
V. INFORMATION ON OUR GROUP (CONT'D)

6. MATERIAL PLANT AND EQUIPMENT

The annual production capacity and output of our major manufacturing facilities during the financial year ended 30 November 2006 are set out below:

Company	Major types of product	Description of plant and equipment	Maximum Capacity per annum (000)	Product Output per annum (000)	% of total capacity (%)	Net book value RM 000
ZJMSB	Jewellery	<ul style="list-style-type: none"> • Tumbling barrel • Curb and cable chain making machine • Bangle machine • Universal sawing machine • Oxygen gas cylinder manifold & reticulation • Ring making machine • Furnace • Chamber • Spark machine • Curve chain machine cutter • Vulcanizer • Rubber mould press • Vacuum wax injector • Dust collector • Polishing machine • Transducerized tank • Investment removal machine • Investment mixing machine • Hand press cutting machine • Casting machine • Melting machine • High pressure cleaner • Two color optical pyrometer • Tumbling machine • Belt & disc sander • Disc finishing machine • Grinding machine • Facetting machine • Gas generators • Hack sawing machine • Welding machine • Hydrogen generator 	1,440 units	1,268 units	88	980

V. INFORMATION ON OUR GROUP (CONT'D)

Company	Major types of product	Description of plant and equipment	Maximum Capacity per annum (000)	Product Output per annum (000)	% of total capacity (%)	Net book value RM 000
ZISB	F&B, Nutritional	<ul style="list-style-type: none"> • Weighing machine • Blending machine • Crashing machine and separator • Filling machine • Packing machine • Lab equipments 	158,300 sachets	93,284 sachets	59	1,911
BPTSB	Water Treatment and Air Purifier	<ul style="list-style-type: none"> • Ultrasonic welding machine • Paper guillotine • Packing machine 	24 units	12 units	50	1,416
ZMFSB	Bolsters, pillows, mattress pads and other therapeutic products	<ul style="list-style-type: none"> • Sewing machine • Quilting machine • Thread winder 	83 units	21 units	25	265
ZPISB	Printing	<ul style="list-style-type: none"> • Plate making machine • Cutting machine • Printing machine • Finishing machine 	49,500 sheets	24,531 sheets	50	1,710

Our Group has allocated RM3 million for the purchase of new machineries and RM23.868 million for the construction of a new factory to expand our production capacity and to further diversify our product range.

7. MAJOR LICENCES AND PERMITS

Details of our licences and permits which are material to our business and operations are as follows:

No.	Company	Type of Licence/Authority	Validity/Licence No.	Conditions Imposed (if any)	Status of Compliance
1.	ZISB	Manufacturing Licence MITI Industrial Coordination Act, 1975	S/N: A019566 L/N: A012666 Effective from 17.1.2001 Instant cereals and instant beverages S/N: A019565 L/N: A012665 Effective from 31.10.2000 Food supplements	Composition of the Board must be reflective of the shareholding and MITI must be notified of any changes in the Board Written consent must be obtained from MITI prior to execution of agreement for technology transfer with foreigners ZISB must endeavour to appoint Malaysian-owned companies to distribute its products and appoint Bumiputera distributors to distribute at least 30% of sales for the domestic market ZISB must adhere to the Food Act, 1983 and other regulations imposed by the Ministry of Health	Complied Complied Complied

