

5. INFORMATION ON THE PKHB GROUP (Cont'd)

The substantial shareholders of PKJ (Selayang) and its shareholdings are set out below:-

Name	Direct		Indirect	
	No. of shares	%	No. of shares	%
PKJ	100,000	20.00	-	-
PKJ (SS2)	90,000	18.00	100,000 ^(a)	20.00
Precious	70,000	14.00	240,000 ^(b)	48.00
PKJ (T. Mall)	50,000	10.00	50,000 ^(c)	10.00
PKJ (Mahuri)	50,000	10.00	-	-
PKJ (Jaya)	50,000	10.00	-	-
PKHB	75,000	15.00	410,000 ^(d)	82.00
Dato' Choon Yee Song	-	-	485,000 ^(e)	97.00
Cheong Teck Chong	-	-	485,000 ^(e)	97.00

Notes:-

- (a) Deemed interested by virtue of its direct interests of 15% or more in PKJ (T.Mall) and PKJ (Mahuri).
- (b) Deemed interested by virtue of its direct and indirect interests of 15% or more in PKJ (SS 2), PKJ (Jaya), PKJ (T. Mall) and PKJ (Mahuri).
- (c) Deemed interested by virtue of its direct interest of 15% or more in PKJ (Mahuri).
- (d) Deemed interested by virtue of its direct and indirect interests of 15% or more in Precious, PKJ, PKJ (SS 2), PKJ (Jaya), PKJ (T. Mall) and PKJ (Mahuri).
- (e) Deemed interested by virtue of his indirect interests of 15% or more in PKHB.
- (f) Deemed interested by virtue of Sections 6A and 122A of the Act.

(v) **Employees**

As at 19 January 2004, PKJ (Selayang) has a total of 8 employees.

5.6.35 PKJ (SS2)

(i) **History and Business**

PKJ (SS2) was incorporated in Malaysia under the name of Precious Jewellery (Sungei Way/Subang 2) Sdn Bhd on 18 November 1982. On 6 October 1993, the Company's name was changed from Precious Jewellery (Sungei Way/Subang 2) Sdn Bhd to its present name. The principal activity of PKJ (SS2) is suppliers and retailers of jewellerys, precious stones and gold ornaments.

(ii) **Share Capital**

	No. of Ordinary Shares	Par Value RM	Amount RM
Authorised	1,000,000	1.00	1,000,000
Issued and Paid-up	691,609	1.00	691,609

5. INFORMATION ON THE PKHB GROUP (Cont'd)

The changes in the issued and paid-up share capital of PKJ (SS2) since its incorporation are as follows:-

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Cumulative Issued and Paid-Up Share Capital RM
18-11-1982	2	1.00	Cash	2
21-12-1982	263,498	1.00	Cash	263,500
21-12-1982	36,500	1.00	Cash	300,000
15-01-1985	150,000	1.00	Cash	450,000
05-05-1987	150,000	1.00	Cash	600,000
23-04-2003	91,609	1.00	Cash	691,609

(iii) Subsidiary, Associated and Investment Companies

The subsidiary, associated and investment companies of PKJ (SS2) are as follows:-

Name of Companies	Effective Equity Interest (%)	Issued and paid-up share capital	Principal activities
Subsidiaries			
PKJ (T. Mall)	61.82	250,000	(1)
PKJ (B. Pahat)	98.00	1,000,000	(1)
PKJ (G. Wall)	55.00	500,000	(1)
PKJ (J.T. Malacca)	73.78	1,700,000	(1)
PKJ (Maluri)	55.12	500,000	(1)
PKJ (Puchong)	55.57	1,800,000	(1)
Jungmax	41.25	180,000	(2) and (3)
PKJ (Muar)	70.83	500,000	(1)
PKJ (O. Klang)	41.25	300,000	(1)
PKJ (O.S. Klang)	42.31	500,000	(1) and (3)
PKJ (Summit)	52.36	500,000	(1)
PKJ (T. Mines)	52.36	500,000	(1)
Associated			
PKJ (Ampang)	23.94	1,000,000	(1)
PKJ (Banting)	26.15	1,450,000	(1)
PKJ (G. Seremban)	24.00	2,500,000	(1)
PKJ (K. City)	39.36	1,800,000	(1)
PKJ (O. Ipoh)	42.88	1,000,000	(1)
PKJ (S. Parade)	20.00	500,000	(1)
PKJ (O. Johor Bahru)	36.82	1,750,000	(1)
PKJ (Malacca)	25.85	500,000	(1)

5. INFORMATION ON THE PKHB GROUP (Cont'd)

Name of Companies	Effective Equity Interest (%)	Issued and paid-up share capital	Principal activities
PKJ (O. Kuantan)	28.60	500,000	(1)
PKJ (O. Kajang)	34.63	500,000	(1)
PKJ (O. Malacca)	24.81	500,000	(1)
PKJ (Selayang)	29.69	500,000	(1)
PKJ (S. Parade)	23.50	500,000	(1)
PKJ (T1, Seremban)	22.56	500,000	(1) and (3)
PKJ (W. Maju)	43.67	500,000	(1)
PK Properties	21.68	2,000,000	(2)
Investments			
Lian Sin Tang Sdn. Bhd.	14.29	1,050,000	(4)

Notes:-

(1) Suppliers and retailers of jewellerys, precious stones and gold ornaments.

(2) Property investment.

(3) Temporarily ceased operations.

(4) Pawn brokerage business.

(iv) Directors and Substantial Shareholders

The Directors of PKJ (SS2) and their respective shareholdings are set out below:-

Name	<----- Direct ----->		<----- Indirect ----->	
	No. of shares	%	No. of shares	%
Dato' Choon Yee Seiong	-	-	691,609 ^(b)	100.00
Cheong Teck Chong	-	-	691,609 ^(b)	100.00
Choon Nee Siew (f)	-	-	691,609 ^(c)	100.00
Chang Kwong Him	-	-	-	-
Datin Hon Wee Fong (f)	-	-	691,609 ^(c)	100.00
Choon Yoke Ying (f)	-	-	691,609 ^(c)	100.00
Choon Wan Joo (f)	-	-	691,609 ^(c)	100.00
Fazrin Azwar Bin Md. Nor	-	-	-	-

5. INFORMATION ON THE PKHB GROUP (Cont'd)

The substantial shareholders of PKJ (SS2) and its shareholdings are set out below :-

Name	Direct		Indirect	
	No. of shares	%	No. of shares	%
Precious	332,000	48.00	-	-
PKHB	359,609	52.00	332,000 ^(a)	48.00
Dato' Choon Yee Seiong	-	-	691,609 ^(b)	100.00
Cheong Teck Chong	-	-	691,609 ^(b)	100.00

Notes:-

- (a) Deemed interested by virtue of its 100% direct interest in Precious.
 (b) Deemed interested by virtue of his indirect interest of 15% or more in PKHB.
 (c) Deemed interested by virtue of Sections 6A and 122A of the Act.

(v) Employees

As at 19 January 2004, PKJ (SS2) has a total of 38 employees.

5.6.36 PKJ (S. Parade)

(i) History and Business

PKJ (S. Parade) was incorporated in Malaysia under the name of Precious Jewellery (Subang Parade) Sdn Bhd on 9 July 1991 under the Act as a private limited company. On 8 September 1993, the Company's name was changed from Precious Jewellery (Subang Parade) Sdn Bhd to its present name. The principal activity of PKJ (S. Parade) is suppliers and retailers of gold ornaments, jewellery and precious stones.

