000 or more ordinary shares of RM1 each during the financial year.

Details of options granted to Directors are disclosed in the section on Directors' Interests in this report.

DIRECTORS' REPORT (cont'd)**OTHER STATUTORY INFORMATION**

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of circumstances which would render:
- (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report there does not exist:
- (i) any charge on the assets of the Group or of Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SUBSEQUENT EVENTS

On 8 August 2007 and 21 March 2008, a subsidiary entered into share purchase agreements to acquire 9,870,000 and 4,230,000 ordinary shares of RM1 each respectively in D'Kiara Place Sdn Bhd ("DKP") representing 70% and 30% equity interest of DKP for a total cash consideration of RM67,868,833 and RM33,895,776 respectively, and the settlement of a debt owing by DKP amounting to RM4,631,167 and RM2,189,192 respectively. DKP will be a wholly owned subsidiary of the Group upon completion of the purchase.

DIRECTORS' REPORT (cont'd)

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 28 April 2008.

YU KUAN HUAT, PMP, AMP, PPT

DATO' DR. YU KUAN CHON, DIMP, PPT, MBBS

BALANCE SHEETS AS AT 31 DECEMBER 2007

	Note	Group		Company	
		2007 RM	2006 RM (restated)	2007 RM	2006 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	3	80,860,621	146,808,904	-	-
Prepaid land lease payments	4	606,608	612,062	-	-
Investments in subsidiaries	5	-	-	242,324,946	241,945,066
Land held for property development	6	224,725,019	127,836,283	-	-
Other investments	7	-	25,000	-	-
Deferred tax assets	8	7,812,289	6,621,801	-	-
Goodwill on consolidation	9	17,621,512	17,621,512	-	-
		<u>331,626,049</u>	<u>299,525,562</u>	<u>242,324,946</u>	<u>241,945,066</u>
Current Assets					
Property development costs	10	165,341,566	67,905,191	-	-
Inventories	11	29,469,603	18,377,339	-	-
Trade receivables	12	114,767,396	122,871,877	-	-
Other receivables, deposits and prepayments	13	249,248,794	134,431,221	2,077	277
Amounts due from customers for contract works	14	10,784,495	8,582,922	-	-
Amounts owing by subsidiaries	15	-	-	268,108,356	145,269,853
Tax recoverable		38,839	128,532	5,400	11,869
Deposits with licensed banks	16	33,242,531	238,192	-	-
Cash and bank balances	17	6,436,978	14,990,806	167,494	187,782
		<u>609,330,202</u>	<u>367,526,080</u>	<u>268,283,327</u>	<u>145,469,781</u>
TOTAL ASSETS		<u>940,956,251</u>	<u>667,051,642</u>	<u>510,608,273</u>	<u>387,414,847</u>

BALANCE SHEETS AS AT 31 DECEMBER 2007 (cont'd)

	Note	Group		Company	
		2007 RM	2006 RM (restated)	2007 RM	2006 RM
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	18	395,217,729	354,010,190	395,217,729	354,010,190
Reserves	19	268,432,663	133,438,298	115,226,387	33,056,955
Total Equity		663,650,392	487,448,488	510,444,116	387,067,145
Non-Current Liabilities					
Borrowings	21	16,267,076	22,469,201	-	-
Deferred tax liabilities	8	21,920,020	24,536,423	-	-
		38,187,096	47,005,624	-	-
Current Liabilities					
Trade payables	22	28,508,208	14,784,165	-	-
Other payables, deposits and accruals	23	71,339,336	31,327,802	164,157	347,702
Provision for rectification works	24	2,259,637	1,406,424	-	-
Amount due to customers for contract works	14	2,936,213	3,866,636	-	-
Taxation		9,684,250	6,817,139	-	-
Borrowings	21	124,391,119	74,395,364	-	-
		239,118,763	132,597,530	164,157	347,702
Total Liabilities		277,305,859	179,603,154	164,157	347,702
TOTAL EQUITY AND LIABILITIES		940,956,251	667,051,642	510,608,273	387,414,847

The accompanying notes form an integral part of these financial statements.

INCOME STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	Group		Company	
		2007 RM	2006 RM	2007 RM	2006 RM
Revenue	25	280,347,492	255,059,993	40,000,000	25,830,000
Cost of sales	26	(148,595,858)	(140,158,941)	-	-
Gross profit		131,751,634	114,901,052	40,000,000	25,830,000
Other income		5,632,125	2,780,222	80,687	152,744
Administrative expenses		(23,152,059)	(19,977,789)	(1,244,223)	(350,090)
Profit from operations		114,231,700	97,703,485	38,836,464	25,632,654
Finance costs	27	(4,736,843)	(3,985,537)	-	-
Profit before taxation	28	109,494,857	93,717,948	38,836,464	25,632,654
Income tax expense	31	(28,633,460)	(24,233,382)	(10,800,000)	(7,222,361)
Profit for the year		80,861,397	69,484,566	28,036,464	18,410,293
Earnings per share (sen)					
- Basic	32(a)	21-45	19-75		
- Diluted	32(b)	21-14	19-60		

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2007

Group	Note	Share capital RM	Non-distributable		Distributable			Total equity RM
			Share premium RM	Share option reserve RM	Treasury shares RM	Capital reserve RM	Retained earnings RM	
At 1 January 2006		350,607,190	18,092,190	-	-	26,578,054	44,157,768	439,435,202
Issue of ordinary shares pursuant to ESOS	18	3,403,000	208,780	-	-	-	-	3,611,780
Profit for the year, representing total recognised income and expense for the year		-	-	-	-	-	69,484,566	69,484,566
Share options granted under ESOS	29	-	-	347,066	-	-	-	347,066
Dividends	33	-	-	-	-	-	(25,430,126)	(25,430,126)
At 31 December 2006		354,010,190	18,300,970	347,066	-	26,578,054	88,212,208	487,448,488
Issue of ordinary shares:								
- Pursuant to ESOS	18	5,538,600	755,826	-	-	-	-	6,294,426
- Pursuant to private placement	18	35,668,939	82,038,560	-	-	-	-	117,707,499
Profit for the year, representing total recognised income and expense for the year		-	-	-	-	-	80,861,397	80,861,397
Share options granted under ESOS	29	-	-	379,880	-	-	-	379,880
Share buy back	19	-	-	-	(243,708)	-	-	(243,708)
Dividends	33	-	-	-	-	-	(28,797,590)	(28,797,590)
At 31 December 2007		395,217,729	101,095,356	726,946	(243,708)	26,578,054	140,276,015	663,650,392

(cont'd)
STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2007

Company	Note	Share capital RM	Non-distributable		Distributable		Total equity RM
			Share premium RM	Share option reserve RM	Treasury shares RM	Retained earnings RM	
At 1 January 2006		350,607,190	18,092,190	-	-	21,428,752	390,128,132
Issue of ordinary shares pursuant to ESOS	18	3,403,000	208,780	-	-	-	3,611,780
Profit for the year, representing total recognised income and expense for the year		-	-	-	-	18,410,293	18,410,293
Share options granted under ESOS	29	-	-	347,066	-	-	347,066
Dividends	33	-	-	-	-	(25,430,126)	(25,430,126)
At 31 December 2006		354,010,190	18,300,970	347,066	-	14,408,919	387,067,145
Issue of ordinary shares:							
- Pursuant to ESOS	18	5,538,600	755,826	-	-	-	6,294,426
- Pursuant to private placement	18	35,668,939	82,038,560	-	-	-	117,707,499
Profit for the year, representing total recognised income and expense for the year		-	-	-	-	28,036,464	28,036,464
Share options granted under ESOS	29	-	-	379,880	-	-	379,880
Share buy back	19	-	-	-	(243,708)	-	(243,708)
Dividends	33	-	-	-	-	(28,797,590)	(28,797,590)
At 31 December 2007		395,217,729	101,095,356	726,946	(243,708)	13,647,793	510,444,116

The accompanying notes form an integral part of these financial statements.

CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	109,494,857	93,717,948	38,836,464	25,632,654
Adjustments for:				
Allowance for doubtful debt written back	-	(455,406)	-	-
Amortisation for prepaid land lease payments	5,454	5,454	-	-
Depreciation	1,328,283	664,059	-	-
Dividend income	-	(577)	(40,000,000)	(25,830,000)
Gain on disposal of property, plant and equipment	(5,708,071)	(8,677)	-	-
Gain on disposal of subsidiary	-	(1,789)	-	(990)
Interest expense	6,428,880	6,969,345	-	-
Interest income	(417,974)	(2,418,805)	-	-
Loss on disposal of investment	7,928	-	-	-
Payables written back	(12,694)	-	-	-
Property, plant and equipment written off	-	31,696	-	-
Provision for rectification works	1,448,406	1,875,757	-	-
Reversal of impairment losses	-	(89,999)	-	-
Share options granted under ESOS	379,880	347,066	-	-
Operating profit/(loss) before working capital changes	112,954,949	100,636,072	(1,163,536)	(198,336)
Changes in working capital:				
Property development costs	(1,899,929)	46,502,263	-	-
Inventories	(11,092,264)	(11,361,119)	-	-
Receivables	(114,089,716)	(76,531,594)	(1,800)	-
Contract work-in-progress	(3,131,996)	(8,744,699)	-	-
Payables	53,735,577	16,642,328	(183,545)	(87,305)
Shareholders' account	(142,587)	-	-	-
Directors' account	(1,150)	-	-	-
Subsidiaries' accounts	-	-	(122,838,503)	3,391,962
	(76,622,065)	(33,492,821)	(123,023,848)	3,304,657
Cash generated from/(used in) operations carried forward	36,332,884	67,143,251	(124,187,384)	3,106,321

CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007
 (cont'd)

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
CASH FLOWS FROM OPERATING ACTIVITIES (cont'd)				
Cash generated from/(used in) operations brought forward	36,332,884	67,143,251	(124,187,384)	3,106,321
Utilisation of provision for rectification works	(595,193)	(805,472)	-	-
Dividend received	-	577	29,200,000	18,597,600
Interest paid	(4,835,159)	(6,969,345)	-	-
Interest received	417,974	2,418,805	-	-
Tax paid	(29,672,545)	(31,003,833)	6,469	138,710
Net cash generated from/(used in) operating activities	1,647,961	30,783,983	(94,980,915)	21,842,631
CASH FLOWS FROM INVESTING ACTIVITIES				
Land held for property development - net of disposals	(115,670,447)	(3,888,255)	-	-
Placement of pledged fixed deposits	(4,339)	(8,498)	-	-
Proceeds from disposal of quoted investment	17,072	-	-	-
Proceeds from disposal of property, plant and equipment	6,082,633	21,000	-	-
Disposal of subsidiary net of cash disposed (Note 34(d))	-	939	-	1,000
Purchase of property, plant and equipment (Note 34(a))	(6,380,965)	(3,556,734)	-	-
Net cash (used in)/generated from investing activities	(115,956,046)	(7,431,548)	-	1,000
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	(28,797,590)	(25,430,126)	(28,797,590)	(25,430,126)
Shares buy back	(243,708)	-	(243,708)	-
Proceeds from issue of shares	124,001,925	3,611,780	124,001,925	3,611,780
Short term revolving credit drawn down	56,000,000	34,000,000	-	-
Repayments of revolving credit	(35,000,000)	-	-	-
Repayments of term loans	(8,183,102)	(6,992,077)	-	-
Net cash generated from/(used in) financing activities	107,777,525	5,189,577	94,960,627	(21,818,346)
Net (decrease)/increase in cash and cash equivalents	(6,530,560)	28,542,012	(20,288)	25,285
Cash and cash equivalents as at 1 January 2007	6,673,166	(21,868,846)	187,782	162,497
Cash and cash equivalents at 31 December 2007 (Note 34(b))	142,606	6,673,166	167,494	187,782

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are stated in Note 5 to the financial statements.

The registered office and principal place of business of the Company are as follows:

Registered office	Principal place of business
No. 55, Medan Ipoh 1A Medan Ipoh Bistari 31400 Ipoh Perak Darul Ridzuan	No. 2272 Jalan Dato' Yu Neh Huat Taman Samudera 32040 Sri Manjung Perak Darul Ridzuan

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 April 2008.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Group and of the Company have been prepared on a historical basis, and comply with the provisions of the Companies Act 1965 and applicable Financial Reporting Standards in Malaysia.

At the beginning of the current financial year, the Group had adopted new and revised Financial Reporting Standards ("FRSs") which are mandatory for financial periods beginning on or after 1 October 2006 and 1 January 2007 as described in Note 2.3.