V. INFORMATION ON OUR GROUP (CONT'D)

No.	Company	Type of Licence/Authority	Validity/Licence No.	Conditions Imposed (if any)	Status of Compliance
2.	ZJMSB	Manufacturing Licence MITI Industrial Coordination Act, 1975	S/N: A018710 L/N: A011238 Effective from 13.2.1998 Costume jewellery	If shareholders' funds drops below RM2.5 million, ZJMSB must inform MITI in writing Composition of the Board must be reflective of the shareholding and MITI must be notified of any changes in the Board Written consent must be obtained from MITI prior to execution of agreement for technology transfer with foreigners ZJMSB must endeavour to appoint Malaysian-owned companies to distribute its products and appoint Bumiputera distributors to distribute at least 30% of sales for the domestic market	Complied Complied Complied Complied
3.	ZMMSB	Direct Sales Licence (MLM) Ministry of Domestic Trade and Consumer Affairs ("KPDN") Direct Sales Act, 1993	S/N: 005675 L/N: AJL93195 Effective from 16.12.2004 to 15.12.2009	KPDN must be notified of any changes in the business address and equity structure of the ZMMSB ZMMSB must ensure that all types of written advertisement materials, including company letterhead bear the direct sales licence number ZMMSB shall not operate any direct selling business save as the approved marketing scheme ZMMSB must obtain approval from the Controller of Direct Sales before making any changes to its marketing scheme, the approved product list or the product price list The licence shall not be assigned without the prior consent of KPDN	Complied Complied Complied Complied
4.	ZPISB	Printing Press Licence Ministry of Internal Security, Malaysia ("KDN") Printing Presses and Publication Act 1984	S/N: 002877 Effective from 01.04.2006 until 31.03.2007 Printing of brochures, leaflets, catalogues, name card and other related documents	The licence shall not, in any manner, be transferred, assigned or otherwise placed under the control of any person other than the licence holder, without the prior permission of KDN The Directors of the licence holder shall not be changed without the prior consent of KDN	Complied Complied
5.	BPTSB	Manufacturing Licence MITI Industrial Coordination Act, 1975	S/N: A023841 L/N: A015436 Effective from 22.11.2005 "Water Filters" & "Air Purifier"	Composition of the Board must be reflective of the shareholders and MITI must be notified of any changes in the Board ZISB must endeavour to appoint Malaysian-owned companies to distribute its products and appoint Bumiputera distributors to distribute at least 30% of sales for the domestic market	Complied Complied

V. INFORMATION ON OUR GROUP (CONT'D)

8. INTELLECTUAL PROPERTY RIGHTS

We own the trademark "ZHULIAN" which has been registered with the relevant authorities in Malaysia, Thailand and Singapore, PR China, Taiwan, Philippines, New Zealand, Japan, Indonesia, Hong Kong and Australia. In addition, we also have registered trademarks 'Beyond Water', 'XTRA', 'TropikQuick', 'Klassic' and 'D'Sashay fashion jewellery' in Malaysia and 'B'Younk' in Thailand.

Save for the above, our Group does not own any other intellectual property rights.

9. CONTRACTUAL ARRANGEMENTS

Our Group has entered into several agreements that are pertinent to the operations of our Group as follows:

Distribution Agreement dated 5 May 2006 between ZTH as Master Agent and ZISB, ZJMSB, BPTSB, MSSB and ZMFSB

- (i) ZTH to promote, distribute and sell our products in conjunction with the adoption of Zhulian Marketing Plan in Thailand;
- (ii) ZJMSB has also agreed to grant an exclusive licence to ZTH to use the ZHULIAN trademark for the purpose of promoting, distributing and selling of our products in Thailand; and
- (iii) the agreement will be for an initial term of three (3) years and automatically renewed for further successive three (3) years term, unless a non renewal notice in writing is given by either party to the other party at least sixty (60) days before the date of expiration of the initial three (3) years renewal terms as the case may be.

Management Agreement dated 5 May 2006 between ZTH as Master Agent and ZMMSB and ZMSB

- (i) ZMSB agreed to grant ZTH an exclusive right to use Zhulian Marketing Plan solely in Thailand;
- (ii) ZMMSB agreed to provide management services to ZTH;
- (iii) ZTH agreed to pay ZMSB a monthly management fee equivalent to 1% of the total value of ZTH's sales and a monthly management fee of RM25,000.00; and
- (iv) the agreement will be for an initial term of three (3) years and automatically renewed for further successive three (3) years term unless a non renewal notice in writing is given by either party to the other party at least sixty (60) days before the date of expiration of the initial three (3) years renewal terms, as the case may be.