(ii) Share Capital

	No. of Ordinary Shares	Par Value RM	Amount RM
Authorised	500,000	1.00	500,000
Issued and Paid-up	500,000	1.00	500,000

The changes in the issued and paid-up share capital of PKJ (S. Parade) since its incorporation are as follows:-

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Cumulative Issued and Paid-Up Share Capital RM
09-07-1991	2	1.00	Cash	2
30-08-1991	499,998	1.00	Cash	500,000

5. INFORMATION ON THE PKHB GROUP (Cont'd)

(iii) Subsidiary, Associated and Investment Companies

The investment companies of PKJ (S. Parade) are as follows:-

Name of Companies	Effective Equity Interest (%)	Issued and paid-up share capital	Principal activities
Investments			
PKJ (G. Seremban)	8.00	2,500,000	(1)
PKJ (O. Johor Bahru)	16.00	1,750,000	(1)
PKJ (J. T. Malacca)	1.47	1,700,000	(1)
PKJ (Puchong)	11.11	1,800,000	(1)

Note:-

(1) Suppliers and retailers of jewellerys, precious stones and gold ornaments

As at the date of this Prospectus, PKJ (S. Parade) does not have any subsidiary or associated companies.

(iv) Directors and Substantial Shareholders

The Directors of PKJ (S. Parade) and their respective shareholdings are set out below:-

Name	Direct		Indirect	
	No. of shares	%	No. of shares	%
Dato' Choon Yee Seiong	-	-	500,000 ^(c)	100.00
Cheong Teck Chong	-	-	500,000 ^(c)	100.00
Choon Nee Siew (f)	-	-	500,000 ^(d)	100.00
Choon Yee Bin	-	-	500,000 ^(d)	100.00
Tan Guat Yong (f)	-	-	-	-

The substantial shareholders of PKJ (S. Parade) and its shareholdings are set out below:-

Name	Direct		Indirect	
	No. of shares	%	No. of shares	%
PKJ (SS2)	100,000	20.00	-	-
Precious	90,000	18.00	160,000 ^(a)	32.00
PKHB	235,000	47.00	265,000 ^(b)	53.00
Dato' Choon Yee Seiong	-	-	500,000 ^(c)	100.00
Cheong Teck Chong	-	-	500,000 ^(c)	100.00

5. INFORMATION ON THE PKHB GROUP (Cont'd)

Note:

- (a) Deemed interested by virtue of its direct and indirect interests of 15% or more in PKJ (SS 2), PKJ (Jaya), PKJ (T.Mall), PKJ (Maluri) and PKJ (Banting).
- (b) Deemed interested by virtue of its direct and indirect interests of 15% or more in Precious, PKJ (SS 2), PKJ, PKJ (Jaya), PKJ (T.Mall), PKJ (Maluri) and PKJ (Banting).
- (c) Deemed interested by virtue of his indirect interests of 15% or more in PKHB.
- (d) Deemed interested by virtue of Sections 6A and 122A of the Act.

(v) Employees

As at 19 January 2004, PKJ (S. Parade) has a total of 44 employees.

5.6.37 PKJ (Summit)**(i) History and Business**

PKJ (Summit) was incorporated in Malaysia under the name Poh Kong Jewellers (Sungai Besi) Sdn Bhd on 22 November 1996 under the Act as a private limited company. On 16 October 1996, the Company's name was changed from Poh Kong Jewellers (Sungai Besi) Sdn Bhd to its present name. The principal activity of PKJ (Summit) is suppliers and retailers of gold ornaments, jewellery and precious stones.

(ii) Share Capital

	No. of Ordinary Shares	Par Value RM	Amount RM
Authorised	500,000	1.00	500,000
Issued and Paid-up	500,000	1.00	500,000

The changes in the issued and paid-up share capital of PKJ (Summit) since its incorporation are as follows:-

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Cumulative Issued and Paid-Up Share Capital RM
22-11-1996	2	1.00	Cash	2
31-07-1997	499,998	1.00	Cash	500,000

(iii) Subsidiary, Associated and Investment Companies

As at the date of this Prospectus, PKJ (Summit) does not have any subsidiary, associated or investment companies.

5. INFORMATION ON THE PKHB GROUP (Cont'd)

(iv) Directors and Substantial Shareholders

The Directors of PKJ (Summit) and their respective shareholdings are set out below:-

Name	Direct		Indirect	
	No. of shares	%	No. of shares	%
Choon Yoke Ying (f)	-	-	475,000 ^(d)	95.00
Choon Wan Joo (f)	-	-	475,000 ^(d)	95.00
Datin Hon Wee Fong (f)	-	-	475,000 ^(d)	95.00
Siow Der Ming	-	-	-	-
Lim Ka Hua	25,000	5.00	-	-

The substantial shareholders of PKJ (Summit) and its shareholdings are set out below:-

Name	Direct		Indirect	
	No. of shares	%	No. of shares	%
PKJ (Maluri)	474,998	95.00	-	-
Lim Ka Hua	25,000	5.00	-	-
PKHB	2	*	475,000 ^(a)	95.00
Dato' Choon Yee Seiong	-	-	475,000 ^(b)	95.00
Cheong Teck Chong	-	-	475,000 ^(b)	95.00
Precious	-	-	474,998 ^(c)	95.00
PKJ (SS2)	-	-	474,998 ^(c)	95.00
PKJ (T. Mall)	-	-	474,998 ^(c)	95.00

Notes:-

- (a) Deemed interested by virtue of its indirect interests of 15% or more in PKJ (Maluri).
- (b) Deemed interested by virtue of his indirect interests of 15% or more in PKHB.
- (c) Deemed interested by virtue of its indirect interests of 15% or more in PKJ (Maluri).
- (d) Deemed interested by virtue of Sections 6A and 122A of the Act.
- * Negligible

(v) Employees

As at 19 January 2004, PKJ (Summit) has a total of 10 employees.

5.6.38 PKJ (T1, Seremban)

(i) History and Business

PKJ (T1, Seremban) was incorporated in Malaysia on 6 September 1996 under the Act as a private limited company. The Company has temporary ceased operations.

5. INFORMATION ON THE PKHB GROUP (Cont'd)

(ii) Share Capital

	No. of Ordinary Shares	Par Value RM	Amount RM
Authorised	500,000	1.00	500,000
Issued and Paid-up	500,000	1.00	500,000

The changes in the issued and paid-up share capital of PKJ (T1, Seremban) since its incorporation are as follows:-

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Cumulative Issued and Paid-Up Share Capital RM
06-09-1996	2	1.00	Cash	2
12-06-1997	499,998	1.00	Cash	500,000

(iii) Subsidiary, Associated and Investment Companies

As at the date of this Prospectus, PKJ (T1, Seremban) does not have any subsidiary, associated or investment companies.

(iv) Directors and Substantial Shareholders

The Directors of PKJ (T1, Seremban) and their respective shareholdings are set out below:-

Name	<----- Direct ----->		<----- Indirect ----->	
	No. of shares	%	No. of shares	%
Choon Yoke Ying (f)	-	-	470,000 ^(d)	94.00
Datin Hon Wee Fong (f)	-	-	470,000 ^(d)	94.00

5. INFORMATION ON THE PKHB GROUP (Cont'd)

The substantial shareholders of PKJ (T1, Seremban) and its shareholdings are set out below:-

Name	<----- Direct ----->		<----- Indirect ----->	
	No. of shares	%	No. of shares	%
PKJ (G. Seremban)	469,998	94.00	-	-
Wong Kim Chui (f)	30,000	6.00	-	-
PKHB	2	*	469,998 ^(a)	94.00
Dato' Choon Yee Seiong	-	-	470,000 ^(b)	94.00
Cheong Teck Chong	-	-	470,000 ^(b)	94.00
Precious	-	-	469,998 ^(c)	94.00
PKJ (SS2)	-	-	469,998 ^(c)	94.00
PKJ	-	-	469,998 ^(c)	94.00
PKJ (W. Maju)	-	-	469,998 ^(c)	94.00
PKJ (T. Mall)	-	-	469,998 ^(c)	94.00

Notes:-

(a) Deemed interested by virtue of its indirect interests of 15% or more in PKJ (G. Seremban).