The financial statements are presented in Ringgit Malaysia ("RM").

2.2 Summary of Significant Accounting Policies

(a) Property, Plant and Equipment, and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

(a) Property, Plant and Equipment, and Depreciation (cont'd)

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over its estimated useful life, at the following annual rates:

	%
Buildings	2
Plant and machinery	20
Motor vehicles	20
Tennis court	10
Office equipment, furniture, fittings and renovations	10 - 20
Crockery, glassware, cutlery, carpet and linen	12.5 - 25

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the income statement.

(b) Subsidiaries and Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the income statement.

(ii) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the acquisition method. The acquisition method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**2.2 Summary of Significant Accounting Policies** (cont'd)**(b) Subsidiaries and Basis of Consolidation** (cont'd)**(ii) Basis of Consolidation** (cont'd)

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the income statement.

(c) Land Held for Property Development and Property Development Costs**(i) Land Held for Property Development**

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(ii) Property Development Costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the income statement over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings within trade payables.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**2.2 Summary of Significant Accounting Policies** (cont'd)**(d) Other Non-Current Investments**

Other non-current investments are stated at cost less allowance for any permanent diminution in value. Such allowance is made when there is a decline other than temporary in the value of investments and is recognised as an expense in the period in which the decline occurred.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

(e) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(f) Inventories

Inventories are stated at lower of cost and net realisable value.

Cost is determined using the first in, first out method. The cost of building materials and consumables comprise costs of purchase. The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(g) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at balance sheet date.

(h) Construction Contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the total of costs incurred on construction contracts plus, recognised profits (less recognised losses), exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

(i) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and at bank, deposits at call and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These are stated after off-set against overdraft balances where appropriate. Cash and cash equivalents in the cash flow statements exclude fixed deposits pledged to financial institutions and thus not available for use by the Group.

(j) Interest Bearing Loans and Borrowings, and Borrowing Costs

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Borrowing costs directly attributable to the acquisition and construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in income statement in the period in which they are incurred.

(k) Payables

Payables are stated at the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

(l) Impairment of Non-Financial Assets

The carrying amounts of assets, other than property development costs, construction contract assets, inventories, deferred tax assets and financial assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in the income statement in the period in which it arises.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**2.2 Summary of Significant Accounting Policies** (cont'd)**(l) Impairment of Non-Financial Assets** (cont'd)

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in income statement.

(m) Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expenses over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interest in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid land lease payments and are amortised on a straight-line basis over the lease term.

(n) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of Properties under Development

Revenue from sale of properties under development is accounted for by the stage of completion method as described in Note 2.2(c)(ii).

(ii) Sale of Land held for Property Development and Completed Property Units

Revenue is recognised when the risks and rewards associated with ownership has transferred to the purchaser with no further substantial contractual acts to complete.

(iii) Construction Contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.2(h).

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

(n) Revenue Recognition (cont'd)

(iv) Sales of Goods

Revenue is recognised net of sales taxes and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(v) Revenue from Services

Revenue from rental of hotel rooms and sales of food and beverage are recognised when services are rendered.

(vi) Rental Income

Rental income is recognised on a straight-line basis over the term of the lease.

(vii) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(viii) Dividend Income

Dividend income is recognised when the Group's right to receive payment is established.

(ix) Harvesting Income

Revenue is recognised when the services are rendered.

(o) Equity Instruments

Ordinary shares are classified as equity. Dividends payable on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction, other than in the context of a business combination, are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided. Cost of issuing equity securities in connection with a business combination is included in the cost of acquisition. When the share capital of the Company is repurchased, the consideration paid, including any attributable transaction costs, is presented as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the income statement on the sale, re-issuance or cancellation of treasury shares. Consideration received is presented in the financial statements as a change in equity.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

(p) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the income statement for the periods, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(q) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(r) Employee Benefits

(i) Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the income statement as incurred. As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF").

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

(r) Employee Benefits (cont'd)

(iii) Share Based Compensation

The YNH Property Bhd ("YNHPB") Employee Share Options Scheme ("ESOS"), an equity-settled, share-based compensation plan, allows the Group's employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity. The fair value of share options is measured at grant date.

The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained earnings.

The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised.

(s) Financial Instruments

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

The particular recognition method adopted for financial instruments recognised at balance sheet date is disclosed in the individual policy statement of each item, where applicable.

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs

On 1 January 2007, the Group and the Company adopted the following FRSs mandatory for financial periods beginning on or after 1 October 2006:

- FRS 117 Leases
- FRS 124 Related Party Disclosures

The MASB has also issued FRS 6: Exploration for and Evaluation of Mineral Resources and Amendment to FRS 119₂₀₀₄: Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures which are effective for financial periods beginning on or after 1 January 2007. Both FRS 6 and Amendments to FRS 119₂₀₀₄ are not applicable to the Group and to the Company.

The adoption of FRS 124 gives rise to additional disclosures but did not result in significant changes in accounting policies and had no effect on the financial statements of the Group and of the Company. The principal changes in accounting policies and its effect resulting from the adoption of the revised FRS 117 are discussed below.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (cont'd)

FRS 117 Leases

Leasehold land held for own use

Prior to 1 January 2007, long term leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses.

The adoption of the revised FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leases of land and buildings. Leases of land and buildings are classified as operating or finance lease in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as operating lease and where necessary, the minimum lease payments or the up-front payments made are allocated between the land and buildings elements of the lease at the inception of the lease. The up-front payments made for the leasehold land represents prepaid land lease payments and amortised on a straight-line basis over the lease term. At 1 January 2007, the unamortised amount of leasehold land is retained as the carrying amount of prepaid land lease payments as allowed by the transitional provisions. The reclassification of leasehold land as prepaid land lease payments has been accounted for retrospectively and as disclosed in Note 2.3(b), certain comparative figures have been restated. The effects on the Group's financial statements as at 31 December 2007 are set out in Note 2.3 (a).

(a) Summary of effects of adopting new and revised FRSs on the current year's financial statements

The following tables provide estimates of the extent to which each line item in the balance sheets for the year ended 31 December 2007 is higher or lower than it would have been had the previous policies been applied in the current year.

Effects on balance sheets as at 31 December 2007

Description of Change	Increase/ (Decrease) FRS 117 Note 2.3 RM
Group	
Property, plant and equipment	(606,608)
Prepaid land lease payments	606,608

(b) Restatement of comparatives

The following comparative amounts have been restated as a result of adopting the new and revised FRSs:

Description of Change	Previously stated RM	Increase/ (Decrease) FRS 117 Note 2.3 RM	Restated RM
At 31 December 2006			
Group			
Property, plant and equipment	147,420,966	(612,062)	146,808,904
Prepaid land lease payments	-	612,062	612,062

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Standards and IC Interpretations Issued but Not Yet Effective

At the date of authorisation of these financial statements, the following FRSs, amendment to FRS and IC Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

FRSs, Amendment to FRS and IC Interpretations	Effective for financial periods beginning on or after
(i) FRS 139 Financial Instruments: Recognition and Measurement	Deferred
(ii) FRS 107 Cash Flow Statements	1 July 2007
(iii) FRS 111 Construction Contracts	1 July 2007
(iv) FRS 112 Income Taxes	1 July 2007
(v) FRS 118 Revenue	1 July 2007
(vi) FRS 120 Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
(vii) FRS 134 Interim Financial Reporting	1 July 2007
(viii) FRS 137 Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
(ix) Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
(x) IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
(xi) IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
(xii) IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
(xiii) IC Interpretation 6: Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
(xiv) IC Interpretation 7: Applying the Restatement Approach under FRS 129 ₂₀₀₄ Financial Reporting in Hyper inflationary Economies	1 July 2007
(xv) IC Interpretation 8: Scope of FRS 2	1 July 2007

The above FRSs, amendment to FRS and IC Interpretations are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application.

The Group and the Company is exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**2.5 Significant Accounting Estimates and Judgements****(a) Critical Judgements Made in Applying Accounting Policies**

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

Due to the commercial buildings rented out could not be sold separately from its hotel building, the Group has treated the whole property as property, plant and equipment.

(b) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Property Development

The Group recognises property development revenue and expenses in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists. It is impractical to ascertain the sensitivity analysis for the estimated total property development revenue or cost against the actual Group revenue and cost of sales due to material price fluctuation.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**2.5 Significant Accounting Estimates and Judgements** (cont'd)**(b) Key Sources of Estimation Uncertainty** (cont'd)**(ii) Construction Contract**

The Group recognises contract revenue and expenses in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and costs, as well as the recoverability of the construction projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists. It is impractical to ascertain the sensitivity analysis for the estimated total contracted revenue or cost against the actual Group revenue and cost of contract due to material price fluctuation.

(iii) Provision For Rectification Works

A provision is recognised for expected rectification works on contracts completed. It is expected that most of these costs will be incurred within one year after the completion of construction contracts. Based on management's past experience, provision for rectification works are computed at 2% on the total contract sum of completed contract.

(iv) Deferred Tax Assets

Deferred tax assets are recognised for all unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised capital allowances of the Group was RM2,750,393 (2006 - RM2,382,000).

(cont'd) **NOTES TO THE FINANCIAL STATEMENTS** - 31 DECEMBER 2007

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Buildings RM	Plant and machinery RM	Motor vehicles RM	Tennis court RM	Office equipment, furniture, fittings and renovations RM	Crockery, glassware, cutlery, carpet and linen RM	Total RM
2007								
Cost								
At 1 January 2007	69,232,906	76,460,929	4,941,930	1,941,893	70,004	1,319,802	461,784	154,429,248
Additions	1,692,037	-	3,890,220	379,192	-	419,516	-	6,380,965
Disposals	(2,229,425)	-	-	(393,626)	-	(2,000)	-	(2,625,051)
Reclassification	66,462,618	(66,634,183)	(42,874)	(5,999)	-	42,873	-	(177,565)
Transfer to property development costs (Note 10)	(68,779,914)	-	-	-	-	-	-	(68,779,914)
At 31 December 2007	66,378,222	9,826,746	8,789,276	1,921,460	70,004	1,780,191	461,784	89,227,683
Accumulated depreciation								
At 1 January 2007	-	847,383	4,078,099	1,635,070	70,002	883,128	106,662	7,620,344
Charge for the year	-	111,628	833,092	140,399	-	136,502	106,662	1,328,283
Reclassification	-	(177,618)	(30,775)	(9,248)	-	30,775	-	(186,866)
Written back	-	-	-	(393,624)	-	(1,075)	-	(394,699)
At 31 December 2007	-	781,393	4,880,416	1,372,597	70,002	1,049,330	213,324	8,367,062
Net carrying amount								
At 31 December 2007	66,378,222	9,045,353	3,908,860	548,863	2	730,861	248,460	80,860,621

(cont'd)
NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group (cont'd)	Freehold land RM	Buildings RM (restated)	Short term leasehold land RM	Plant and machinery RM	Motor vehicles RM	Tennis court RM	Office equipment, furniture, fittings and renovations RM	Crockery, glassware, cutlery, carpet and linen RM	Total RM (restated)
2006									
Cost									
At 1 January 2006	70,348,477	95,399,346	165,738	4,149,935	1,847,201	70,004	1,225,926	391,514	173,598,141
Additions	15,479	2,322,865	-	791,995	208,299	-	147,826	70,270	3,556,734
Disposals	-	-	-	-	(113,607)	-	-	-	(113,607)
Reclassification	19,573,318	(20,481,176)	-	-	-	-	-	-	(907,858)
Written off	-	-	-	-	-	-	(53,950)	-	(53,950)
Transfer to land held for property development (Note 6)	(20,363,368)	(423,121)	(165,738)	-	-	-	-	-	(20,952,227)
Transfer to property development costs (Note 10)	(341,000)	(356,985)	-	-	-	-	-	-	(697,985)
At 31 December 2006	69,232,906	76,460,929	-	4,941,930	1,941,893	70,004	1,319,802	461,784	154,429,248

(cont'd)
NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group (cont'd)	Freehold land RM	Buildings RM (restated)	Short term leasehold land RM	Plant and machinery RM	Motor vehicles RM	Tennis court RM	Office equipment, furniture, fittings and renovations RM	Crockery, glassware, cutlery, carpet and linen RM	Total RM (restated)
2006									
Accumulated depreciation									
At 1 January 2006	89,999	1,037,104	14,771	3,848,754	1,621,578	70,002	796,657	-	7,478,865
Charge for the year	-	104,549	-	229,345	114,778	-	108,725	106,662	664,059
Impairment loss reversed in income statement	(89,999)	-	-	-	-	-	-	-	(89,999)
Reclassification	-	(280,121)	-	-	-	-	-	-	(280,121)
Written back	-	-	-	-	(101,286)	-	(22,254)	-	(123,540)
Transfer to land held for property development (Note 6)	-	(3,928)	(14,771)	-	-	-	-	-	(18,699)
Transfer to property development costs (Note 10)	-	(10,221)	-	-	-	-	-	-	(10,221)
At 31 December 2006	-	847,383	-	4,078,099	1,635,070	70,002	883,128	106,662	7,620,344
Net carrying amount									
At 31 December 2006	69,232,906	75,613,546	-	863,831	306,823	2	436,674	355,122	146,808,904

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

(cont'd)

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Included in property, plant and equipment is the carrying amount of freehold land and buildings of RM22,833,169 (2006 - RM117,534,401) pledged as securities for borrowings granted to a subsidiary.