V. INFORMATION ON OUR GROUP (CONT'D)

Consignment Agreement dated 5 May 2006 between PT Zhulian as Master Agent and ZISB, ZJMSB, BPTSB, MSSB and ZMFSB

- (i) PT Zhulian to promote, distribute and sell our products in conjunction with the adoption of Zhulian Marketing Plan in Indonesia;
- (ii) ZJMSB has also agreed to grant an exclusive licence to PT Zhulian to use the ZHULIAN trademark for the purpose of promoting, distributing and selling our products in Indonesia; and
- (iii) the agreement will be for an initial term of three (3) years and automatically renewed for further successive three (3) years term unless a non renewal notice in writing is given by either party to the other party at least sixty (60) days before the date of expiration of the initial three (3) years renewal terms, as the case may be.

Management Agreement dated 5 May 2006 between PT Zhulian as Master Agent and ZMMSB and ZMSB

- (i) ZMSB agreed to grant PT Zhulian an exclusive right to use Zhulian Marketing Plan solely in Indonesia;
- (ii) ZMMSB agreed to provide management services to PT Zhulian;
- (iii) PT Zhulian agreed to pay ZMSB a monthly management fee equivalent to 1% of the total value of PT Zhulian's sales, and a monthly management fee of RM25,000.00; and
- (iv) the agreement will be for an initial term of three (3) years and automatically renewed for further successive three (3) years term unless a non renewal notice in writing is given by either party to the other party at least sixty (60) days before the date of expiration of the initial three (3) years renewal terms, as the case may be.

VI. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

1. DIRECTORS, KEY MANAGEMENT AND EMPLOYEES

1.1 Board of Directors

1.1.1 The table below sets out our Directors and their interests in our Shares before and after the Offer For Sale based on our Register of Directors' Shareholdings as at the Latest Practicable Date:

Director	<----- Before the Offer For Sale ----->				<----- After the Offer For Sale ----->			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of ZCB Shares held	%	No. of ZCB Shares held	%	No. of ZCB Shares held	%	No. of ZCB Shares held	%
Haji Wan Mansoor Bin Wan Omar	-	-	-	-	10,000	*	-	-
Teoh Beng Seng	135,112,544	39.16	⁽ⁱ⁾ 147,197,540	42.67	36,317,118	10.53	⁽ⁱ⁾ 147,197,540	42.67
Teoh Meng Keat	29,317,163	8.50	-	-	20,000,000	5.80	-	-
Khoo Teng It	-	-	-	-	100,000	0.03	-	-
Tan Lip Gay	-	-	-	-	10,000	*	-	-
Diong Chin Teck	-	-	-	-	10,000	*	-	-

Notes:

(i) Deemed interested by virtue of his interests in ZHSB, PSB and SESB pursuant to Section 6A of the Act.

* Less than 0.01%

1.1.2 The profiles of our Directors, all of whom are Malaysians, are as follows:

Haji Wan Mansoor Bin Wan Omar, a Malaysian aged 58, was appointed to our Board as an Independent Non-Executive Chairman on 30 October 2006. An economics graduate from the University of Malaya, he had begun his illustrious career with the Malaysian Administrative and Diplomatic Service serving various positions in various Students Department at Washington D.C and the Implementation Coordination Unit and Economic Planning Unit in the Prime Minister's Department. He had 32 years of experience in public services. In his last posting he was appointed the Director of Consumer Affairs in the Ministry of Domestic Trade and Consumer Affairs. Over the years he had actively participated in many seminars and training courses both locally and overseas including a Master of Business and Public Administration course at Southeastern University in Washington D.C in 1983; a Certificate in Industrial Cooperation and Small and Medium Industries organised by the Ministry of Science and Technology Korea in 1985, a Seminar by the Overseas Economics Cooperation Fund Japan in 1986 and the RVB Executive Programme in Management, Netherland Specialisation on Small Entrepreneurship Promotion and Industrial Assistance in 1988.