(b) Deemed interested by virtue of his indirect interests of 15% or more in PKHB.

(c) Deemed interested by virtue of its indirect interests of 15% or more in PKJ (G. Seremban).

(d) Deemed interested by virtue of Sections 6A and 122A of the Act.

* Negligible

(v) Employees

Nil.

5.6.39 PKJ (T. Mall)

(i) History and Business

PKJ (T. Mall) was incorporated in Malaysia under the name of Poh Cheong Realty Sdn Bhd on 12 October 1981 under the Act as a private limited company. On 17 March 1987, its name was changed to Precious Jewellery (K.L.) Sdn Bhd. On 8 September 1993, it was renamed Poh Kong Jewellers (The Mall) Sdn Bhd. The principal activity of PKJ (T. Mall) is suppliers and retailers of jewellery, precious stones and gold ornaments.

(ii) Share Capital

	No. of Ordinary Shares	Par Value RM	Amount RM
Authorised	250,000	1.00	250,000
Issued and Paid-up	250,000	1.00	250,000

5. INFORMATION ON THE PKHB GROUP (Cont'd)

The changes in the issued and paid-up share capital of PKJ (T. Mall) since its incorporation are as follows:-

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Cumulative Issued and Paid-Up Share Capital RM
12-10-1981	3	1.00	Cash	3
08-07-1987	249,997	1.00	Cash	250,000

(iii) Subsidiary, Associated and Investment Companies

The associated and investment companies of PKJ (T. Mall) are as follows:-

Name of Companies	Effective Equity Interest (%)	Issued and paid-up share capital	Principal activities
Associated			
PKJ (Maluri)	21.05	500,000	(1)
PKJ (W. Maju)	50.00	500,000	(1)
Investments			
PKJ (S. Parade)	3.00	500,000	(1)
PKJ (O. Kajang)	5.00	500,000	(1)
PKJ (Malacca)	5.00	500,000	(1)
PKJ (Banting)	2.07	1,450,000	(1)
PKJ (O. Kuantan)	5.00	500,000	(1)
PKJ (O. Ipoh)	4.00	1,000,000	(1)
PKJ (J.T. Malacca)	1.47	1,700,000	(1)
PKJ (Selayang)	10.00	500,000	(1)
PKJ (Ampang)	10.00	1,000,000	(1)
PK Properties	5.44	2,000,000	(2)
PKJ (O. S. Klang)	2.00	500,000	(1) and (3)

Notes:-

(1) Suppliers and retailers of jewellerys, precious stones and gold ornaments.

(2) Property investment.

(3) Temporarily ceased operations.

As at the date of this Prospectus, PKJ (T. Mall) does not have any subsidiary companies.

5. INFORMATION ON THE PKHB GROUP (Cont'd)**(iv) Directors and Substantial Shareholders**

The Directors of PKJ (T. Mall) and their respective shareholdings are set out below:-

Name	Direct		Indirect	
	No. of shares	%	No. of shares	%
Cheong Teck Chong	-	-	250,000 ^(c)	100.00
Chang Kwong Him	-	-	-	-
Choon Nee Siew (f)	-	-	250,000 ^(d)	100.00
Choon Yoke Ying (f)	-	-	250,000 ^(d)	100.00
Mohd Annuar Choon bin Abdullah	-	-	250,000 ^(d)	100.00

The substantial shareholders of PKJ (T. Mall) and its shareholdings are set out below:-

Name	Direct		Indirect	
	No. of shares	%	No. of shares	%
PKJ (SS2)	152,499	61.00	3,750	1.50
Precious	19,001	7.60	156,249 ^(a)	62.50
PKHB	74,750	29.90	175,250 ^(b)	70.10
Dato' Choon Yee Seiong	-	-	250,000 ^(c)	100.00
Cheong Teck Chong	-	-	250,000 ^(c)	100.00

Notes:-

(a) Deemed interested by virtue of its direct interests of 15% or more in PKJ (SS 2).

(b) Deemed interested by virtue of its direct and indirect interests of 15% or more in PKJ (SS 2), PKJ (G.Wall) and Precious.

(c) Deemed interested by virtue of his indirect interests of 15% or more in PKHB.

(d) Deemed interested by virtue of Sections 6A and 122A of the Act.

(v) Employees

As at 19 January 2004, PKJ (T. Mall) has a total of 43 employees.

5.6.40 PKJ (T. Mines)**(i) History and Business**

PKJ (T. Mines) was incorporated in Malaysia on 21 January 1997 under the Act as a private limited company. The principal activity of PKJ (T. Mines) is suppliers and retailers of gold ornaments, jewelleryes and precious stones.

5. INFORMATION ON THE PKHB GROUP (Cont'd)

(ii) Share Capital

	No. of Ordinary Shares	Par Value RM	Amount RM
Authorised	500,000	1.00	500,000
Issued and Paid-up	500,000	1.00	500,000

The changes in the issued and paid-up share capital of PKJ (T. Mines) since its incorporation are as follows:-

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Cumulative Issued and Paid-Up Share Capital RM
21-01-1997	2	1.00	Cash	2
31-07-1997	499,998	1.00	Cash	500,000

(iii) Subsidiary, Associated and Investment Companies

As at the date of this Prospectus, PKJ (T. Mines) does not have any subsidiary, associated or investment companies.

(iv) Directors and Substantial Shareholders

The Directors of PKJ (T. Mines) and their respective shareholdings are set out below:-

Name	<----- Direct ----->		<----- Indirect ----->	
	No. of shares	%	No. of shares	%
Choon Yoke Ying (f)	-	-	475,000 ^(d)	95.00
Choon Wan Joo (f)	-	-	475,000 ^(d)	95.00
Datin Hon Wee Fong (f)	-	-	475,000 ^(d)	95.00
Siew Der Ming	-	-	-	-
Lim Beng Keong	25,000	5.00	-	-

5. INFORMATION ON THE PKHB GROUP (Cont'd)

The substantial shareholders of PKJ (T. Mines) and its shareholdings are set out below:-

Name	←----- Direct -----→		←----- Indirect -----→	
	No. of shares	%	No. of shares	%
PKJ (Maluri)	474,998	95.00	-	-
Lim Beng Keong	25,000	5.00	-	-
PKHB	2	*	474,998 ^(a)	95.00
Dato' Choon Yee Seiong	-	-	475,000 ^(b)	95.00
Cheong Teck Chong	-	-	475,000 ^(b)	95.00
Precious	-	-	474,998 ^(c)	95.00
PKJ (SS2)	-	-	474,998 ^(c)	95.00
PKJ (T. Mall)	-	-	474,998 ^(c)	95.00

Notes:-

- (a) Deemed interested by virtue of its indirect interests of 15% or more in PKJ (Maluri).
- (b) Deemed interested by virtue of his indirect interests of 15% or more in PKHB.
- (c) Deemed interested by virtue of its indirect interests of 15% or more in PKJ (Maluri).
- (d) Deemed interested by virtue of Sections 6A and 122A of the Act.

(v) Employees

As at 19 January 2004, PKJ (T. Mines) has a total of 11 employees.

5.6.41 PKJ (Tmn Uni. JB)

(i) History and Business

PKJ (Tmn Uni. JB) was incorporated in Malaysia under the name of PK Diamonds Holdings Sdn Bhd on 11 June 1996 under the Act as a private limited company. On 25 July 2002, the Company's name was changed from PK Diamond Holdings Sdn Bhd to its present name. The principal activity of PKJ (Tmn Uni. JB) is suppliers and retailers of gold ornaments, jewellery and precious stones.