4. PREPAID LAND LEASE PAYMENTS

	Group	
	2007 RM	2006 RM
Long term leasehold land		
As at 1 January	612,062	617,516
Amortisation for the year	(5,454)	(5,454)
As at 31 December	606,608	612,062

5. INVESTMENTS IN SUBSIDIARIES

	Company	
	2007 RM	2006 RM
Unquoted shares at cost	242,324,946	241,945,066

The details of the subsidiaries which are incorporated in Malaysia, are as follows:

Name of company	Principal activities	Proportion of ownership interest	
		2007 %	2006 %
Direct subsidiaries			
Kar Sin Berhad	Property development and cultivation and sale of oil palm produce	100	100
YNH Construction Sdn Bhd	General contracting	100	100
Indirect subsidiaries through Kar Sin Berhad			
Lead View Sdn Bhd	Hotel business and property investment	100	100
Mesra Unggul Sdn Bhd	Property investment and development	100	100
Bay Clubhouse Sdn Bhd	Property investment	100	100
YNH Land Sdn Bhd	Property investment	100	100
YNH Realty Sdn Bhd	Property development	100	100
Benua Kukuh Sdn Bhd	Property investment and development	100	100

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

(cont'd)

5. INVESTMENTS IN SUBSIDIARIES (cont'd)

Name of company	Principal activities	Proportion of ownership interest	
		2007 %	2006 %
Indirect subsidiaries through YNH Construction Sdn Bhd			
YNH Hardware Sdn Bhd	Trading in properties and construction materials	100	-
YNH Ready Mix Sdn Bhd	Supply of construction material	100	-
YNH Communication Engineering Sdn Bhd *	Dormant	100	-
YNH Engineering Sdn Bhd *	Dormant	100	-

* Not audited by Ernst & Young

6. LAND HELD FOR PROPERTY DEVELOPMENT

Group	Freehold land RM	Leasehold land RM	Development expenditure RM	Total RM
Cost				
2007				
At 1 January 2007	103,609,964	17,339,241	6,887,078	127,836,283
Reclassification	583,767	(800,952)	217,185	-
Additions	112,185,285	23,018,052	599,521	135,802,858
Transfer to property development costs (Note 10)	(16,790,084)	(78,200)	(1,523,429)	(18,391,713)
Disposals	(20,466,327)	-	(56,082)	(20,522,409)
At 31 December 2007	<u>179,122,605</u>	<u>39,478,141</u>	<u>6,124,273</u>	<u>224,725,019</u>
2006				
At 1 January 2006	84,729,717	16,771,537	5,698,452	107,199,706
Additions	4,145,350	-	1,955,900	6,101,250
Transfer from property, plant and equipment (Note 3)	20,363,368	570,160	-	20,933,528
Transfer to property development costs (Note 10)	(3,441,455)	(2,456)	(741,295)	(4,185,206)
Disposals	(2,187,016)	-	(25,979)	(2,212,995)
At 31 December 2006	<u>103,609,964</u>	<u>17,339,241</u>	<u>6,887,078</u>	<u>127,836,283</u>

Freehold land and leasehold land of the Group with carrying values of RM55,995,836 (2006 - RM64,214,530) and RM2,902,323 (2006 - RM2,472,889) respectively are pledged as securities for banking facilities granted to the Group.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

(cont'd)

6. LAND HELD FOR PROPERTY DEVELOPMENT (cont'd)

Titles to certain freehold land and leasehold land of the Group with the following carrying amounts have yet to be registered in the respective subsidiaries' name pending processing by the relevant authorities:

	Group	
	2007 RM	2006 RM
Freehold land	52,686,801	13,045,177
Leasehold land	23,223,194	-
	75,909,995	13,045,177
7. OTHER INVESTMENTS		
Unit trust quoted in Malaysia, at cost	-	25,000
Market value of unit trust	-	14,343
8. DEFERRED TAX ASSETS/(LIABILITIES)		
At 1 January	(17,914,622)	(27,811,777)
Recognised in income statement (Note 31)	3,806,891	9,897,155
At 31 December	(14,107,731)	(17,914,622)
Presented after appropriate offsetting as follows:		
Deferred tax liabilities	(21,920,020)	(24,536,423)
Deferred tax assets	7,812,289	6,621,801
	(14,107,731)	(17,914,622)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Property, plant and equipment RM	Fair value adjustment on consolidation RM	Total RM
At 1 January 2006	(622,923)	(29,282,989)	(29,905,912)
Recognised in income statement	40,575	4,746,566	4,787,141
At 31 December 2006	(582,348)	(24,536,423)	(25,118,771)
Recognised in income statement	172,007	2,616,403	2,788,410
At 31 December 2007	(410,341)	(21,920,020)	(22,330,361)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007
(cont'd)

8. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

	Provision for impairment losses RM	Allowance for doubtful debt RM	Unabsorbed capital allowances RM	Unrealised profit on development properties RM	Provision for rectification works RM	Other payables and accruals RM	Total RM
At 1 January 2006	25,199	479,155	653,681	305,157	94,119	536,824	2,094,135
Recognised in income statement	(25,199)	(36,616)	(34,303)	4,970,281	271,551	(35,700)	5,110,014
At 31 December 2006	-	442,539	619,378	5,275,438	365,670	501,124	7,204,149
Recognised in income statement	-	(44,778)	59,014	805,006	199,239	-	1,018,481
At 31 December 2007	-	397,761	678,392	6,080,444	564,909	501,124	8,222,630

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

(cont'd)

9. GOODWILL ON CONSOLIDATION

	Group	
	2007 RM	2006 RM
At 1 January	17,621,512	17,625,787
Arising from disposal of a subsidiary during the year (Note 34(d))	-	(4,275)
At 31 December	<u>17,621,512</u>	<u>17,621,512</u>

10. PROPERTY DEVELOPMENT COSTS

Group	Freehold land RM	Leasehold land RM	Development expenditure RM	Total RM
2007				
Cumulative property development costs				
At 1 January 2007	74,993,128	359,441	94,162,824	169,515,393
Cost incurred during the year	989,433	-	88,481,441	89,470,874
Transfer from land held for property development (Note 6)	16,790,084	78,200	1,523,429	18,391,713
Transfer from property, plant and equipment (Note 3)	64,718,710	-	4,061,204	68,779,914
Reversal of completed projects	(7,477,139)	-	(63,020,507)	(70,497,646)
Unsold units transferred to inventories	(647,159)	-	(9,617,823)	(10,264,982)
At 31 December 2007	<u>149,367,057</u>	<u>437,641</u>	<u>115,590,568</u>	<u>265,395,266</u>
Cumulative costs recognised in income statement				
At 1 January 2007	(34,271,544)	1,238,236	(68,576,894)	(101,610,202)
Recognised during the year (Note 26)	(13,949,857)	-	(54,991,287)	(68,941,144)
Reversal of completed projects	7,477,139	-	63,020,507	70,497,646
At 31 December 2007	<u>(40,744,262)</u>	<u>1,238,236</u>	<u>(60,547,674)</u>	<u>(100,053,700)</u>
Property development costs as at 31 December 2007	<u>108,622,795</u>	<u>1,675,877</u>	<u>55,042,894</u>	<u>165,341,566</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

(cont'd)

10. PROPERTY DEVELOPMENT COSTS (cont'd)

Group	Freehold land RM	Leasehold land RM	Development expenditure RM	Total RM
2006				
Cumulative property development costs				
At 1 January 2006	75,766,874	-	70,562,402	146,329,276
Cost incurred during the year	6,293,059	-	48,315,082	54,608,141
Transfer from land held for property development (Note 6)	3,441,455	2,456	741,295	4,185,206
Transfer from property, plant and equipment (Note 3)	341,000	346,764	-	687,764
Reversal of completed projects	(6,531,633)	-	(17,001,964)	(23,533,597)
Unsold units transferred to inventories	(4,317,627)	-	(8,443,770)	(12,761,397)
At 31 December 2006	74,993,128	349,220	94,173,045	169,515,393
Cumulative costs recognised in income statement				
At 1 January 2006	(16,909,011)	-	(19,895,485)	(36,804,496)
Recognised during the year (Note 26)	(23,894,166)	1,238,236	(65,683,373)	(88,339,303)
Reversal of completed projects	6,531,633	-	17,001,964	23,533,597
At 31 December 2006	(34,271,544)	1,238,236	(68,576,894)	(101,610,202)
Property development costs as at 31 December 2006	40,721,584	1,587,456	25,596,151	67,905,191

Included in property development costs incurred during the financial year are:

	Group	
	2007 RM	2006 RM
Rental of equipment	1,344,300	2,374,912
Interest expenses (Note 27)	1,692,037	664,566

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

(cont'd)

11. INVENTORIES

	Group	
	2007 RM	2006 RM
Cost		
Building materials and consumables	5,476	-
Properties held for sale	29,464,127	18,377,339
	29,469,603	18,377,339

Inventories amounting to RM1,744,727 (2006 - RM1,744,727) are pledged as securities for banking facilities granted to the respective subsidiaries.

12. TRADE RECEIVABLES

	Group	
	2007 RM	2006 RM
Trade receivables	103,328,204	116,553,190
Accrued billings in respect of property development costs	11,832,722	6,712,217
	115,160,926	123,265,407
Allowance for doubtful debts	(393,530)	(393,530)
	114,767,396	122,871,877

The Group's primary exposure to credit risk arises through its trade receivables. The Group's normal trade credit terms range from 14 to 180 (2006 - 14 to 180) days. Credit terms for sales of commercial properties range from 14 to 270 (2006 - 14 to 270) days. Other credit terms are assessed and approved on a case-by-case basis. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest bearing.

Included in trade receivables is an amount of RM1,056,870 (2006 - RM61,153) owing by persons connected with the Directors.

Also included in trade receivables is an amount of RM1,208,460 (2006 - Nil) owing by a Director of the Company.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

(cont'd)

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Other receivables	4,951,917	2,224,021	2,077	-
Deposits and prepayments	245,005,030	132,915,353	-	277
Allowance for doubtful debt	(708,153)	(708,153)	-	-
	244,296,877	132,207,200	-	277
	249,248,794	134,431,221	2,077	277

Included in deposits of the Group are security deposits for joint venture transactions amounting to RM175,976,807 (2006 - RM128,729,054) of which RM174,888,807 (2006 - RM110,579,054) are for development work which has yet to commence. The Directors are reasonably optimistic that these development works will commence in the future and therefore ensure the recovery of the security deposits.

Deposits of the Group with an aggregate value of RM2,800,602 (2006 - RM1,912,641) have been paid for the acquisitions of freehold land for which the transactions remain incomplete at balance sheet date.

Included in the deposits of the Group is an amount of RM 62,986,883, being part payment towards purchase of 70% of the shares in D'Kiara Place Sdn Bhd (Note 38).

Also included in deposits of the Group are mobilisation deposits of RM2,044,166 (2006 - RM1,044,165) paid for architects and professional services for future development projects. The Directors, after considering all relevant and available information, are of the opinion that these amounts are fully recoverable.

14. AMOUNT DUE FOR CONTRACT WORKS

	Group	
	2007 RM	2006 RM
Construction contract cost incurred to date	45,675,043	39,052,789
Attributable profits	25,422,385	10,504,294
	71,097,428	49,557,083
Progress billings received and receivable	(63,249,146)	(44,840,797)
	7,848,282	4,716,286
Due from customers on contracts	10,784,495	8,582,922
Due to customers on contracts	(2,936,213)	(3,866,636)
	7,848,282	4,716,286

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

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15. AMOUNTS OWING BY SUBSIDIARIES

Company

The amounts owing by subsidiaries are non-interest bearing and are repayable on demand. All subsidiaries' receivables are unsecured and to be settled in cash.