VI. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

An active contributor to local industries, he is currently the Vice President of the Malaysian Association of Standard Users, the Chief Liaison Officer of the Malaysian Islamic Chamber of Commerce and an honorary advisor to the Chamber of Rural Entrepreneurial Industry.

Teoh Beng Seng, a Malaysian aged 48, is the founder, Group President and Chief Executive Officer of our Group, having been appointed to our Board on 29 April 2006.

As Group President and Chief Executive Officer, he has created our Group's master plan for growth, directing our Group's operations and leading us from success to success. Despite facing overwhelming odds along the way, his visionary stewardship of our Group has been proven with the rapid growth achieved by our Group over the years. Within the period from its inception to present day, our Group has successfully expanded our direct selling operations from our home base in Malaysia to countries such as Thailand, Indonesia and Singapore. Benefiting from his vast experience and business acumen, he has also led our Group in building our growing manufacturing capabilities, allowing our Group to master and develop an extensive range of manufacturing operations to support our dynamic expansion to produce our Group's expanding range of innovative products.

Teoh Beng Seng began his career in the jewellery manufacturing industry early in his youth, honing his skills as an able apprentice who showed keen enthusiasm and dedication to learning the intricacies of the trade. In the late 1970's, he successfully set up his own jewellery business venture, trading under the name of Hup Seng Goldsmith. He gradually built for himself a prominent standing as a reputable jeweller both in the local and overseas industry, traveling extensively to broaden his scope and to keep in touch with the latest jewellery trends. Having successfully created his own distinctive Zhulian brand of gold-plated costume jewellery products, in 1989 he decided to market them through the direct selling concept via our Group's direct selling arm – ZMMSB.

Teoh Meng Keat, a Malaysian aged 40, is our Group Managing Director, having been appointed to our Board on 29 April 2006. He began his early career in 1990 as the Administrative and Finance Manager of ZJMSB. In 1992, he was promoted to the post of Executive Director and in 1998 to Group Managing Director in recognition of his service distinction. Drawing upon his over 13 years of wide experience in finance, IT and corporate management, he is instrumental in coordinating and carrying out our Group's objectives as set out by our Group President and Chief Executive Officer and in seeking excellence in every area of its operations.

He is also responsible for overseeing our Group's direct selling operations in Malaysia, Thailand, Indonesia and Singapore, providing a firm guiding hand in ensuring our Group's continued growth and expansion. He has created a corporate culture of service excellence in all areas of our Group's operations and has supported our Group's manufacturing subsidiary, ZISB towards successfully achieving the ISO 9001-2000 certification.

He is currently active in various trade organisations and is presently an honorary individual lifetime member of the Asian Regional Training and Development Organisation, a member of the Malaysian Invention and Design Society as well as a member of the Malaysian National Computer Confederation.

VI. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

Khoo Teng It, a Malaysian aged 44, was appointed to our Board on 29 April 2006 as an Executive Director. He is also the Executive Director of ZISB and MSSB. He is responsible for implementing and overseeing our product development activities. The division had successfully introduced a wide selection of innovative products for our direct selling and manufacturing operations. He is also involved in the ongoing human resource development programme particularly in recruitment, training, skills development and human resource advancement.

He has brought with him vast experience gained from his many years of close involvement with the management of information technology-related industries dealing in both software and hardware fields. His exposure to the information technology industry, including consulting, installation, maintenance, and support as well as application software used in personal computers, servers and embedded systems.

Tan Lip Gay, a Malaysian aged 43, was appointed to our Board as an Independent Non-Executive Director on 30 October 2006. He graduated from Middlesex Polytechnic in London, England with a Bachelor of Laws (LLB) Honours degree in 1987 and subsequently received his Certificate of Legal Practise (CLP) in 1988. In 1989 he was admitted to the High Court of Malaya as an advocate and solicitor.