(ii) Share Capital

	No. of Ordinary Shares	Par Value RM	Amount RM
Authorised	5,000,000	1.00	5,000,000
Issued and Paid-up	1,200,000	1.00	1,200,000

5. INFORMATION ON THE PKHB GROUP (Cont'd)

The changes in the issued and paid-up share capital of PKJ (Tmn Uni. JB) since its incorporation are as follows:-

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Cumulative Issued and Paid-Up Share Capital RM
11-06-1996	2	1.00	Cash	2
23-04-2003	1,199,998	1.00	Cash	1,200,000

(iii) Subsidiary, Associated and Investment Companies

As at the date of this Prospectus, PKJ (Tmn Uni. JB) does not have any subsidiary associated or investment companies.

(iv) Directors and Substantial Shareholders

The Directors of PKJ (Tmn Uni. JB) and their respective shareholdings are set out below :-

Name	Direct		Indirect	
	No. of shares	%	No. of shares	%
Choon Yoke Ying (f)	-	-	1,164,000 ⁽ⁱ⁾	97.00
Datin Hon Wee Fong (f)	-	-	1,164,000 ⁽ⁱ⁾	97.00
Siow Der Ming	-	-	-	-
Siow Dek Shyang	-	-	-	-
Fazrin Azwar Bin Md. Nor	-	-	-	-
Che Boon Lai	36,000	3.00	-	-

The substantial shareholders of PKJ (Tmn Uni. JB) and its shareholdings are set out below:-

Name	Direct		Indirect	
	No. of shares	%	No. of shares	%
PKJ (Maluri)	60,000	5.00	360,000 ^(a)	30.00
PKJ	128,610	10.72	360,000 ^(b)	30.00
PKJM	60,000	5.00	360,000 ^(c)	30.00
PKJ (O. Johor Bahru)	360,000	30.00	-	-
PKHB	555,390	46.28	608,610 ^(d)	50.72
Dato' Choon Yee Sieng	-	-	1,164,000 ^(e)	97.00
Cheong Teck Chong	-	-	1,164,000 ^(e)	97.00
Precious	-	-	480,000 ^(f)	40.00
PKJ (SS 2)	-	-	420,000 ^(g)	35.00
PKJ (T. Mall)	-	-	420,000 ^(h)	35.00

5. INFORMATION ON THE PKHB GROUP (Cont'd)

Name	←----- Direct -----→		←----- Indirect -----→	
	No. of shares	%	No. of shares	%
PKJ (S. Parade)	-	-	360,000 ^(f)	30.00

Notes:-

- (a) Deemed interested by virtue of its direct interests of 15% or more in PKJ (O. Johor Bahru).
- (b) Deemed interested by virtue of its direct interests of 15% or more in PKJ (O. Johor Bahru).
- (c) Deemed interested by virtue of its direct interests of 15% or more in PKJ (O. Johor Bahru).
- (d) Deemed interested by virtue of its direct and indirect interests of 15% or more in PKJ (Maluri), PKJ, PKJM and PKJ (O. Johor Bahru).
- (e) Deemed interested by virtue of his indirect interests of 15% or more in PKHB.
- (f) Deemed interested by virtue of its direct and indirect interests of 15% or more in PKJ (Maluri), PKJM and PKJ (O. Johor Bahru).
- (g) Deemed interested by virtue of its direct and indirect interests of 15% or more in PKJ (Maluri) and PKJ (O. Johor Bahru).
- (h) Deemed interested by virtue of its direct and indirect interests of 15% or more in PKJ (Maluri) and PKJ (O. Johore Bahru).
- (i) Deemed interested by virtue of its direct and indirect interests of 15% or more in PKJ (O. Johor Bahru).
- (j) Deemed interested by virtue of Sections 6A and 122A of the Act.

(v) **Employees**

As at 19 January 2004, PKJ (Tmn Uni. JB) has a total of 9 employees.

5.6.42 PKJ (W. Maju)

(i) **History and Business**

PKJ (W. Maju) was incorporated in Malaysia under the name of Precious Jewellery (Wangsamaju) Sdn Bhd on 4 July 1991 under the Act as a private limited company. On 8 September 1993, the Company's name was changed from Precious Jewellery (Wangsamaju) Sdn Bhd to its present name. The principal activity of PKJ (W. Maju) is suppliers and retailers of gold ornaments, jewellerys and precious stones.

(ii) **Share Capital**

	No. of Ordinary Shares	Par Value RM	Amount RM
Authorised	500,000	1.00	500,000
Issued and Paid-up	500,000	1.00	500,000

5. INFORMATION ON THE PKHB GROUP (Cont'd)

The changes in the issued and paid-up share capital of PKJ (W. Maju) since its incorporation are as follows:-

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Cumulative Issued and Paid-Up Share Capital RM
04-07-1991	2	1.00	Cash	2
09-12-1992	499,998	1.00	Cash	500,000

(iii) Subsidiary, Associated and Investment Companies

The associated and investment companies of PKJ (W. Maju) is as follows:-

Name of Companies	Effective Equity Interest (%)	Issued and paid-up share capital	Principal activities
Associated			
PKJ (G. Seremban)	20.00	2,500,000	(1)
Investment			
PKJ (MV)	10.00	1,500,000	(1)

Note:-

(1) Suppliers and retailers of jewellerys, precious stones and gold ornaments.

As at the date of this Prospectus, PKJ (W. Maju) does not have any subsidiary companies.

(iv) Directors and Substantial Shareholders

The Directors of PKJ (W. Maju) and their respective shareholdings are set out below:-

Name	<----- Direct ----->		<----- Indirect ----->	
	No. of shares	%	No. of shares	%
Dato' Choon Yee Seiong	-	-	500,000 ^(e)	100.00
Choon Yoke Ying (f)	-	-	500,000 ^(f)	100.00
Chang Kwong Him	-	-	-	-
Datin Hon Wee Fong (f)	-	-	500,000 ^(f)	100.00
Hon Wei Sun (f)	-	-	-	-

5. INFORMATION ON THE PKHB GROUP (Cont'd)

The substantial shareholders of PKJ (W. Maju) and its shareholdings are set out below:-

Name	Direct		Indirect	
	No. of shares	%	No. of shares	%
PKJ (T. Mall)	250,000	50.00	25,000 ^(a)	5.00
Precious	80,000	16.00	340,000 ^(b)	68.00
PKJ (SS2)	50,000	10.00	275,000 ^(c)	55.00
PKJ (Maluri)	25,000	5.00	-	-
PKHB	60,000	12.00	440,000 ^(d)	88.00
Dato' Choon Yee Seiong	-	-	500,000 ^(e)	100.00
Cheong Teck Chong	-	-	500,000 ^(e)	100.00

Notes:-

- (a) Deemed interested by virtue of its direct interests of 15% or more in PKJ (Maluri).
- (b) Deemed interested by virtue of its direct and indirect interests of 15% or more in PKJ (T. Mall), PKJ (Maluri), PKJ (Jaya) and PKJ (SS 2).
- (c) Deemed interested by virtue of its direct interests of 15% or more in PKJ (T. Mall) and PKJ (Maluri).
- (d) Deemed interested by virtue of its direct and indirect interests of 15% or more in Precious, PKJ, PKJ (T.Mall), PKJ (Maluri), PKJ (Jaya) and PKJ (SS 2).
- (e) Deemed interested by virtue of his indirect interests of 15% or more in PKHB.
- (f) Deemed interested by virtue of Sections 6A and 122A of the Act.

(v) Employees

As at 19 January 2004, PKJ (W. Maju) has a total of 15 employees.

5.6.43 PKJ (Export)

(i) History and Business

PKJ (Export) was incorporated in Malaysia under the name of Kedai Emas Rasa Sayang Sdn Bhd on 29 June 1995 under the Act as a private limited company. On 30 March 1999, the Company's name was changed from Kedai Emas Rasa Sayang Sdn. Bhd. to its present name. PKJ (Export) is a wholly-owned subsidiary company of PKJM. The principal activity of PKJ (Export) is suppliers of gold ornaments and precious stones for export.