16. DEPOSITS WITH LICENSED BANKS

	Group	
	2007	2006
	RM	RM
Deposits with licensed banks:		
- Fixed deposits	242,531	238,192
- Short term deposit	33,000,000	-
	33,242,531	238,192

The fixed deposits are pledged as security for bank guarantee facilities granted to the Group.

Included in fixed deposits is an amount of RM117,287 (2006 - RM117,287) held in trust by a Director of a subsidiary.

The interest rates and the maturities of deposits as at balance sheet date are as follows:

	Group	
	2007	2006
Interest rate (% per annum)	3.60	3.70
Maturities	2 - 365 days	365 days

17. CASH AND BANK BALANCES

Group

Included in cash at banks of the Group are amounts of RM5,579,191 (2006 - RM14,309,825) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and are restricted from use in other operations.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

(cont'd)

18. SHARE CAPITAL

	← Group and Company →			
	Number of Ordinary Shares of RM1 Each		Amount	
	2007	2006	2007 RM	2006 RM
Authorised	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid:				
At 1 January	354,010,190	350,607,190	354,010,190	350,607,190
Issued and paid-up during the year				
- Private placement	35,668,939	-	35,668,939	-
- Employee Share Options Scheme (Note 20)	5,538,600	3,403,000	5,538,600	3,403,000
At 31 December	395,217,729	354,010,190	395,217,729	354,010,190

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. All ordinary shares rank equally with regard to the Company's residual assets.

(a) Private Placement

During the current financial year ended 31 December 2007, the Company completed a private placement exercise with a placement of 35,668,939 new ordinary shares of RM1 each, representing not more than 10% of the issued and paid up capital of YNH Property Bhd at an issue price of RM3.30 per share. The issue price has been fixed by the Board of Directors of the Company, based on a discount of approximately 2% from the 5 days weighted average market price of YNH Property Bhd's shares up to and including 4 June 2007 of RM3.37.

(b) Ordinary Shares Issued Pursuant to ESOS

During the financial year, the Company issued 5,538,600 ordinary shares at an average issue price of RM1.14 per ordinary share for cash, pursuant to the Company's Employee Share Options Scheme. The share premium of RM755,826 arising therefrom have been included in the share premium account. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

19. RESERVES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Distributable				
Capital reserve	26,578,054	26,578,054	-	-
Retained earnings	140,276,015	88,212,208	13,647,793	14,408,919
Treasury shares	(243,708)	-	(243,708)	-
	166,610,361	114,790,262	13,404,085	14,408,919
Non-Distributable				
Share premium	101,095,356	18,300,970	101,095,356	18,300,970
Share option reserve	726,946	347,066	726,946	347,066
	101,822,302	18,648,036	101,822,302	18,648,036
	268,432,663	133,438,298	115,226,387	33,056,955

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

(cont'd)

19. RESERVES (cont'd)

The nature and purpose of each category of reserves are as follows:

Share Premium

Share premium arose from the issue of ordinary shares and can be utilised for distribution to the members of the Company by way of bonus share issue.

Share Option Reserve

Share option reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on grant of share options.

Treasury Shares

Amount relates to the acquisition cost of treasury shares net of proceeds received on their subsequent sale or issuance.

During the financial year, the Company repurchased 100,000 of its issued ordinary shares from the open market at an average price of RM2.43 per share. The total consideration paid for the repurchase was RM243,708. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965.

Distributable Capital Reserve

This arose from the changes in fair value of the subsidiaries acquired.

Distributable Retained Earnings

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company has elected for the irrevocable option to disregard the 108 balance as at 31 December 2007. Hence, the Company will be able to distribute dividends out of its entire retained earnings under the single tier system.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

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20. EMPLOYEE BENEFITS

Employee Share Options Scheme ("ESOS")

The YNH Property Bhd Employee Share Options Scheme ("ESOS") is governed by the bye-laws approved by the shareholders at an Extraordinary General Meeting held on 10 June 2004. The ESOS was implemented on 23 June 2004 and is to be in force for a period of 5 years from the date of implementation expiring on 22 June 2009.

The salient features of the ESOS are as follows:

- (i) The total number of options to be offered under the ESOS shall be subject to a maximum of 10% of the issued and paid-up share capital of the Company at any point in time;
- (ii) Any natural person who is employed full-time by and on the payroll of the Company (YNH Property Bhd) and its subsidiaries and who fulfils the conditions of eligibility stipulated in the Bye-Laws shall be eligible to participate in the ESOS. Employees include the Directors of the Group;
- (iii) The subscription price for each new share shall be based on the weighted average of the market price of YNH Property Bhd shares for the five (5) market days immediately preceding the date on which the option is granted less a discount of up to 10% or the par value of YNH Property Bhd Share, whichever is the higher;
- (iv) The ESOS shall be in force for a duration of five (5) years from its commencement and may, if the Board deems fit and upon the recommendation of the option committee, be extended for a further five (5) years.
- (v) The options granted may be exercised according to the following scale in respect of a maximum of the following:

Maximum Percentage of Options Exercisable from Date of Acceptance

Year 1	Year 2	Year 3	Year 4	Year 5
20%	20%	20%	20%	20%

Options which are exercisable in a particular year but are not exercised may be carried forward to subsequent years subject to the option period. All unexercised options shall be exercisable in the last year of the option period. Any options which remain unexercised at the expiry date of the option period shall be automatically terminated; and

- (vi) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company except that the shares so issued will not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to shareholders prior to the date of allotment of the new shares.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007
(cont'd)

20. EMPLOYEE BENEFITS (cont'd)

Employee Share Options Scheme ("ESOS") (cont'd)

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the financial year:

Grant date	Options Exercise Price	Number of Share Options				Outstanding as at 31 December	Exercisable as at 31 December
		Outstanding as at 1 January	Granted	Exercised	Lapsed		
2007							
17.08.2004	1.06	8,327,000	-	(2,938,600)	(11,000)	5,377,400	1,818,000
17.10.2005	1.08	1,050,000	-	(391,000)	(50,000)	609,000	213,000
01.11.2006	1.24	8,950,000	-	(2,172,000)	(12,000)	6,766,000	1,396,000
01.12.2006	1.45	50,000	-	(10,000)	-	40,000	10,000
05.02.2007	1.75	-	150,000	(7,000)	-	143,000	23,000
21.08.2007	2.00	-	650,000	(20,000)	-	630,000	110,000
		18,377,000	800,000	(5,538,600)	(73,000)	13,565,400	3,570,000
WAEP		1.15	1.95	1.14	1.10	1.20	1.17
2006							
17.08.2004	1.06	11,835,000	-	(3,173,000)	(335,000)	8,327,000	6,232,400
17.10.2005	1.08	1,280,000	-	(230,000)	-	1,050,000	282,000
01.11.2006	1.24	-	8,950,000	-	-	8,950,000	1,790,000
01.12.2006	1.45	-	50,000	-	-	50,000	10,000
		13,115,000	9,000,000	(3,403,000)	(335,000)	18,377,000	8,314,400
WAEP		1.06	1.24	1.06	1.06	1.15	1.10

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

(cont'd)

20. EMPLOYEE BENEFITS (cont'd)

Employee Share Options Scheme ("ESOS") (cont'd)

(i) Details Of Share Options Outstanding At The End Of The Financial Year:

	Exercise Price	Exercise Period
2007		
17.08.2004	1.06	17.08.2004 - 22.06.2009
07.10.2005	1.08	07.10.2005 - 22.06.2009
01.11.2006	1.24	01.11.2006 - 22.06.2009
01.12.2006	1.45	01.12.2006 - 22.06.2009
05.02.2007	1.75	05.02.2007 - 22.06.2009
21.08.2007	2.00	21.08.2007 - 22.06.2009

2006

17.08.2004	1.06	17.08.2004 - 22.06.2009
07.10.2005	1.08	07.10.2005 - 22.06.2009
01.11.2006	1.24	01.11.2006 - 22.06.2009
01.12.2006	1.45	01.12.2006 - 22.06.2009

(ii) Share Options Exercised During The Financial Year

As disclosed in Note 18, options exercised during the financial year resulted in the issuance of 5,538,600 (2006 - 3,403,000) ordinary shares at an average price of RM1.14 (2006 - RM1.06) each.

(iii) Fair Value Of Share Options Granted During The Financial Year

The fair value of share options granted during the year was estimated by an external valuer using Black-Scholes-Merton model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions are as follows:

	2007	2006
Fair value of share options at the following grant dates (RM):		
1 November 2006	-	0.23
1 December 2006	-	0.30
5 February 2007	0.14	-
21 August 2007	0.22	-
Weighted average share price	2.67	1.38
Weighted average exercise price	1.95	1.24
Expected volatility	40%	30%
Expected life (years)	5.00	5.00
Risk free rate	3.64%	3.40%
Expected dividend yield (%)	4.20%	7.37%

The expected life of the share option is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

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21. BORROWINGS

	Group	
	2007 RM	2006 RM
Short Term Borrowings		
Secured:		
Bank overdrafts	39,294,372	8,317,640
Revolving credits	81,000,000	60,000,000
Term loans	4,096,747	6,077,724
	124,391,119	74,395,364
Long Term Borrowings		
Secured:		
Term loans	16,267,076	22,469,201
	16,267,076	22,469,201
Total Borrowings		
Bank overdrafts	39,294,372	8,317,640
Revolving credits	81,000,000	60,000,000
Term loans	20,363,823	28,546,925
	140,658,195	96,864,565

The bank overdrafts of the Group are secured by the following:

- (a) Legal charges over certain property, plant and equipment and land held for property development of the Group; and
- (b) Corporate guarantee from the Company and joint and several guarantees by certain Directors of the Company.

The short term revolving credit facilities of the Group are secured by the following:

- (a) Legal charges over certain property, plant and equipment and land held for property development of the Group; and
- (b) Corporate guarantee by the Company.

The term loans of the Group are secured by the following:

			Amounts outstanding		
			2007 RM	2006 RM	
(i)	Repayable by 60 monthly instalments of RM40,697 commencing one month after date of full disbursement	1.75% above banker's base lending rate	First legal charge over a freehold property of the Group	-	443,644
(ii)	Repayable by 60 monthly instalments of RM41,082 commencing one month after date of full disbursement	1.00% above banker's base lending rate	First legal charge over certain inventories of the Group	21	21

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

(cont'd)

21. BORROWINGS (cont'd)

	Repayment terms	Interest rate	Securities	Amounts outstanding	
				2007 RM	2006 RM
(iii)	Repayable by 120 monthly instalments of RM24,690 each commencing one month after date of full disbursement	0.60% above banker's base lending rate	First legal charge over certain freehold properties of the Group	1,219,513	1,419,180
(iv)	Repayable by 60 monthly instalments of RM203,000 each commencing one month after expiry of a 2-year grace period interest servicing only	1.50% above banker's base lending rate	First and second legal charge over freehold properties of a joint venture party, and third legal charge over certain freehold properties and certain leasehold properties of the Group#	-	3,638,195
(v)	Repayable by 90 monthly instalments of RM113,093 commencing one month after date of full disbursement	0.60% above banker's base lending rate	First legal charge over a freehold property of the Group	5,145,116	6,759,011
(vi)	Repayable by 93 monthly instalments of RM284,016 each commencing one month after date of full disbursement	0.60% above banker's base lending rate	Third party charge over a freehold property of the Group	13,999,173	16,286,874
				20,363,823	28,546,925

The term loans are also jointly and severally guaranteed by certain Directors of the Company.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

(cont'd)

22. TRADE PAYABLES

	Group	
	2007 RM	2006 RM
Trade payables	12,804,272	14,784,165
Progress billings in respect of property development costs	15,703,936	-
	28,508,208	14,784,165

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 60 (2006 - 30 to 60) days.

23. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Other payables	62,563,952	27,676,771	134,157	314,702
Deposits	5,113,346	674,134	-	-
Accruals	3,662,038	2,976,897	30,000	33,000
	71,339,336	31,327,802	164,157	347,702

Included in other payables are unsecured advances of the Group amounting to RM26,766,147 (2006 - RM1,104,608) which are owing to persons connected with certain Directors of the subsidiaries. The amounts owing are non-interest bearing and without fixed terms of repayment.