In 1990 he set up his own legal firm, Leong, Ng & Tan with his partners and today it is an established legal practice in the country. An active participant in community services, he was awarded the Pingat Jasa Kebaktian (PJK) by the Yang Di-Pertua Negeri Pulau Pinang in 2001 in recognition of his selfless services. His unrelenting commitment towards his community and active interest in social work led to his receiving another state award from the Di-Pertua Negeri Pulau Pinang – the Pingat Kelakuan Terpuji (PKT) in 2005.

Diong Chin Teck, a Malaysian aged 74, was appointed to our Board as an Independent Non-Executive Director on 30 October 2006. He is a Fellow of The Institute of Chartered Accountants in Australia and a member of the Malaysian Institute of Accountants. He obtained his professional training in accountancy in Melbourne, Australia and was admitted a member of The Institute of Chartered Accountants in Australia in 1996.

He joined KPMG in 1967 and worked in their Kuala Lumpur, Ipoh and Penang offices. He was made a Partner of KPMG in 1971. The Penang office grew under his leadership from a small practice to a sizeable office when he retired from the partnership in 1988.

While he was with KPMG, he was involved in providing audit, taxation and consultancy services to clients from various industries including manufacturing, plantation and the banking sector.

He has been the Company Secretary of Oriental Holdings Berhad and its subsidiaries since 1974. His role as Company Secretary also requires him to provide advisory services on corporate matters ranging from acquisition of companies and properties in both Malaysia and overseas to compliance with the various statutory and governmental bodies.

Diong Chin Teck is also a member of the Audit Committee of the above public corporations.

VI. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

1.1.3 None of our Executive Directors are involved in any full-time executive position in other businesses.

1.1.4 Save for Diong Chin Teck who has directorship in other public corporations, none of our Directors hold any directorships and/or substantial shareholdings in other public corporations for the past two (2) years preceding the Latest Practicable Date.

For the past two (2) years preceding the Latest Practicable Date, Diong Chin Teck has directorship in the following public corporations other than our Company:

Name of company	Position	<-----Directorship----->	
		Date of appointment	Date of resignation
ABN Amro Bank Berhad	Independent Non-Executive Director	6 October 1994	21 April 2006
Eurospan Holdings Berhad	Independent Non-Executive Director	19 May 2000	-
Globetronics Technology Bhd	Independent Non-Executive Director	29 May 2001	-
Asas Dunia Berhad	Independent Non-Executive Director	31 July 2001	-

1.1.5 A total of RM4.9 million in remuneration and benefits (including salaries, bonuses, contributions and benefits in-kind) were paid to our Directors for the financial year ended 30 November 2006. It is forecast that the aggregate remuneration and benefits (including salaries, Directors' fees, contributions, allowance and benefits in-kind) that will be paid to our Directors and Chief Executive Officer in the financial year ending 30 November 2007 will amount to RM5.2 million.

Names	Financial year ended 30 November 2006	Financial year ending 30 November 2007
Haji Wan Mansoor Bin Wan Omar	-	A
Teoh Beng Seng	F	F
Teoh Meng Keat	E	E
Khoo Teng It	D	D
Tan Lip Gay	-	A
Diong Chin Teck	-	A

Note:

	Bands
A	RM1 - RM50,000
B	RM50,001 - RM100,000
C	RM100,001 - RM150,000
D	RM150,001 - RM200,000
E	RM1,100,000 - RM1,500,000
F	RM2,900,000 - RM3,500,000

1.1.6 Save as disclosed in Sections 1.1.2 and 1.1.4 of this Prospectus, none of our Directors are involved in activities or operations of any other businesses or corporations which would affect their time spent in their capacity as our Directors.