(ii) Share Capital

	No. of Ordinary Shares	Par Value RM	Amount RM
	Authorised	500,000	1.00
Issued and Paid-up	30,002	1.00	30,002

The changes in the issued and paid-up share capital of PKJ (Export) since its incorporation are as follows:-

5. INFORMATION ON THE PKHB GROUP (Cont'd)

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Cumulative Issued and Paid-Up Share Capital RM
29-06-1995	2	1.00	Cash	2
18-07-2001	30,000	1.00	Cash	30,002

(iii) **Subsidiary, Associated and Investment Companies**

As at the date of this Prospectus, PKJ (Export) does not have any subsidiary, associated or investment companies.

(iv) **Directors and Substantial Shareholders**

The Directors of PKJ (Export) and their respective shareholdings are set out below:-

Name	<----- Direct ----->		<----- Indirect ----->	
	No. of shares	%	No. of shares	%
Choon Yoke Ying	-	-	30,002 ^(d)	100.00
Choon Wan Joo (f)	-	-	30,002 ^(d)	100.00
Choon Yee Bin	-	-	30,002 ^(d)	100.00

The substantial shareholders of PKJ (Export) and its shareholdings are set out below:-

Name	<----- Direct ----->		<----- Indirect ----->	
	No. of shares	%	No. of shares	%
PKJM	30,000	99.99	-	-
Precious	-	-	30,000 ^(a)	99.99
PKHB	2	*	30,000 ^(b)	99.99
Dato' Choon Yee Seiong	-	-	30,002 ^(c)	100.00
Cheong Teck Chong	-	-	30,002 ^(c)	100.00

Notes:-

(a) Deemed interested by virtue of its direct interests of 15% or more in PKJM.

(b) Deemed interested by virtue of its 100% direct interests in PKJM.

(c) Deemed interested by virtue of his indirect interests of 15% or more in PKHB.

(d) Deemed interested by virtue of Sections 6A and 122A of the Act.

* Negligible

(v) **Employees**

Nil.

5. INFORMATION ON THE PKHB GROUP (Cont'd)

5.6.44 PKJM

(i) History and Business

PKJM was incorporated in Malaysia under the name of Friendly Ornaments Craftmen Sdn Bhd on 28 May 1982 under the Act as a private limited company. On 23 August 1991, its name was changed to Precious Jewellery (P.J. New Town) Sdn. Bhd. On 15 October 1993, it was renamed Poh Kong Jewellery Manufacturer Sdn Bhd. The principal activity of PKJM is manufacturer and dealers of jewellerys, precious stones and gold ornaments.

(ii) Share Capital

	No. of Ordinary Shares	Par Value RM	Amount RM
Authorised	5,000,000	1.00	5,000,000
Issued and Paid-up	2,000,000	1.00	2,000,000

The changes in the issued and paid-up share capital of PKJM since its incorporation are as follows:-

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Cumulative Issued and Paid-Up Share Capital RM
28-05-1982	5	1.00	Cash	5
23-06-1982	199,995	1.00	Cash	200,000
19-12-1984	260,000	1.00	Cash	460,000
26-07-1993	200,000	1.00	Cash	660,000
01-07-1995	300,000	1.00	Cash	960,000
01-12-1997	1,040,000	1.00	Bonus issue (13:12)	2,000,000

(iii) Subsidiary, Associated and Investment Companies

The subsidiary and investment companies of PKJM are as follows:-

Name of Companies	Effective Equity Interest (%)	Issued and paid-up share capital	Principal activities
Subsidiary			
PKJ (Export)	99.99	30,002	(2) and (3)
Investments			
PKJ (G. Seremban)	12.00	2,500,000	(1)
PKJ (O. Johor Bahru)	16.00	1,750,000	(1)
PKJ (Puchong)	5.56	1,800,000	(1)
PKJ (Tmn Uni JB)	5.00	1,200,000	(1)

5. INFORMATION ON THE PKHB GROUP (Cont'd)

Notes:-

- (1) Suppliers and retailers of jewellerys, precious stones and gold ornaments.
- (2) Suppliers of gold ornaments and precious stones.
- (3) Temporarily ceased operations.

As at the date of this Prospectus, PKJM does not have any associated companies.

(iv) Directors and Substantial Shareholders

The Directors of PKJM and their respective shareholdings are set out below :-

Name	<----- Direct ----->		<----- Indirect ----->	
	No. of shares	%	No. of shares	%
Dato' Choon Yee Seiong	-	-	2,000,000 ^(a)	100.00
Cheong Teck Chong	-	-	2,000,000 ^(a)	100.00
Choon Wan Joo (f)	-	-	2,000,000 ^(b)	100.00
Choon Yee Bin	-	-	2,000,000 ^(b)	100.00
Ong Han Woon	-	-	-	-

The substantial shareholders of PKJM and its shareholdings are set out below:-

Name	<----- Direct ----->		<----- Indirect ----->	
	No. of shares	%	No. of shares	%
PKHB	2,000,000	100.00	-	-
Dato' Choon Yee Seiong	-	-	2,000,000 ^(a)	100.00
Cheong Teck Chong	-	-	2,000,000 ^(a)	100.00

Notes:-

- (a) Deemed interested by virtue of his indirect interests of 15% or more in PKHB.
- (b) Deemed interested by virtue of Sections 6A and 122A of the Act.

(v) Employees

As at 19 January 2004, PKJM has a total of 155 employees.

5.6.45 PK Properties

(i) History and Business

PK Properties was incorporated in Malaysia under the name of Precious Properties Sdn Bhd on 4 July 1991 under the Act as a private limited company. On 3 August 1994, the Company's name was changed from Precious Properties Sdn Bhd to its present name. The principal activity of PK Properties is property investment.

(ii) Share Capital

	No. of Ordinary Shares	Par Value RM	Amount RM
Authorised	5,000,000	1.00	5,000,000
Issued and Paid-up	2,000,000	1.00	2,000,000

5. INFORMATION ON THE PKHB GROUP (Cont'd)

The changes in the issued and paid-up share capital of PK Properties since its incorporation are as follows:-

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Cumulative Issued and Paid-Up Share Capital RM
04-07-1991	2	1.00	Subscriber's Shares	2
24-08-1994	179,998	1.00	Cash	180,000
31-12-1996	70,000	1.00	Cash	250,000
29-07-1998	750,000	1.00	Cash	1,000,000
06-06-2001	1,000,000	1.00	Cash	2,000,000

(iii) Subsidiary, Associated and Investment Companies

As at the date of this Prospectus, PK Properties does not have any subsidiary, associated or investment companies.

(iv) Directors and Substantial Shareholders

The Directors of PK Properties and their respective shareholdings are set out below:-

Name	Direct		Indirect	
	No. of shares	%	No. of shares	%
Choon Yoke Ying (f)	-	-	2,000,000 ^(f)	100.00
Choon Wan Joo (f)	-	-	2,000,000 ^(f)	100.00
Chang Kwong Him	-	-	-	-
Datin Hon Wee Fong (f)	-	-	2,000,000 ^(f)	100.00
Siow Der Ming	-	-	-	-

The substantial shareholders of PK Properties and its shareholdings are set out below:-

Name	Direct		Indirect	
	No. of shares	%	No. of shares	%
PKHB	199,200	9.96	1,800,800 ^(a)	90.04
Precious	137,600	6.88	600,000 ^(b)	30.00
PKJ (SS2)	246,400	12.32	326,400 ^(c)	16.32
PKJ (T. Mall)	108,800	5.44	217,600 ^(d)	10.88
PKJ (Maluri)	217,600	10.88	-	-
PKJ	1,063,200	53.16	-	-
Dato' Choon Yee Seiong	-	-	2,000,000 ^(e)	100.00
Cheong Teck Chong	-	-	2,000,000 ^(e)	100.00

5. INFORMATION ON THE PKHB GROUP (Cont'd)

Notes:-

- (a) *Deemed interested by virtue of its direct and indirect interests of 15% or more in Precious, PKJ (SS 2), PKJ (T. Mall), PKJ (Maluri), PKJ (Jaya) and PKJ.*
- (b) *Deemed interested by virtue of its direct and indirect interests of 15% or more in PKJ (SS 2), PKJ (T. Mall), PKJ (Jaya) and PKJ (Maluri).*
- (c) *Deemed interested by virtue of its direct interests of 15% or more in PKJ (T. Mall) and PKJ (Maluri).*
- (d) *Deemed interested by virtue of its direct interests of 15% or more in PKJ (Maluri).*
- (e) *Deemed interested by virtue of his indirect interests of 15% or more in PKHB.*
- (f) *Deemed interested by virtue of Sections 6A and 122A of the Act.*

(v) Employees

Nil.