Also included in the other payables are advances owing to Directors and shareholders of the subsidiaries and of the Company amounting to RMNil (2006 - RM11,854) and RMNil (2006 - RM142,586) respectively. The amounts owing are non-interest bearing and are repayable on demand. The amounts are unsecured and to be settled in cash.

24. PROVISION FOR RECTIFICATION WORKS

	Group	
	2007 RM	2006 RM
At 1 January	1,406,424	336,139
Provision during the year	1,448,406	1,875,757
Utilisation of provision during the year	(595,193)	(805,472)
At 31 December	2,259,637	1,406,424

A provision is recognised for expected rectification works on contracts completed. It is expected that most of these cost will be incurred within one year after the completion of the construction contract.

Based on management's past experience, provision for rectification works are computed at 2% on the total contracted sum of completed contracts.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

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25. REVENUE

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Revenue comprise the following:				
Sale of				
- development properties	130,640,341	165,195,099	-	-
- land held for future development	54,732,139	4,571,583	-	-
- completed property units	13,556,750	3,400,742	-	-
Dividend income from a subsidiary	-	-	40,000,000	25,830,000
Income from estates	4,273,114	2,299,311	-	-
Revenue from room sales, food and beverages	1,383,068	1,236,982	-	-
Proceeds from contract work	74,509,420	77,027,876	-	-
Rental income	1,252,660	1,328,400	-	-
	280,347,492	255,059,993	40,000,000	25,830,000

26. COST OF SALES

	Group	
	2007 RM	2006 RM
Property development costs (Note 10)	68,941,144	88,339,303
Costs of land held for property development sold	16,360,900	2,187,015
Cost of inventories sold	6,466,882	2,556,204
Profit attributed to joint development partners	4,823,331	7,942,293
Construction contract costs	49,236,487	36,590,039
Estates costs	1,282,180	1,199,914
Hotel and other operation costs	1,484,934	1,469,868
Overprovision of development cost in prior year	-	(125,695)
	148,595,858	140,158,941

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

(cont'd)

27. FINANCE COSTS

	Group	
	2007 RM	2006 RM
Finance costs comprise interest expenses on:		
- term loans	1,280,690	2,352,951
- bank overdraft	1,520,238	1,728,769
- short term revolving credit	3,614,447	2,861,020
- others	13,505	26,605
	6,428,880	6,969,345
Interest expense capitalised in qualifying assets:		
- Property, plant and equipment (Note 3)	-	(2,319,242)
- Property development costs (Note 10)	(1,692,037)	(664,566)
	4,736,843	3,985,537

Borrowing costs capitalised in the qualifying assets during the financial year arose on the general borrowing pool and have been calculated by applying capitalisation rate of 26% (2006 - 43%) per annum to expenditure on such assets.

28. PROFIT BEFORE TAXATION

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Profit before taxation is arrived at after charging:				
Auditors' remuneration				
- audit fee	77,400	71,700	25,000	25,000
- non-audit fee	10,000	13,000	5,000	8,000
Amortisation for prepaid land lease payments	5,454	5,454	-	-
Depreciation	1,328,283	664,059	-	-
Directors' remuneration (Note 30)	9,797,519	9,170,576	128,000	93,108
Employees benefits expense (Note 29)	6,577,766	5,409,695	-	-
Loss on disposal of investment	7,928	-	-	-
Provision for rectification works	1,448,406	1,875,757	-	-
Property, plant and equipment written off	-	31,696	-	-
Rental of plant and machinery	3,224,382	849,183	-	-
Rental of premises	151,040	147,223	-	-

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

(cont'd)

28. PROFIT BEFORE TAXATION (cont'd)

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
and crediting:				
Rental income from properties	1,979,587	2,063,350	-	-
Interest income	417,974	2,418,805	-	-
Allowance for doubtful debt written back	-	455,406	-	-
Dividend from investment in unit trust	-	577	-	-
Gain on disposal of property, plant and equipment	59,974	8,677	-	-
Gain on disposal of a subsidiary	-	1,789	-	990
Gain on compulsory acquisition of land	5,648,097	-	-	-
Reversal of impairment losses	-	89,999	-	-
Listing expenses written back	-	-	-	151,014

29. EMPLOYEES BENEFITS EXPENSE

	Group	
	2007 RM	2006 RM
Salaries, bonus and other staff related costs	5,811,019	4,646,190
Employees Provident Fund	386,867	416,439
Share options granted under ESOS (Note 20)	379,880	347,066
	6,577,766	5,409,695

30. DIRECTORS' REMUNERATION

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Directors of the Company				
Executive:				
Salaries and other emoluments	8,509,560	8,105,060	-	-
Employees Provident Fund contribution	1,159,959	972,408	-	-
	9,669,519	9,077,468	-	-
Non-Executive:				
Fees and allowances	128,000	93,108	128,000	93,108
Total	9,797,519	9,170,576	128,000	93,108

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

(cont'd)

30. DIRECTORS' REMUNERATION (cont'd)

The number of directors of the Company whose total remuneration during the financial year fall within the following bands are as follows:

	Number of directors	
	2007 RM	2006 RM
Executive directors: RM4,500,001 – RM5,000,000	2	2
Non-Executive directors: Below RM50,000	1	-
RM50,001 – RM100,000	2	2

31. INCOME TAX EXPENSE

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Current tax:				
- Malaysian income tax	31,899,500	34,366,967	10,800,000	7,232,400
- Under/(Over) provided in prior years	540,851	(342,251)	-	(10,039)
	<u>32,440,351</u>	<u>34,024,716</u>	<u>10,800,000</u>	<u>7,222,361</u>
Deferred tax (Note 7):				
- Relating to origination and reversal of temporary differences	(3,978,105)	(8,078,900)	-	-
- Relating to changes in tax rates	26,961	(1,825,993)	-	-
- Under provided in prior years	144,253	7,738	-	-
	<u>(3,806,891)</u>	<u>(9,897,155)</u>	<u>-</u>	<u>-</u>
Real property gains tax	-	105,821	-	-
	<u>28,633,460</u>	<u>24,233,382</u>	<u>10,800,000</u>	<u>7,222,361</u>

Domestic income tax for the Company is calculated at the Malaysian statutory tax rate of 27% of the estimated assessable profit for the year.

For subsidiaries with paid up capital of RM2.5 million and below, income tax is calculated at the Malaysian statutory tax rate of 20% on the first RM500,000 of assessable profit for the year and where applicable, 27% on all assessable profit in excess of RM500,000.

The domestic statutory tax rate will be reduced to 26% from the current year's rate of 27% effective year of assessment 2008 and to 25% in subsequent years of assessment. The computation of deferred tax as at 31 December 2007 has reflected these changes.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

(cont'd)

31. INCOME TAX EXPENSE (cont'd)

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rates to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Profit before taxation	109,494,857	93,717,948	38,836,464	25,632,654
Taxation at applicable statutory tax rate	29,563,611	26,241,025	10,485,845	7,177,143
Effect of income subject to tax at 20%	13,782,429	(120,000)	-	-
Changes in tax rates in opening deferred tax	(3,338,264)	(1,825,993)	-	-
Income not subject to tax	(12,457,553)	(669,527)	-	(42,768)
Expenses not deductible for tax purposes	561,244	737,857	314,155	98,025
Deferred tax underprovided in prior years	144,253	7,738	-	-
Current tax under/(over) provided in prior years	540,851	(342,251)	-	(10,039)
Real property gains tax	-	105,821	-	-
Others	(163,111)	98,712	-	-
Tax expense for the year	28,633,460	24,233,382	10,800,000	7,222,361

A subsidiary has unabsorbed investment tax allowance of RM2,201,000 (2006 - RM2,201,000) available for off-set against future taxable income.

32. EARNINGS PER SHARE
(a) Basic

Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2007 RM	2006 RM
Net profit for the year (RM)	80,861,397	69,484,566
Weighted average number of ordinary shares in issue	376,992,804	351,886,110
Basic earnings per share (sen)	21-45	19-75

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

(cont'd)

32. EARNINGS PER SHARE (cont'd)

(b) Diluted

For the purpose of calculating diluted earnings per share, the net profit for the year and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares, i.e. Special Bumiputera Issue and share options granted to employees.

	Group	
	2007 RM	2006 RM
Net profit for the year (RM)	80,861,397	69,484,566
Weighted average number of ordinary shares in issue	376,992,804	351,886,110
Effect of dilution:		
Share options exercised	5,538,600	2,651,870
Adjusted weighted average number of ordinary shares in issue and issueable	382,531,404	354,537,980
Diluted earnings per share (sen)	21-14	19-60

33. DIVIDENDS

	Group and Company	
	2007 RM	2006 RM
Dividend proposed for financial year 2006, paid in year 2007 - final dividend of 5.0% less 27% tax (2006 - 5.0% less 28% tax)	14,397,317	12,711,931
Interim dividend of 5.0% less 27% tax (2006 - 5.0% less 28% tax)	14,400,273	12,718,195
	28,797,590	25,430,126
Net dividend per share (sen)	7-30	7-00

At the forthcoming Annual General Meeting, a final dividend in respect of the current financial year ended 31 December 2007, of 6% will be proposed for shareholders' approval. Based on the issued capital of 395,217,729 ordinary shares as at year end, the net dividend amounts to RM23,713,064 (6 sen per ordinary share). The actual net amount paid will depend on the issued share capital on the entitlement date. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained earnings in the next financial year ending 31 December 2008.

The Directors had also proposed that a dividend policy of at least 30% of profit after taxation be fixed for future declarations of dividend.

34. NOTES TO CASH FLOW STATEMENTS
(a) Purchase of Property, Plant and Equipment

Purchase of property, plant and equipment during the year were fully paid for in cash.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

(cont'd)

34. NOTES TO CASH FLOW STATEMENTS (cont'd)

(b) Cash and Cash Equivalents as at 31 December

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
This comprise:				
Fixed deposits	33,242,531	238,192	-	-
Cash and bank balances	6,436,978	14,990,806	167,494	187,782
Bank overdrafts	(39,294,372)	(8,317,640)	-	-
	385,137	6,911,358	167,494	187,782
Fixed deposits pledged	(242,531)	(238,192)	-	-
	142,606	6,673,166	167,494	187,782

(c) Acquisition of Subsidiaries

During the current financial year, YNH Construction Sdn Bhd, the Company's subsidiary incorporated the following companies as wholly-owned subsidiaries for a cash consideration of RM2 consisting of 2 ordinary shares of RM1 each for each of the subsidiaries. Details of the date of incorporation are as follows:-

Subsidiary	Date of incorporation
YNH Communication Engineering Sdn Bhd	9 March 2007
YNH Engineering Sdn Bhd	9 March 2007
YNH Ready Mix Sdn Bhd	23 May 2007
YNH Hardware Sdn Bhd	30 October 2007

The acquisitions do not have any effect on the financial position and results of the Group for the year ended 31 December 2007.

(d) Disposal of Subsidiary

The Group disposed of Fresh Growth Sdn Bhd in the previous financial year for a cash consideration of RM1,000. The disposal had the following effects on the financial position of the Group as at the end of the previous financial year:

	2006 RM
Cash and bank balances	61
Tax recoverable	(8,078)
Other payables and accruals	497,417
Advances from Directors	(494,464)
	(5,064)
Net assets disposed	(5,064)
Attributable goodwill (Note 9)	4,275
	(789)
Total disposal proceeds	(1,000)
	(1,789)
Gain on disposal to the Group	(1,789)
Cash inflow arising on disposals:	
Cash consideration	1,000
Cash and cash equivalents of a subsidiary disposed	(61)
	939
Net cash inflow of the Group	939

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

(cont'd)

35. RELATED PARTY TRANSACTIONS
(a) Transactions with non-Group enterprises

Non-Group enterprises are considered to be related where the Directors have control over the financial and operating decisions of the enterprises or where the Directors have significant financial interest. Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS and Yu Kuan Huat, PMP, AMP, PPT are Directors/members of the enterprises listed below which had the following transactions with the Group:

Party	Transactions	Amount	
		2007 RM	2006 RM
Kar Sin Hardware Sdn Bhd	Rental of equipment and transportation payable	3,362,340	4,106,142
N.A.B. Holdings Sdn Bhd	Rental of equipment and transportation payable	258,960	373,620
Perumahan Manjung Sdn Bhd	Progress billings	-	-
Kar Sin Ready Mix Sdn Bhd	Purchase of construction materials	3,185,079	1,745,377
Kar Sin Ready Mix Sdn Bhd	Sales of construction materials	-	-
Rapid Synergy Berhad	Sales of land	-	11,659,199

(b) Transactions with persons connected with Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS and Yu Kuan Huat, PMP, AMP, PPT

Party	Transactions	Amount	
		2007 RM	2006 RM
Teh Nai Sim	Purchase of property	-	930,000
Dr. Yu Chon Choo	Sales of property	-	1,146,340
Dr. Yu Chuan Choo	Sales of property	-	1,494,700
Dr. Yu Chon Geok	Sales of property	-	1,033,800
Yu Chon Hua	Sales of property	438,800	1,306,800
Yu Chon Lan	Sales of property	1,090,800	1,735,600
	Legal fee payable	1,669,760	1,590,844
Yu Chon Moy	Sales of property	-	583,000
Dr. Yu Chon Sian	Sales of property	-	2,125,970
Datin Dr. Chan Sow Keng	Sales of property	-	1,210,000
Yu Chon Sing	Sales of property	-	1,197,000

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

(cont'd)

35. RELATED PARTY TRANSACTIONS (cont'd)

(c) Transactions with Directors

Other than Directors' remuneration disclosed in Note 30 to the financial statements and the Corporate Governance Statement, the Directors had the following transactions with the Group:

Director	Transactions	Amount	
		2007 RM	2006 RM
Director of the Company			
- Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS	- Purchase of property	-	-
- Yu Kuan Huat, PMP, AMP, PPT	- Purchase of property	1,208,460	-

The Directors are of the opinion that the above transactions were in the normal course of business and on terms mutually agreed between the parties.