VI. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

- 1.1.7 Under the Articles of Association, all of our Directors shall retire from office at our first annual general meeting, and at the annual general meeting in every subsequent year, one-third (1/3) of our Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3), shall retire from office and shall be eligible for re-election. All of our Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

Our Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

1.2 Key Management

- 1.2.1 The management of our Group is headed by Teoh Beng Seng, our Group President and Chief Executive Officer together with Teoh Meng Keat, our Group Managing Director and Khoo Teng It, our Executive Director. They are assisted by a team of experienced personnel. The particulars of other members of our key management are as follows:

P'ng Swee Guan, a Malaysian aged 45, was appointed as the Director of ZPISB in 1994. He is responsible for the activities of ZPISB. Through the years he has successfully established ZPISB as one of the recognised and leading printer in the state of Penang, able to provide a wide range of high-end printing, packaging and finishing activities. He was promoted to Executive Director of ZPISB in 2004.

He has more than 20 years of experience in the printing industry, having first begun his career as a freelance printer undertaking a wide variety of projects for industrial and multi-national companies.

He is also currently active in many trade associations and holds positions such as the Vice President of Penang Traders Association since 1996 and is a member of Northern ASEAN Trade Promotion Committee for the term 2005 to 2008 representing Penang in the promotion of trade and tourism of Penang to Northern ASEAN countries.

Sin Poh Seah, a Malaysian aged 55, is our Manufacturing Director and an Executive Director of ZJMSB. He is currently responsible for our manufacturing and production operations. He joined ZJMSB in 1994 as a Manager and was subsequently promoted to Plant Manager in 1996. In 2003, he was promoted to Manufacturing Director of our Group.

He had held various supervisory positions before joining ZJMSB, including Senior Production Supervisor at a multinational electronic manufacturing corporation. His wide experience in the manufacturing industry spanning over 20 years has enabled him to contribute significantly in many areas of our manufacturing and R&D activities. Under his leadership we have successfully implemented many improvements in our integrated manufacturing facilities and increased our manufacturing capabilities to produce a diversified range of products.

VI. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

Teoh Meng Lee, a Malaysian aged 37, is our Operations Director and is an Executive Director of BPTSB and ZMFSB. He is currently responsible for the production planning, scheduling of materials requisition and inventory management for our manufacturing activities. He joined ZJMSB in 1996 as a Co-ordinator and was promoted to Production Control Manager at the end of 1996. He was subsequently promoted to Operations Director in 2003.

In his capacity as the Operations Director as well as a member of our R&D team, he has continuously improved our products through ongoing R&D and implementation of new production technology. He has wide experience in the manufacturing industry and has contributed significantly to the establishment of our production planning and inventory control system for our manufacturing activities.

Teoh Meng Soon, a Malaysian aged 37, is our Production Director and an Executive Director of ZJMSB and ZISB. He is responsible for the entire operations of the Electroplating Department. His knowledge and experience has contributed to the success and growth of our trademark fashion jewellery products where electroplating is a critical element in product quality. He is also involved in the implementation and continuous improvement of our extensive quality control procedures to ensure that high product quality is constantly maintained and uncompromised.

He joined ZJMSB in 1993 as a Plating Operator and was promoted to Plating Process Manager in 1996. He was subsequently promoted to Production Director in 2003. He also plays an active and important role as a member of our R&D team.

Ong Soo Beng, a Malaysian aged 54, was appointed as our Marketing Director in 2003. He is responsible for the development of our direct selling activities. In his present capacity, he travels widely throughout Malaysia, Indonesia, Thailand and Singapore and formulates strategies for the growth of our direct selling business.

Through his wide-ranging experience in the direct selling industry, he brings with him a wealth of knowledge that has enabled ZMMSB register impressive progress and expansion. He joined ZMMSB in 1990 as Northern Region Superintendent. He is responsible for the overall sites development of the Northern Region. In 1997 he was promoted to Sales Development Manager and has successfully developed the department to contribute to the company's overall progress. In the year 1999 he was promoted to the position of Marketing Manager. Prior to joining ZMMSB, he was the Penang Branch Manager with a local direct selling company, namely Eagle Card Sdn Bhd from 1987 to 1989.