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5. INFORMATION ON THE PKHB GROUP (Cont'd)

5.7 Industry Overview**5.7.1 Overview Of The Malaysian Economy**

The Malaysian economy experienced its sharpest deceleration in 1998 when GDP contracted by 7.4%, reflecting the effects of the East Asian financial crisis, which began in July 1997. To promote economic recovery, a comprehensive set of policies consisting of expansionary fiscal and accommodative monetary policies, a fixed exchange rate, selective exchange controls and a longer-term programme of restructuring for the corporate and financial sector, was implemented.

As a result of these policies and strong external demand, the economy turned around in 1999. GDP recorded strong positive growth of 6.1% with the value of GDP returning to almost the same level as in 1997. The Malaysian economy expanded by 8.3% for the year 2000, surpassing an earlier Government forecast of 7.5%. While the performance was supported by strong external demand, the main contributor to economic growth was the increase in private consumption and a strong revival in domestic investment. Continued prudent macroeconomic policies and restructuring efforts to diversify the country's economic structure significantly improved economic and financial fundamentals.

(Source: Bank Negara Malaysia Annual Report 2000)

In 2001, the outlook of the global economy became uncertain largely due to the economic slowdown in the United States of America. As a result, the Government announced a package of pre-emptive measures worth RM3 billion on 27 March 2001. This was to counter the effects of a global economic slowdown and to sustain the country's growth momentum built over the past 2 years. Supported by prevailing strong economic fundamentals, the new pre-emptive measures directed at stimulating domestic demand were expected to raise GDP growth closer to 6% for 2001.

(Source: Bank Negara Malaysia Annual Report 2000)

However, following the terrorist attacks on the United States of America on the 11 September 2001, the outlook of the global economy became increasingly uncertain. The contagion effects of the United States' economy on the rest of the world were significant. On 25 September 2001, the Government announced another RM4.3 billion stimulus package, to be implemented swiftly to further cushion the impact of a global slowdown on Malaysia. The RM4.3 billion package was part of the total fund allocation under the Budget 2002.

In 2001, the economy experienced a growth of 0.4% in real GDP. The slower growth of real GDP was mainly attributed to the slowdown of the United States and global economy.

In 2002, real GDP grew by 4.2%. The growth was mainly derived from domestic demand and reinforced by favourable export performance. The growth in domestic demand was contributed by strong consumer spending, continued recovery in investment activities and expansion in public sector expenditure.

(Source: Economic and Financial Development in the Malaysian Economy in the Fourth Quarter 2002, Bank Negara Malaysia)

5. INFORMATION ON THE PKHB GROUP *(Cont'd)*

On the 21 May 2003, the Government announced a RM7.3 billion Stimulus Package aimed at mitigating some of the adverse impact brought about by external factors including the Iraq war and the outbreak of Severe Acute Respiratory Syndrome (SARS). The Package, which focuses on four main strategies comprising 90 measures, aims at stimulating economic activities by mobilising domestic sources of growth and, at the same time, reducing dependency on the external sector. This will help ensure Malaysia's economic fundamentals remain strong in the medium and long term.

The thrust of the Budget 2004 is to continue with policies and strategies to stimulate and accelerate domestic economic activities. To this end, the focus of the Budget 2004 is to enable the private sector to resume its role as the engine of growth. The budget 2004 will focus on five main strategies:-

- Accelerating domestic private sector and stimulating the service sector to spearhead economic growth;
- Implementing fiscal consolidation towards a balanced budget in the near term;
- Implementing monetary policy that can support and harness private consumption and investment;
- Enhancing the nation's competitiveness to enable Malaysia to become a truly trading nation; and
- Strengthening the social agenda and caring society to enhance the quality of life and well-being Malaysians.

(Source: Budget 2004)

Quarterly GDP Growth

For the first quarter of 2001, the Malaysian economy registered a real GDP growth of 3.0%. This was supported by domestic demand and growth in domestic-oriented industries.

In the second quarter of 2001, the economy continued to experience growth, albeit at a modest 0.4%. This was despite the poor performance in the manufacturing sector, which was adversely affected by the downturn in the electronics industry. Positive performance in the agriculture and mining sectors together with stronger growth experienced in the construction and services sectors have contributed to the overall GDP growth of the economy.

(Source: Press Release by Bank Negara Malaysia, Quarterly Bulletin, Economic and Financial Developments Second Quarter 2001)

Real GDP declined by 0.9% and 0.5% for the third and fourth quarters of 2001. In the first quarter of 2002, real GDP turned around and recorded a positive growth of 1.1% indicating an improving economy. In the second quarter of 2002, real GDP continued to grow by 3.9%. In comparison with the real GDP performance of the same period in previous year, the economy has improved and was staging a stronger growth despite the recent weakness in global financial markets amid the United States' corporate problems.

The stronger GDP growth in the second quarter of 2002 was primarily supported by overall growth within domestic demand. The leading sectors were private consumption and manufacturing, both of which recorded 5.4% and 5.6% growth respectively in the second quarter.

(Source: Bank Negara Malaysia)

The output of export-oriented industries rebounded to show growth of 11.2% in the third quarter of 2002. The growth of export-oriented industries was largely attributed to stronger growth in output electronics industry, particularly the recover of the external demand of audio-visual products and air-conditioners.

(Source: Bank Negara Malaysia)

5. INFORMATION ON THE PKHB GROUP *(Cont'd)*

In addition, the service sector grew by 3.4% in the third quarter of 2002. Bank Negara indicated that the service sector has been the important driver of growth in the more recent period and this sector will continue to sustain the country's economic growth.

(Source: Bank Negara Malaysia)

Economic growth prospects for the second half of 2002 remain favourable and growth is likely to be supported by continued expansion in both domestic and external demand. Some of the supporting factors for favourable growth include higher electronic and electrical goods order, as well as rising intra-regional trade within the Asia-Pacific region.

The Malaysian Government's proactive role in developing stimulus packages and increasing annual budget to help counter the effects of any downturn will ensure that the Malaysian economy continues to be sustainable as a result of a strong domestic demand. This will augur well for local manufacturers that are servicing the domestic and export markets.

Real GDP in the Malaysian economy grew by 4.5% and 5.1% in the second and third quarters of 2003. The growth has been broad based, both in terms of expenditure and production components. Strong economic fundamentals and the comprehensive public sector response to uncertainties in the global economy in the early part of the year enabled the economy to benefit from the more favourable external environment in the third quarter. In addition, the strong private sector response to the pro-active Government measures and a low interest rate environment has contributed to the strengthening of the growth momentum.

(Source: Press Release by Bank Negara Malaysia, Quarterly Bulletin, Economic and Financial Developments Third Quarter 2003)

5.7.2 Overview Of The General Jewellery Industry In Malaysia

According to MIDA, the jewellery industry comprises the following sub-sectors:-

- (i) natural, or cultured pearls and precious or semi-precious stones
- (ii) precious metals and metals clad with precious metal
- (iii) jewellery, goldsmiths' and silversmiths' wares and other articles

The jewellery industry plays an important role in the Malaysian economy. This industry is a major foreign exchange earner with exports of approximately RM2.2 billion in 2002. Between 1998 and 2002, the export of jewellery increased at an average annual rate of 1.2% *(Source: Assessment of the Gold Jewellery Industry prepared by Vital Factor Consulting Sdn Bhd).*

The jewellery industry is also a major generator of employment in Malaysia. In 2003, the industry employed approximately 16,000 people in the work force.