Information regarding outstanding balances arising from related party transactions as at 31 December 2007 are disclosed in the notes to the financial statements.

(d) Compensation of Key Management Personnel

The remuneration of the Directors, being the key management personnel of the Group, are disclosed in Note 30 to the financial statements and the Corporate Governance Statement.

36. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), liquidity risk and credit risks. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

(b) Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk.

36. FINANCIAL INSTRUMENTS (cont'd)

(b) Interest Rate Risk (cont'd)

The following sets out the carrying amount, the interest rates as at the balance sheet date and the remaining maturities of the Group's financial instruments that are exposed to interest rate risk:

Note	Interest Rate %	Years					More than 5	Total RM	
		Within 1 RM	1-2 RM	2-3 RM	3-4 RM	4-5 RM			
As at 31 December 2007									
Fixed rate									
Fixed deposits with licensed banks	16	3.60	242,531	-	-	-	-	242,531	
Term deposits with licensed banks	16	3.30	33,000,000	-	-	-	-	33,000,000	
Floating rate									
Bank overdrafts	21	7.35 - 8.25	(39,294,372)	-	-	-	-	(39,294,372)	
Revolving credits	21	4.95 - 5.50	(81,000,000)	-	-	-	-	(81,000,000)	
Term loans	21	7.35 - 8.50	(4,096,747)	(3,928,291)	(4,441,818)	(4,097,968)	(3,743,534)	(55,465)	(20,363,823)
As at 31 December 2006									
Fixed rate									
Fixed deposits with licensed banks	16	3.70	238,192	-	-	-	-	238,192	
Floating rate									
Bank overdrafts	21	7.35 - 8.50	(8,317,640)	-	-	-	-	(8,317,640)	
Revolving credits	21	5.25 - 5.50	(60,000,000)	-	-	-	-	(60,000,000)	
Term loans	21	7.35 - 8.25	(6,077,724)	(5,054,418)	(3,928,291)	(4,224,290)	(4,542,655)	(4,719,547)	(28,546,925)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

(cont'd)

36. FINANCIAL INSTRUMENTS (cont'd)**(b) Interest Rate Risk** (cont'd)

Interest on financial instruments subject to floating interest rates is contractually repriced at intervals of less than 6 months except for term loans which are repriced annually. Interest on financial instruments at fixed rates are fixed until the maturity of the instrument. The other financial instruments of the Group that are not included in the above tables are not subject to interest rate risk.

(c) Liquidity Risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

(d) Credit Risk

The Group's credit risk is primarily attributable to trade receivables and amounts owing from related parties. The Group trades only with recognised and creditworthy third parties. Receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents and an investment, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentrations of credit risk related to any financial assets.

(e) Fair Values

The carrying amounts of the Group's financial assets and financial liabilities approximate their fair values. The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

(i) Receivables and Payables

The historical cost carrying amounts of receivables and payables that are subject to normal credit terms approximate fair value. The carrying amounts of other receivables and payables are reasonable estimates of fair value because of their nature and short maturity.

(ii) Amounts owing to holding company, subsidiaries, related companies and shareholders

The fair value of amounts owing to holding company, subsidiaries, related companies and shareholders approximate its carrying amount as the Group does not anticipate its carrying amount recorded at balance sheet date to be significantly different from the values that would eventually be received or settled.

(iii) Cash and cash equivalents and short term revolving credit

The carrying amounts of cash and cash equivalents and short term revolving credit approximate fair values due to the relative short-term nature and maturity of these instruments.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

(cont'd)

36. FINANCIAL INSTRUMENTS (cont'd)

(e) Fair Values (cont'd)

(iv) Term loans

The fair value of term loans are determined using discounted cash flow analysis, based on the timing of the amounts payable at the applicable rates of interests levied over the tenure of these loans.

	2007		2006	
	Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
Term loan	20,363,823	18,957,986	28,546,925	27,701,772

37. CAPITAL COMMITMENTS

	Group	
	2007 RM	2006 RM
Approved but not contracted for - property, plant and equipment	12,000,000	-
Approved and contracted for - investment in subsidiary	4,881,950	-

38. SUBSEQUENT EVENTS

On 8 August 2007 and 21 March 2008, a subsidiary entered into share purchase agreements to acquire 9,870,000 and 4,230,000 ordinary shares of RM1 each respectively in D'Kiara Place Sdn Bhd ("DKP") representing 70% and 30% equity interest of DKP for a total cash consideration of RM67,868,833 and RM33,895,776 respectively, and the settlement of a debt owing by DKP amounting to RM4,631,167 and RM2,189,192 respectively. DKP will be a wholly owned subsidiary of the Group upon completion of the purchase.

39. SEGMENTAL INFORMATION

Segment information is not presented as the Group operates solely in Malaysia and combined revenues, operating results and assets employed of business segments other than the property segment represent less than 10% of the Group's revenues, operating results and assets employed respectively.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT 1965

We, the undersigned, being two of the Directors of **YNH PROPERTY BHD.**, do hereby state that in the opinion of the Directors, the accompanying financial statements together with the notes thereto, are drawn up in accordance with applicable Financial Reporting Standards and the provisions of the Companies Act 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2007 and of the results of the business and of the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 28 April 2008.

YU KUAN HUAT, PMP, AMP, PPT

DATO' DR. YU KUAN CHON, DIMP, PPT, MBBS

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT 1965

I, **YU KUAN HUAT**, PMP, AMP, PPT, being the Director primarily responsible for the financial management of **YNH PROPERTY BHD.**, do solemnly and sincerely declare that the accompanying financial statements together with the notes thereto, are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the)
abovenamed at Ipoh in the State of Perak)
Darul Ridzuan on 28 April 2008)

YU KUAN HUAT, PMP, AMP, PPT

Before me,

MOHD YUSOF BIN HARON, KPP, PNPBB,PJK
Commissioner for Oaths

REPORT OF THE AUDITORS

TO THE MEMBERS OF YNH PROPERTY BHD
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 30 to 81. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of:
 - i) the financial position of the Group and of the Company as at 31 December 2007 and of the results and of the cash flows of the Group and of the Company for the year then ended; and
 - ii) the matters required by Section 169 of the Companies Act 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies for which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and auditors' report of the subsidiaries for which we have not acted as auditors, as indicated in Note 5 to the financial statements, being financial statements which are included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purpose of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The Auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

ERNST & YOUNG
AF: 0039
Chartered Accountants

LEONG CHOOI MAY
No. 1231/03/09 (J)
Partner

Ipoh, Perak Darul Ridzuan, Malaysia

Date: 28 April 2008

LIST OF PROPERTIES

Location	Description Property	Remaining Land Area @ 31.12.07 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.07 (RM)	Year of Acquisition/ Last Revaluation
Bal Lot 6154 & 6555 & Lot 6518 Mkm Lumut (Old Lot No.1557 & 1932)						
- Portion for fixed assets (own investment) (PT2781-2782)	Planted with palm oil	27.9423	Agricultural / for investment	Freehold	4,988,000	2001
- Portion for fixed asset (own investment) (G28082,G28079, PT2772-2780, 2785, 2796-2799, 2806, 2822-2823)	Planted with palm oil	189.5700	Agricultural / for investment	Freehold	34,138,000	2001
Lot 6555 – PT2842 Mukim of Lumut	Vacant Land and approved for development	12.5317	Proposed development – residential	Freehold	1,978,000	2001
HS (D) Dgs 11772 PT8073 Mukim Lumut	Vacant Land and approved for development	6.9277	Proposed development – residential		2,365,000	2001
Lot 6555 – PT2834-2841 Mukim of Lumut	Vacant Land and approved for development	40.0000	Proposed mixed development – commercial and residential	Freehold	7,111,000	2001
Lot 6555-4 acres of PT2797 Mukim Lumut (Hospital Land)	Vacant Land and approved for development	4.0000	Proposed development – commercial	Freehold	717,000	2001
Lot 6555 – PT2791-2795, 2800-2805, 2810-2821 & 2827-2831 Mukim Lumut Portion for own investment (PT2791-2795)	Planted with palm oil and approved for development	125.0000	Proposed mixed development – commercial and residential	Freehold	22,602,000	2001
Portion for future development (PT2800-2805, 2810-2821, 2827-2831)	Planted with palm oil and approved for development	56.1900	Pinggiran Manjung Point – commercial and residential	Freehold	9,371,000	2001
Entry No.1577 Lot 712 Mukim Lumut	Planted with palm oil and approved for development	4.8370	Proposed mixed development – commercial and residential	Freehold	960,000	2001
Entry No. 1380 Lot 1387 Mukim Lumut		4.7750		Freehold		
HS (D) Dgs 1203/78 Lot 2740 Mukim Pengkalan Bharu,	Planted with palm oil and approved for development	4.8020	Taman Suria, Pantai Remis – commercial and residential	Freehold	1,150,000	2001
HS (D) Dgs 1204/78 Lot 2741 Mukim Pengkalan Bharu		4.8020		Freehold		
Geran 36493, Lot 495 & Geran 36944, Lot 496, Town of Lumut, Daerah Manjung	Vacant Land and approved for development	0.7013	Proposed mixed development – commercial and residential	Freehold	1,230,000	2001

* Year of Acquisition

LIST OF PROPERTIES (cont'd)

Location	Description Property	Remaining Land Area @ 31.12.07 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.07 (RM)	Year of Acquisition/ Last Revaluation
CT 17320 Lot 117 Town of Lumut	Vacant Land and approved for development	0.8343	Proposed mixed development – commercial and residential	Freehold	541,000	2001
EMR 379 Lot 380 Mukim Pengkalan Bharu HS (M) 24/75 Lot 3813 Mukim Pengkalan Bharu	Vacant Land and approved for development	1.3713	Proposed mixed development – commercial and residential	Freehold	321,000	2001
CT 21250 Lot 10475 Mukim Sitiawan	Vacant Land and approved for development	4.1375	Taman Desa Bintang II Sitiawan – residential	Freehold	1,283,000	1999 *
HS (D) Dgs 1042/78 Lot 5493 Mukim Lumut	Planted with palm oil and approved for development	8.6551	Taman Layar, Kg. Acheh, Sitiawan – commercial and residential	Freehold	2,284,000	2001
EMR 9714 Lot 10054 Mukim Sitiawan	Planted with palm oil and approved for development	3.0813	Proposed mixed development – commercial and residential	Freehold	408,000	2001
EMR 5198 Lot 4622 Mukim Sitiawan	Planted with palm oil and approved for development	5.0375	Proposed mixed development – commercial and residential	Freehold	987,000	2001
Geran 7256 Lot 14837 Mukim Sitiawan	Planted with palm oil and approved for development	4.9424	Proposed mixed development – commercial and residential	Freehold	1,792,000	2001
Geran 7585 Lot 16050 Mukim Sitiawan	Planted with palm oil and approved for development	9.4932	Taman Sejati III, Sitiawan – commercial and residential	Freehold	2,255,000	2001
Geran 7419 Lot 15655 Mukim Sitiawan	Planted with palm oil and approved for development	3.0378	Proposed development – residential	Freehold	1,243,000	2001
HS(D)Dgs1673/83 PT10382 & (Lot No. 25893 25900) HS(D)Dgs 1680/83 PT10389 Mukim Sitiawan	Vacant Land	0.0406	Proposed mixed development – residential and commercial	99 years (23.9.2082)	45,000	2001
HS(D)Dgs 830/89 PT625 Bandar Lumut	Vacant Land	0.7500	Proposed development – residential	60 years (7.6.2049)	273,000	2001
Lot 1983, Lot 1984 (GM1246, GM1247) Mukim Lumut, Daerah Manjung	Vacant Land	3.4199	Agricultural land	Freehold land	281,000	2004 *
Bal Lot 6154 & 6555 & Lot 6518 Mkm Lumut (Old Lot No. 1557 & 1932) PT2789-PT2790	Planted with palm oil and approved for development	50.0042	Proposed mixed development – commercial and residential	Freehold	25,938,000	2004 *