Dr. Azhar Mat Easa, a Malaysian aged 37, is the Scientific Advisor on nutritional and functional beverage products of our Company. He graduated with a Bachelor of Science (Honours) in Food Sciences and Doctorate of Philosophy in Food Sciences from University of Nottingham in July 1992 and September 1996, respectively. He is also actively involved in the quality assurance, regulatory affairs and R&D aspects of our food and beverage products. He brings with him 10 years of experience of providing consultations to food companies in Malaysia.

VI. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

Dr. Azhar is also active with public services including helping the Malaysian Ministry of Health for the committee for Functional Food (Codex Coordinating Committee on Functional Food Regulation for Asia), Penang State Government committee for Science and Technology awareness program and promoting the understanding of integrated quality system development of ASEAN agro-based food industries.

He has been an international speaker on various topics including "Nutrition and Functional Food Science", "Research Needs of Small and Medium Enterprise of ASEAN", "Halal Practice" and many more. He has delivered scientific/educational talks to more than 10,000 people on "The Science of Functional Food" and subjects related to quality system in the ASEAN region (Malaysia, Thailand, Indonesia and Brunei). He is also a Governing Board Member of Global Certification Limited, an international certification body dealing with quality management system certification.

Wong Keng Meng, a Malaysian aged 43, was appointed as the Technical Manager of ZJMSB in 1993. He is responsible for the overall product design and development of our entire fashion jewellery product range under our proprietary "KLASSIC" and "ZHULIAN" brand names.

He brings with him extensive experience as a highly skilled craftsman obtained through his many years in the jewellery crafting trade. Between 1982 and 1987 he had worked as a model maker at OE Design and subsequently at Penas Jewellery Sdn Bhd. In 1992 he joined Jian Jewellery Sdn Bhd in a similar capacity before joining ZJMSB in 1993 as a model maker. He is also an active member of our R&D team.

Lai Boon Hin, a Malaysian aged 40, is the Production Manager of ZISB. He is responsible for the planning and production operations of our Group's health food division. Under his leadership, the health food and food and beverage division has grown rapidly to become a major manufacturer for our Group's wide range of products. He is also instrumental in implementing and monitoring ZISB's compliance with the ISO 9001-2000 standard, ensuring that the production process and store maintenance of ZISB complies to this prestigious quality management standard.

He has over 10 years of experience in a manufacturing environment and had joined ZJMSB as a Section Leader in 1989 before being promoted to General Supervisor in 1996. His long training in manufacturing environment and jewellery has provided him with the knowledge to carry out his duties with distinction. Prior to joining ZJMSB he had worked as a craftsman at a leading goldsmith manufacturer.

VI. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

Lim Kien Hock, a Malaysian aged 44, is the Advertising and Promotion Manager of ZMMSB. He is responsible for overseeing the design of art work, visuals, packaging design, in-house magazines, promotional materials and product photography for our Group's range of related activities. He joined ZMMSB as a Graphic Designer in 1991 and was promoted to Chief Graphic Designer in 1997.

An avid photographer and professional designer with over 18 years of experience in graphic design, digital imaging and commercial photography, he first joined ZMMSB as Graphic Designer in 1991 and was promoted to Chief Graphic Designer in 1997. Prior to joining ZMMSB, he was with United Advertising Co Sdn Bhd as a designer between 1982 to 1991. He has wealth of experience in the field of photography, having received many awards in local and international competitions. In 1994, he achieved 5th placing in the Top 10 Asian Photograph Award. In 1999 his work again received international recognition when he was awarded two Gold Medals and two Silver Medals at the 9th International Photography Salon.