Jewellery production in Malaysia started on a small scale focusing on gold and silver and mainly supplying to the local market. Today, it has grown and diversified into the manufacturing of gold, platinum and costume jewellery.

The importance of the jewellery industry is also reflected by the fact that it is regarded as a promoted activity under miscellaneous products/activities. This indicates the Malaysian government's interest in nurturing the growth and development of this industry.

(Source: Assessment of the Gold Jewellery Industry prepared by Vital Factor Consulting Sdn Bhd)

5. INFORMATION ON THE PKHB GROUP (Cont'd)

5.7.3 Future Growth

There are significant opportunities for operators of gold jewellery to focus on exports, particularly with the implementation of AFTA. This will enable operators to diversify and reduce reliance on the local market. Export opportunities apply equally to manufacturers as well as retailers, who may wish to set-up retail outlets in overseas countries. Export value of jewellery, goldsmiths' and silversmiths' wares and articles of precious or semi-precious materials increased at an average annual rate of 0.2% between 1998 and 2002. In 2002, the export value of jewellery, goldsmiths' and silversmiths' wares and articles of precious or semi-precious materials reached RM1.6 billion (Source: *Assessment of the Gold Jewellery Industry prepared by Vital Factor Consulting Sdn Bhd*).

The continuing growth in exports of jewellery indicates a strong market demand for Malaysian jewellery products. This will present continuing opportunities for operators in Malaysia. (Source: *Assessment of the Gold Jewellery Industry prepared by Vital Factor Consulting Sdn Bhd*)

5.7.4 Competition

Operators within the gold jewellery industry face normal competitive conditions.

Retailing of Gold Jewellery

Competition among retailers in the gold jewellery industry within Malaysia is intense based on the following observations:-

- (i) In 2003, it was estimated that there were 3,000 gold jewellery retail outlets within Malaysia, of which approximately 1,500 were members of the Federation of Goldsmiths and Jewellers Association of Malaysia.
- (ii) Competition is further fuelled by a number of other factors, including among others:-
 - (a) product pricing;
 - (b) product design;
 - (c) product quality;
 - (d) retailer's reputation;
 - (e) corporate and product branding; and
 - (f) location of retail outlets.
- (iii) The industry also faces competition from imports. Between 1998 and 2002, the import value of jewellery, goldsmiths' and silversmiths' wares and articles of precious or semi-precious materials decreased at an average annual growth rate of 6.3% to reach RM465.2 million.
- (iv) Between 1998 and 2002, the import value of jewellery and parts of precious metal or clad with precious metals increased at an average annual growth rate of 24.0% to reach RM53.0 million.
- (v) Barriers to entry for pure retailing of jewellery is relatively low as capital set-up costs are low.
- (vi) There is also competition by type of jewellery as the most common substitutes for gold jewellery are those made from silver or platinum, and the much lower priced costume jewellery.

However operators with integrated operations incorporating in-house design, manufacturing and retailing would have some competitive advantages derived from exclusive product design, product quality, cost control and benefits from economies of scale. (Source: *Assessment of the Gold Jewellery Industry prepared by Vital Factor Consulting Sdn Bhd*)

5. INFORMATION ON THE PKHB GROUP (Cont'd)

Manufacturing of Gold Jewellery

Competition among manufacturers in the gold jewellery industry within Malaysia is moderate based on the following observations:-

- (i) According to MIDA, there are approximately 48 companies issued with manufacturing licences and 23 companies are currently in production.
- (ii) Capital requirements are also higher amounting to RM3 million to RM4 million.
- (iii) Skilled labour also acts as a barrier to entry.

Despite the lower number of manufacturers in Malaysia, imports contribute to the competitive pressure. (Source: *Assessment of the Gold Jewellery Industry prepared by Vital Factor Consulting Sdn Bhd*).

5.7.5 Government Legislation, Policies and Incentives

Apart from the normal manufacturing licence, there are no material government laws, regulations and policies that may impede on the performance and growth of the manufacture and retail of gold jewellery industry.

Generally, there are no import tariffs on the import of gold and precious gems as raw materials. With the implementation of AFTA, import tax will be between 0% to 5% for Asean members, and 10% tax for all other countries for imported jewellery (Source: *Assessment of the Gold Jewellery Industry prepared by Vital Factor Consulting Sdn Bhd*).

5.7.6 Demand/Supply Conditions

Within the gold jewellery industry, demand dependencies come from two areas:-

- (i) exports; and
- (ii) local consumption.

(a) Exports

Malaysia has been relatively successful in exporting its jewellery products as indicated below:-

Between 1998 and 2002, the export value of jewellery, goldsmiths' and silversmiths' wares and articles of precious or semi-precious materials increased at an average annual rate of 0.2% amounting to RM1.6 billion in 2002 (Source: *Business Overview of PKHB prepared by Vital Factor Consulting Sdn Bhd*).

Local market contributed all of PKHB Group's revenue for the FY ended 31 July 2003. Export sales were, however, recorded for the FY ended 31 July 2002.

However, as an area for future expansion, exports can be a significant area for growth.

5. INFORMATION ON THE PKHB GROUP (Cont'd)

(b) Local Consumption

For retailers like PKHB, there is a high dependency on local consumption for its business. As such, factors that impact on local consumption would have a direct impact on the business of PKHB.

For financial year ended 31 July 2003, all of the Group's revenue is derived from local consumption.

Demand for gold jewellery industry is ultimately dependent on the consumers. As such, some of the following factors that will impact on consumer demand and expenditure on gold jewellery are:--

- (i) increasing affluence of the population;
- (ii) the growing sophistication in lifestyles;
- (iii) growth in disposable income; and
- (iv) general population growth.

5.7.7 Threat of substitute products

For PKHB, threats of substitutes comes in two forms:-

(a) Costume Jewellery

Costume or imitation jewellery has improved significantly to the point that it is difficult to distinguish them from genuine jewellery based on casual observations.

As such, costume jewellery poses some threat to genuine jewellery especially for non-investment purposes.

According to the MIDA, among the 48 jewellery companies with manufacturing licences, four of them are in the manufacturing of costume jewellery

Between 1998 and 2002, the import value of imitation jewellery (including costume jewellery) increased at an average annual rate of 10.1% to reach RM14.7 million in 2002.

In contrast, the import of total jewellery amounted to RM4.1 billion in 2002 (*Source: Prospects and Future Plans of PKHB prepared by Vital Factor Consulting Sdn Bhd*).

The above indicates that, although costume jewellery may be a threat to genuine jewellery, the threat is relatively low.

It is also significant to note that many consumers purchase genuine jewellery for investment purposes. Consumers would either buy genuine or costume jewellery for their true worth, and not so much as to use costume jewellery to pass off as genuine jewellery. As such, costume jewellery has its own market niche.

(Source: Prospects and Future Plans of PKHB prepared by Vital Factor Consulting Sdn Bhd).

(b) Jewellery other than Gold Jewellery

For FY ended 31 July 2003, PKHB's revenue from gold jewellery amounted to 78% of total revenue.

5. INFORMATION ON THE PKHB GROUP (Cont'd)

As such, other types of jewellery and precious and semi-precious stones would serve as a threat of substitute for gold jewellery, for example:-

- (i) silver;
- (ii) platinum;
- (iii) diamonds; and
- (iv) pearls.

One advantage that gold jewellery has over other types of jewellery is the investment value inherent in the actual weight of gold in the jewellery. This provides some consumers with an additional reason to purchase gold jewellery over other types of jewellery.