* Year of Acquisition

LIST OF PROPERTIES (cont'd)

Location	Description Property	Remaining Land Area @ 31.12.07 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.07 (RM)	Year of Acquisition/ Last Revaluation
PT6706-6724, Daerah Manjung	Vacant Land	0.7019	For Investment	Leasehold land	650,000	2001
Lot 140, Town of Lumut	Vacant Land	0.6875	Proposed mixed development	Freehold	164,000	2005 *
Lot 732, 733, all in Mukim of Sitiawan	Vacant Land	0.0166	Proposed mixed development	Freehold	89,000	2005 *
GM 2017 Lot 263 Town of Sitiawan	Vacant Land and approved for development	1.0000	Proposed development – commercial	Freehold	853,000	2001
Lot 31776-31780 PT47587-47591 Mukim Sitiawan (Old Lot No. 15173-15177)	Vacant Land and approved for development	0.1977	Proposed mixed development – commercial and residential	99 years Leasehold land (5.5.2088)	163,000	2001
Balance Lot 4818 Mukim Lumut (PT6677, 6678, 4118-4133, 4510-4592, 4673-4778, 4840-4853, PN84692, PN84694)	Vacant Land and approved for development	2.0786	Taman Samudera, Phase 10 & 11 – commercial and residential	99 years (27.3.2093 [PT 6677 & 6678] and 19.5.2091 [the rest])	2,794,000	2001
Geran 7270-7273 Lot 14851-14854 Mukim Sitiawan	Vacant Land and approved for development	23.8745	Taman Limbungan, Kg. Aceh, Sitiawan – commercial and residential	Freehold	5,907,000	2001
Geran 7274 Lot 14855 Mukim Sitiawan (Old Lot No. 34043) (Lot 31656)						
Geran 7276 Lot 14857 Mukim Sitiawan (Old Lot No. 34045) (Lot 21658)						
GM 375 & 376 Lot 6493 & 6494 Mukim Lumut (Old EMR No. 2424 Lot 4275)	Vacant Land and approved for development	1.5976	Proposed development – commercial	Freehold	1,007,000	2001
EMR 9488 Lot 9187 Mukim Sitiawan	Vacant Land and approved for development	1.4364	Proposed mixed development – commercial and residential	Freehold	759,000	2001
HS (M) 1528 PT1728 Mukim Sitiawan	Vacant Land and approved for development	1.2150	Proposed mixed development – commercial and residential	Freehold		

* Year of Acquisition

LIST OF PROPERTIES (cont'd)

Location	Description Property	Remaining Land Area @ 31.12.07 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.07 (RM)	Year of Acquisition/ Last Revaluation
Lot 985 EMR 1017 Mukim Sitiawan (1/2 share)	Vacant Land and approved for development	1.4538	Taman Merah, Sitiawan – residential	Freehold	467,000	2001
Geran 7595 Lot 16060 Mukim Sitiawan	Vacant Land and approved for development	1.8475	Proposed mixed development – commercial and residential	Freehold	2,611,000	2001
PT22973-22975 Bandar Baru Sri Manjung	Vacant Land and approved for development	0.3810	Commercial Land, Jalan Lumut, Sri Manjung – commercial	99 years (25.2.2101)	675,000	2001
- Commercial Complex						
- Shops unit						
Lot 246 Village of Pekan Gurney	Vacant Land and approved for development	2.9000	Taman Delima, Ayer Tawar – residential	Freehold	439,000	2001
Lot 4818 Mukim Lumut HS (D) Dgs 3618-3663 (Lot 10685)-Hawker Center	Vacant Land and approved for development	2.2692	Taman Samudera, Sri Manjung – commercial and residential	99 years (29.9.2094)	3,514,000	2001
Geran 18770 Lot 3335 Mukim Pengkalan Bharu	Vacant Land and approved for development	18.2026	Taman Bintang, Pantai Remis – commercial and residential	Freehold	2,552,000	2001
Geran 9851 Lot 379 Town of Lumut	Vacant Land and approved for development	1.7468	Lumut Ria Condominium, Lumut – residential	Freehold	3,839,000	2001
Geran 7590 Lot 16055 Mukim Sitiawan (Vacant shop's lot land)	Vacant Land and approved for development	0.5264	Taman Sejati, Sitiawan – commercial	Freehold	328,000	2001
Lot 6555 – PT 2786 Mukim of Lumut	Vacant Land and approved for development	0.6458	Taman Desa, Manjung Point – residential	Freehold	226,000	1993 *
Lot 5,6,182,524,1145-1147 (Trong)	Vacant Land and approved for development	0.4421	Taman Seri Trong Perak, Taiping – commercial	Freehold	252,000	1996 *
Lot 15541, Geran 7305, Mukim of Sitiawan	Vacant Land	4.0395	Proposed mixed development	Freehold	1,296,000	2003 *
Geran 21668 Lot 6274 Mukim Beruas	Planted with palm oil and not approved for development	75.0000	Proposed mixed development – commercial and residential	Freehold	2,750,000	1989 *
Lot 14785-14788 (old lot 26789-26793), Mukim Sitiawan	Vacant Land and approved for development	3.1350	Proposed mixed development – commercial and residential	Freehold	4,006,000	2001

* Year of Acquisition

LIST OF PROPERTIES (cont'd)

Location	Description Property	Remaining Land Area @ 31.12.07 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.07 (RM)	Year of Acquisition/ Last Revaluation
Lot 17768, PT4860 and Lot 17769, PT4861 & PT4862 Mukim Lumut (6.1 acres land)	Vacant Land and approved for development	5.0783	Proposed mixed development – commercial and residential	99 years (29.04.2101)	4,779,000	2001
Lot 803, EMR1616, Mukim Sitiawan, Daerah Manjung	Vacant Land	2.9749	Proposed mixed development	Freehold	1,095,000	2004 *
Lot 716, Village of Simpang Empat, Mukim Sitiawan, Daerah Manjung	Vacant Land	0.0231	Proposed mixed development	Freehold	163,000	2005 *
Lot 717, Village of Simpang Empat, Mukim Sitiawan, Daerah Manjung	Vacant Land	0.0214	Proposed mixed development	Freehold	155,000	2005 *
Lot 721, Village of Simpang Empat, Mukim Sitiawan, Daerah Manjung	Vacant Land	0.0148	Proposed mixed development	Freehold	129,000	2005 *
Lot 722, undivided 1/3 land under HSM 86/68, Mukim Sitiawan	Vacant Land	0.0255	Proposed mixed development	Freehold	91,000	2005 *
Lot 188, Mukim Lumut, Daerah Manjung	Vacant Land	4.5000	Proposed mixed development	Freehold	1,915,000	2005 *
Lot 5614 (GRN61063) and Lot 5615 (GRN61064), Mukim Batang Padang	Vacant Land approved for development	14.7438	Proposed mixed development	Freehold	622,000	2005 *
PT2783-PT2784, Mukim Lumut	Vacant Land approved for development	16.5300	Proposed mixed development	Freehold	3,045,000	2006 *
Lot 15661, Mukim Sitiawan	Vacant Land and approved for development	3.1087	Proposed mixed development	Freehold	1,232,000	2006 *
Lot 6509, Mukim Sitiawan	Vacant land approved for development	7.7640	Proposed mixed development	Freehold	3,094,000	2007 *
Lot 15232 HSD 90325, Mukim Batu, Negeri Wilayah Persekutuan, Daerah Kuala Lumpur	Vacant land for development	4.2880	Proposed mixed development	Freehold	24,015,000	2007 *
Lot 448 (New lot 13707, Mukim Batu, Daerah Kuala Lumpur	Vacant land for development	6.4870	Proposed mixed development	Freehold	23,001,000	2007 *
Lot 3719, HSD 83603, Wilayah Persekutuan, Daerah Kuala Lumpur	Vacant land for development	2.9800	Proposed mixed development	Freehold	12,180,000	2007 *
Lot 41023, 41024, 41025, 41026 Mukim Lumut, Daerah Manjung	Vacant land for development	48.6197	Proposed mixed development	Freehold	23,166,000	2007 *
Lot 299, Seksyen 98, Daerah Kuala Lumpur	Vacant land for development	0.7047	Proposed mixed development	Freehold	4,600,000	2007 *

* Year of Acquisition

LIST OF PROPERTIES (cont'd)

Location	Description Property	Remaining Land Area @ 31.12.07 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.07 (RM)	Year of Acquisition/ Last Revaluation
HSD 79518 & other Mukim Kuala Lumpur	Vacant land approved for development	6.00	Proposed mixed development	Leasehold land	23,000,000	2007 *
Lot PT6676, 9445 and Lot 9240 to Lot 9248, Mukim of Lumut	2 adjoining parcels of commercial land	1.4394	Hotel – commercial	Freehold	20,171,000	2001
DEVELOPMENT PROPERTIES						
Lot 1077, Geran 11310, Section 57, Kuala Lumpur	Vacant Land and approved for development	3.0033	Officer tower	Freehold	68,780,000	2004 *
Lot 11369, Mukim Sitiawan	Development properties	0.1170	Mixed development	Freehold	64,000	2005 *
Lot 374, Mukim Pengkalan Baru	Development properties	0.1929	Mixed development	Freehold	284,000	2004 *
Lot 4818 (PT4511-4571) Cosmos portion & 16 house, Mukim Lumut	Development properties	1.8380	Mixed development	Freehold	2,385,000	2001
Lot 4818 - Balance of Phase 9 (Shop unit) Mukim Lumut (PT6398-PT6411, PT6412-PT6421)	Development properties	0.8434	Mixed development	99 years (19.5.2091)	185,000	2001
Geran 7444, Lot 15680, Mukim Sitiawan (Balance of land)	Development properties	0.6771	Taman Aman Muhibbah III, Sitiawan, residential	Freehold	200,000	2001
Lot 4818 (Balance of commercial) (Plot 1, 22 dsth, and balance of land)	Development properties	0.9100	Taman Samudera, residential	Freehold	73,000	2003 *
Lot 9917 (Old PT2810, PT2811, PT2827-2831, 2824-2826)	Development properties	0.6100	Proposed mixed development – commercial and residential	Freehold	96,000	2001
PT2812-2814 (residential - behind Giant 50 units)	Development properties	0.6460	Mixed development	Freehold	496,000	2001
Lot 4818 (behind office land - 24 shops land)	Development properties	2.8476	Mixed development	Freehold	3,642,000	2001
Lot 4818 (behind office land - 34 units 2 1/1 house)	Development properties		Mixed development			
Lot 4818 (behind office land - LVSB car park & 2 vacant land)	Development properties		Mixed development			
Lot 1889, GM1129, Mukim Batu, Sungai Teba, Daerah Kuala Lumpur	Development properties	3.0616	Proposed two blocks of condominium with clubhouse and car park facilities	Freehold	10,300,000	2002 *
Lot 163, Geran 28007, Seksyen 57, Daerah Kuala Lumpur	Development properties	1.0400	Proposed hotel suites cum business suites with office floors	Freehold	20,101,000	2002 *

* Year of Acquisition

LIST OF PROPERTIES (cont'd)