The investment value of gold jewellery is further reinforced by the industry practice of 'buy-back' where most gold jewellery retail outlets would purchase old jewellery at approximately the current price of gold at the time of transaction.

Although, other types of jewellery serve as a threat of substitute to gold jewellery, they are not direct substitutes as they are not gold. As such, to some extent, each type of jewellery would have its own target market segment.

(Source: Prospects and Future Plans of PKHB prepared by Vital Factor Consulting Sdn Bhd).

5.7.8 Summary of Outlook and Prospects of The Industry

The outlook of the gold jewellery industry is favourable. The gold jewellery industry is forecasted to grow at approximately 3% to 5% per annum for the next five years. Growth in the jewellery industry will be primarily driven by increases in household consumption and export performances. This is further supported by increases in import and generally favourable social, economic and political factors.

The jewellery industry is dependent on local consumption as the market size was estimated at RM1.9 billion in 2003. As such, increase in local consumption would be one of the main drivers of growth for the jewellery industry in Malaysia.

(Source: Assessment of the Gold Jewellery Industry prepared by Vital Factor Consulting Sdn Bhd).

5.8 Major Customers

PKHB primarily services two types of customers:-

- (i) retail customers; and
- (ii) corporate customers.

For the FY ended 31 July 2003, retail customers represented approximately 99.38% of the total revenue of PKHB. Corporate customers contributed the remaining 0.62% of total revenue of PKHB. Purchases by corporate customers are primarily in the form of corporate gifts. The nature of the retailing of gold jewellery industry is such that retail customers would form a significant proportion of the customer base.

5. INFORMATION ON THE PKHB GROUP (Cont'd)

5.9 Major Suppliers

The Group's major suppliers are as follows:-

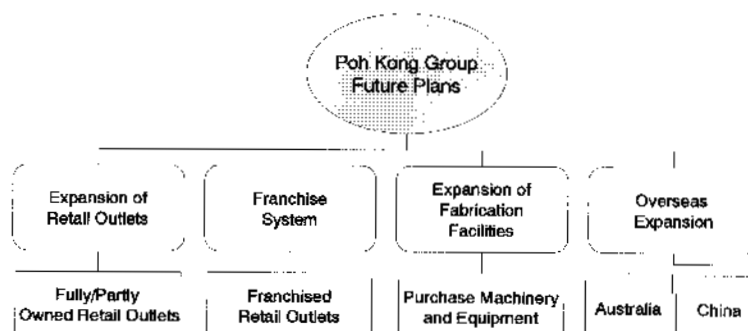
	Supplier Name	Products	Amount Purchased RM'000	% of Total Group Purchases for FY ended 31 July 2003 (%)	Length of Relationship (Years)
1	United Overseas Bank (Malaysia) Berhad	Gold Bullion	34,686	16.06	4
2	MKS precious Metals Sdn Bhd	Gold Bullion	18,823	8.71	10
3	Mei Heng Trading Sdn Bhd	Finished Products	10,353	4.79	17
4	Top Brilliance Sdn Bhd	Finished Products	10,312	4.77	20
5	Kam Meng Goldsmith Marketing Sdn Bhd	Finished Products	6,528	3.02	22
6	Soon Tat Jewellers	Finished Products	5,657	2.62	11
7	Regal Diamond Sdn Bhd	Finished Products	4,957	2.29	9
8	Cheong Onn Trading	Finished Products	4,859	2.25	27
9	Billion Seng Enterprise	Finished Products	3,849	1.78	12
10	Kien Jik Goldsmith	Finished Products	3,529	1.63	15

PKHB is not overly dependent on its largest supplier, United Overseas Bank (Malaysia) Berhad, because it supplies gold bullion, which is a commodity and easily available from other local suppliers or globally.

For the finished products, PKHB is not dependent on any of its suppliers as the finished products are widely distributed among different suppliers. The Group's largest supplier of finished products, Mei Heng Trading Sdn Bhd, only represented 4.79% of total purchases of the Group for the FY ended 31 July 2003.

5.10 Future Plans, Strategies and Prospects of the Company

The future plans of PKHB are focused in four key areas as depicted in the figure below:-



5. INFORMATION ON THE PKHB GROUP *(Cont'd)*

(a) Expansion Of Retail Outlets

PKHB plans to expand its retailing network by establishing wholly or partly owned outlets in various locations throughout Malaysia. This would provide opportunities for PKHB to generate new revenue from expansion of its retail network.

Currently PKHB has 55 retail outlets throughout Peninsular Malaysia and it is the Group's intention to establish additional 7 retail outlets by 2005.

This is in line with the mission of the Group, which is to expand its retail outlets in order to provide ease of accessibility and convenience to the customer.

In view of this mission, PKHB aims to open additional retail outlets in Malaysia as follows:-

- (i) 2 additional outlets by year 2004, namely one outlet in Tesco and another outlet the location of which is yet to be identified; and
- (ii) 5 additional outlets by year 2005, namely Bayan Shopping Mall, Penang, 2 outlets in Jaya Jusco and another 2 outlets in Tesco, the location of which has yet to be determined.

(b) Franchise System

At present, the retail outlets of PKHB are either fully or majority owned. Since the business started in 1972, there are 55 retail outlets throughout Peninsular Malaysia within the PKHB. PKHB intends to capitalise on its established track record in the operation and management of gold jewellery retail outlets by franchising its total retailing concept to potential entrepreneurs locally. The Group is considering to set up the franchise store in Terengganu, Kelantan, Sabah and Sarawak. The new franchising system will be marketed under its own brand name "Poh Kong". This will enable franchisees to benefit from an established brand name. The Group does not foresee any competition from the franchisee as all the franchise stores are to be located in areas where the Group has no business interest.

Through franchising, PKHB would be able to increase its revenue stream by extending its geographic spread throughout Malaysia including East Malaysia. PKHB is confident that its track record and extensive experience in the gold jewellery industry will serve as importance reference points when marketing to potential franchisees. The Group plans to establish the following number of franchised outlets in Malaysia:-

- (i) first 5 franchised outlets by year 2004;
- (ii) additional 5 franchised outlets by year 2005;
- (iii) additional 5 franchised outlets by year 2006; and
- (iv) additional 5 franchised outlets by year 2007.

(c) Expansion Of Manufacturing Facilities

Part of PKHB's plans involves the expansion of its manufacturing facilities through the purchase of new machinery and equipment. This will enable the Group to produce a new range of platinum jewellery aimed at targeting the younger age group consumers.

This new range of platinum jewellery will complement its existing range of gold jewellery by providing a wider range of choices to meet the needs of the consumer.

5. INFORMATION ON THE PKHB GROUP (Cont'd)

To expand on its manufacturing activities, the Group proposes to invest in the following additional machineries and equipment for its new production line:-

- (i) 1 unit of platinum casting machine;
- (ii) 2 units of soldering end link machine;
- (iii) 2 units of stone setting machine;
- (iv) 1 unit of CNC milling machine;
- (v) 1 unit of laser welding machine;
- (vi) 1 unit of CAD/CAM system with CNC engraving machine;
- (vii) 1 unit of earring soldering machine; and
- (viii) 1 unit of electroforming system.

The Group intends to expand the platinum line of jewellery by 2004 through the purchase of these types of equipment and machinery.

(d) Overseas Expansion

As part of its vision, PKHB is endeavouring to expand its retailing operations overseas to address other markets outside of Malaysia.

The two main markets targeted by PKHB include Australia and China. It is expected that the Group will undertake feasibility studies to assess the potential of establishing retail outlets in these two countries.

The Group intends to establish retail outlets in Australia by 2006 followed by China in 2007.

(e) Milestones And Resources

The following table indicates the timing for implementation of the future plans of PKHB:-

Business Activities	2004	2005	2006	2007
Expansion of retail outlets	√	√		
Franchise system	√	√	√	√
Expansion of manufacturing facilities	√			
Overseas expansion				
(i) Australia			√	
(ii) China				√

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