Location	Description Property	Remaining Land Area @ 31.12.07 (acres)	Existing use/ Proposed Usage	Tenure (years)	NBV @ 31.12.07 (RM)	Year of Acquisition/ Last Revaluation
CT 21241 Lot 10466 Mukim Sitiawan	Development properties	0.0320	Taman Desa Bintang II Sitiawan – commercial	Freehold	119,000	2002 *
HSD 15538, PT5018, Bandar Teluk Intan, Perak	Development properties	0.1289	Proposed development of commercial units	Leasehold (24.09.2100)	552,000	2003 *
Lot 44, Mukim of Sitiawan	Development properties	0.3650	Commercial development	Freehold	1,462,000	2005 *
EMR 523 Lot 600 Mukim Pengkalan Bharu	Development properties	2.1875	Taman Embun – commercial and residential	Freehold	307,000	2001
Lot 1988, Mukim Sitiawan, Daerah Manjung	Development properties	0.0321	Commercial development	99 years (27.01.2103)	39,000	2004 *
PT2800, PT2801, PT2802 (Lot 9907, 9908, 9909), Mukim Lumut	Development properties	37.7900	Mixed development	Freehold	6,719,000	2001
Geran 7593 Lot 16058 Mukim Sitiawan	Development properties	8.5744	Mixed development	Freehold	970,000	1999 *
Geran 7582 Lot 16047 Mukim Sitiawan	Development properties	9.2660	Taman Sejati IV, Sitiawan – commercial and residential	Freehold	1,473,000	2001
Lot 20144-Lot 20149, Mukim Sitiawan, Daerah Manjung	Development properties	5.1598	Mixed development	Freehold	2,204,000	2004 *
Lot 10231, Mukim Sitiawan	Development properties	9.7937	Mixed development	Freehold	2,633,000	2006 *
CT 21662 Lot 11430 Mukim Sitiawan	Development properties	2.5000	Mixed development	Freehold	636,000	2001
Geran 7372 Lot 15608 Mukim Sitiawan (Title surrendered to PTG for sub-division)	Development properties	3.1956	Taman Sejati II, Sitiawan – commercial and residential	Freehold	822,000	2001
Lot 26805 part of Geran 7255 Lot 14836 Mukim Sitiawan (agreement specifically exclude Lot 26821 being the balance of Lot 14836)	Development properties	3.7369	Taman Pelabuhan, Kg Acheh, Sitiawan – commercial and residential	Freehold	397,000	2001
Geran Mukim 665 Lot 3500 Mukim Sungai Tinggi (1 acre used by school-price adjusted)	Development properties	4.7640	Mixed development	Freehold	225,000	2001
Lot 2572 Mukim Sitiawan	Development properties	2.6438	Mixed development	Freehold	760,000	2006 *
Lot 4818 - Tangki - 14 house land - PT 10353 - 10361, 10288 - 10292	Development properties	0.4400	Taman Samudera – residential	Freehold	74,000	2001
GRAND TOTAL		954.0555			432,053,000	

* Year of Acquisition

STATEMENT OF SHAREHOLDINGS as at 15 May 2008

Authorised Capital	:	RM500,000,000.00
Issued and Fully Paid-up Capital	:	RM375,980,729.00 (Excluding 19,731,000 Treasury Shares)
Class of Shares	:	Ordinary shares of RM1.00 each fully paid
Voting Rights	:	One vote per RM1.00 share

BREAKDOWN OF SHAREHOLDINGS

Range of Shareholdings	No. of Holders	% of Holders	No. of RM1.00 Shares	% of Issued Capital
Less than 100	5,603	47.31	219,666	0.06
100 – 1,000	3,796	32.05	1,352,439	0.36
1,001 – 10,000	1,685	14.23	7,112,705	1.89
10,001 – 100,000	502	4.24	16,302,589	4.34
100,001 – 18,799,035 (*)	256	2.16	321,500,037	85.51
18,779,036 and above (**)	1	0.01	29,493,293	7.84
TOTAL	11,843	100.00	375,980,729	100.00

Note: * - Less than 5% of issued holdings
 ** - 5% and above of issued holdings

SUBSTANTIAL SHAREHOLDERS AS AT 15 MAY 2008

According to the Register of Substantial Shareholders required to be kept under Section 69L of the Companies Act, 1965, the following are the substantial shareholders of the Company:

Name of Substantial Shareholder	Direct Interest		Indirect Interest		Total Interest	
	(A)	%	(B)	%	(A+B)	%
Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS	30,965,441	8.24	48,359,753	12.86	79,325,194	21.10
Yu Kuan Huat, PMP, AMP, PPT	32,606,293	8.67	42,918,901	11.42	75,525,194	20.09
Yu Kuan Seng	2	0.00	75,525,194	20.09	75,525,196	20.09
Employees Provident Fund Board	20,778,302	5.53	-	-	20,778,302	5.53

STATEMENT OF SHAREHOLDINGS as at 15 May 2008

(cont'd)

DIRECTORS' INTEREST AS AT 15 MAY 2008

According to the Register of Directors' Shareholdings required to be kept under Section 134 of the Companies Act, 1965 the Directors' interests in the ordinary share capital of RM1 each of the Company and its subsidiary companies are as follows:

Shares in the Company

Name of Director	Direct Interest		Deemed Interest		Total Interest (A+B)	
	(A)	%	(B)	%		%
Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS	30,965,441	8.24	48,359,753	12.86	79,325,194	21.10
Yu Kuan Huat, PMP, AMP, PPT	32,606,293	8.67	42,918,901	11.42	75,525,194	20.09
Dato' Robert Lim @ Lim Git Hooi, DPMP, JP	245,000	0.07	-	-	245,000	0.07
Ching Nye Mi @ Chieng Ngie Chay	545,000	0.15	501,100	0.13	1,046,100	0.28
Ding Ming Hea	478,000	0.13	-	-	478,000	0.13

Options over Ordinary Shares of RM1.00 each at a price of RM1.06 each

Options in the Company Name of Director	Granted		Exercised		Balance	
		%		%		%
Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS	2,100,000	7.49	1,680,000	5.99	420,000	1.50
Yu Kuan Huat, PMP, AMP, PPT	2,100,000	7.49	1,680,000	5.99	420,000	1.50
Dato' Robert Lim @ Lim Git Hooi, DPMP, JP	500,000	1.78	400,000	1.43	100,000	0.35
Ching Nye Mi @ Chieng Ngie Chay	500,000	1.78	400,000	1.43	100,000	0.35

By virtue of their interests in the Company, Dato' Dr. Yu Kuan Chon, DIMP, PPT, MBBS and Yu Kuan Huat, PMP, AMP, PPT are deemed to be interested in shares in the subsidiary companies to the extent that the Company has an interest.

None of the other Directors had any interest in shares in the Company's related corporations.

STATEMENT OF SHAREHOLDINGS as at 15 May 2008
 (cont'd)

THIRTY LARGEST REGISTERED HOLDERS AS AT 15 MAY 2008

	Name of Holder	Holdings	% of Issued Capital
1.	Yu Kuan Huat	29,493,293	7.84
2.	Lembaga Tabung Haji	16,171,800	4.30
3.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for American International Assurance Company Limited	15,789,000	4.20
4.	Yu Kuan Chon	15,568,922	4.14
5.	Yu Kuan Chon	13,221,400	3.52
6.	Amanah Raya Nominees (Tempatan) Sdn Bhd Amanah Saham Wawasan 2020	11,257,800	2.99
7.	HSBC Nominees (Tempatan) Sdn Bhd Nomura Asset Management Malaysia For Employees Provident Fund	10,984,900	2.92
8.	HSBC Nominees (Asing) Sdn Bhd BNY Brussels For Asian Dragon Fund (Blackrock GBL F)	8,517,400	2.27
9.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for BNP Paribas Securities Services (Convert in USD)	8,000,000	2.13
10.	Citigroup Nominees (Tempatan) Sdn Bhd ING Insurance Berhad (INV-IL PAR)	6,303,900	1.68
11.	Teh Nai Sim	5,683,608	1.51
12.	Cartaban Nominees (Asing) Sdn Bhd State Street Australia Fund UAJB for Unifund (HTSG AS Trustee)	5,175,300	1.38
13.	Cartaban Nominees (Asing) Sdn Bhd State Street London Fund 2FBM for Amadeus Asian Real Estate Securities Fund	5,000,000	1.33
14.	Permodalan Nasional Berhad	4,996,100	1.33
15.	Ling Mooi Hung	4,924,708	1.31
16.	Citigroup Nominees (Asing) Sdn Bhd Goldman Sachs International	4,312,822	1.15
17.	Cartaban Nominees (Asing) Sdn Bhd State Street Australia Fund SCQQ for ING Asia Pacific High Dividend Fund	4,200,000	1.12
18.	Mayban Nominees (Tempatan) Sdn Bhd Avenue Invest Berhad for Kumpulan Wang Amanah Pencen	4,099,939	1.09
19.	Cartaban Nominees (Asing) Sdn Bhd State Street London Fund XCB9 for Aberdeen Asian Small Companies Investment Trust PLC	4,000,000	1.06
20.	Chan Sow Keng	3,800,000	1.01
21.	HSBC Nominees (Asing) Sdn Bhd Morgan Stanley & Co. International PLC (Firm A/C)	3,755,839	1.00
22.	TM Asia Life Malaysia Bhd As Beneficial Owner (PF)	3,700,000	0.98
23.	Amanah Raya Nominees (Tempatan) Sdn Bhd Sekim Amanah Saham Nasional	3,616,000	0.96
24.	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund C021 for College Retirement Equities Fund	3,600,400	0.95
25.	HDM Nominees (Asing) Sdn Bhd DBS Vickers Secs (S) Pte Ltd for TM Asia Life Singapore LTD-PAR Fund	3,500,000	0.93
26.	RHB Nominees (Tempatan) Sdn Bhd RHB Investment Management Sdn Bhd for Kumpulan Wang Simpanan Pekerja	3,372,000	0.90
27.	Employees Provident Fund Board	3,353,600	0.89
28.	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Yu Kuan Huat	3,113,000	0.83
29.	Zafri Bin Zainudin	2,807,700	0.75
30.	Ding Chee Ling	2,804,200	0.75
	TOTAL	215,123,631	57.22

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PROXY FORM

I/We, _____
of _____
being a member of YNH Property Bhd hereby appoint +the Chairman of the Meeting _____ of
_____ or failing him, _____ of
_____ as my/our proxy, to vote for me/us and on my/our
behalf at the Sixth Annual General Meeting of the Company to be held on Friday, 27 June 2008 and at any adjournment
thereof in the manner indicated below in respect of the following Resolutions:

Ordinary Business	For	Against
1. The declaration of a Final Dividend		
2. The payment of Directors' fees		
3. The re-election of Directors: Dato' Dr Yu Kuan Chon, DIMP, PPT, MBBS Ding Ming Hea		
4. The appointment of Auditors and their remuneration		
Special Business		
5. Ordinary Resolution No. 1 - Authority to Allot and Issue Shares in General Pursuant to Section 132D of the Companies Act, 1965		
6. Ordinary Resolution No. 2 - Authority to Allot and Issue Shares Pursuant to the Employees' Share Option Scheme		
7. Ordinary Resolution No. 3 - Proposed Renewal of Share Buy Back Authority		
8. Ordinary Resolution No. 4 - Proposed Renewal of Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature		

Please indicate with (✓) how you wish your vote to be cast.

No. of shares held	
CDS Account No.	

Date:

.....
Signature of Shareholder

NOTES:

A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote instead of him. A proxy may but need not be a member of the Company. The instrument appointing a proxy must be deposited at the registered office of the Company, 55, Medan Ipoh 1A, Medan Ipoh Bistari, 31400 Ipoh, Perak Darul Ridzuan, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting.

+ If it is desired to appoint another person as a proxy, the words "the Chairman of the Meeting" should be deleted and the name of the proxy should be inserted in block capitals, and the alteration should be initialled.

Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

If this Form is signed and returned without any indication as to how the person appointed proxy shall vote, he will exercise his discretion as to how he votes or whether he abstains from voting.

In the case of a corporation, the proxy must be executed under its Common Seal, or under the hand of a duly authorised officer.



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The Secretary
YNH PROPERTY BHD (561986-V)
55, MEDAN IPOH 1A
MEDAN IPOH BISTARI
31400 IPOH, PERAK DARUL RIDZUAN
MALAYSIA

fold



YNH PROPERTY BHD

(Company No.: 561986-V)

(Incorporated in Malaysia)

No. 2272, Jalan Dato' Yu Neh Huat, Taman Samudera, 32040 Sri Manjung, Perak Darul Ridzuan, Malaysia.
Tel: 6-05-688 1128 Fax: 6-05-688 1388 Email: karsin@streamyx.com
Website: www.ynhb.com.my