Lim Phaik Suan, a Malaysian aged 43, is the Administration Manager of ZMMSB. She is responsible for the administrative functions and corporate affairs of our Group. She has contributed to our Group's continued growth and handling of all administrative requirements of our Group including compliance with all government regulations.

She holds a professional qualification from the Institute of Chartered Secretaries and Administrators and has been admitted as an associate member of the Malaysian Institute of Chartered Secretaries and Administrators since 1999. She joined ZMMSB as an Administration Officer in 1993. She had previously worked as a Tax Senior with a tax management company from 1984 to 1992 and as an Administrator in a textile and paper distribution from 1992 to 1993.

Ho Chun Ping, a Malaysian aged 45, is the Distribution Manager of ZMMSB. He is responsible for the distribution of our products to our agencies and to our overseas markets. Over the years he has placed much effort in acquiring the knowledge and skills necessary to oversee the pressing demands in handling the logistical demands of our extensive domestic and overseas distribution network. He has built an inventory and distribution handling system, trained a group of experienced support staff and implemented significant innovations to ensure the smooth operations of ZMMSB's distribution activities.

Prior to joining ZMMSB, he had worked for MCSB System Bhd as an Assistant Materials Controller from 1992 and for Northern Telecom (M) Sdn Bhd as a Planner and Buyer in 1993.

VI. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

Ooi Keng Seng, a Malaysian aged 36, is our Marketing Manager. He is primarily responsible for direct selling operations in Malaysia and assists in the development of our direct selling market in Singapore and Indonesia.

A graduate from Tunku Abdul Rahman College with a Diploma of Commerce-Business Administration, he had joined ZMMSB in 1995 as a Sales Administration Executive where he was in charge of the functions of the Bonus Processing Department at ZMMSB. He was transferred to the Marketing Department in 1996 and started out as a Marketing Executive in charge of the southern region of Malaysia. His keen dedication to his work contributed significantly to the growth of ZMMSB. He was subsequently placed in charge of other regions and in 1998 he was promoted to the post of Assistant Marketing Manager in 2000.

Yeow Poh Ling, a Malaysian aged 37, is the Senior Accountant of ZJMSB. She is responsible for the financial and accounting functions of our Group.

She obtained her Bachelor's Degree in Commerce and Administration from the University of Wellington, New Zealand in 1993 and joined Price Waterhouse (now known as Price WaterhouseCoopers) as an Audit Assistant the following year and was subsequently promoted to Audit Senior. In 1996, she joined ZJMSB as an Assistant Accountant. In 1998 she was promoted to the post of Accountant and subsequently to her present position in 2002. In 1997, she was admitted as a member of the Institute of Chartered Accountants of New Zealand as a Chartered Accountant and was subsequently admitted as a member of the Malaysian Institute of Accountants.

Ooi Hock Kooi, a Malaysian aged 42, is our Maintenance and Facilities Manager. He joined ZJMSB as a technician in 2002 and was subsequently promoted to Assistant Manager at the end of 2002. He is responsible for the maintenance of our extensive manufacturing equipments and administrative facilities and to ensure our safety procedures conform to established regulatory controls and benchmarks.

He is highly skilled in technical knowledge with many years of hands-on experience in the field of maintenance and facilities support. Under his leadership, he has put his wide experience to improve productivity, ensuring the smooth operation of our manufacturing activities with minimal disruption.

Tan Guan Leong, a Malaysian aged 39, is the Technical Manager of ZISB. He is responsible in all aspects of the technical operations of ZISB, providing valuable operational management of ZISB's food and health supplement operations as well as overseeing its compliance to the ISO 9001-2000 standard.

He joined ZJMSB in 1989 as an operator and was promoted as Supervisor in the Chain Making Department in 1993, making his mark as a diligent and responsible worker. In 1996 he was sent to Italy to attend a technical course on chain making machinery operation. Under his guidance he had successfully developed the department to contribute immensely in ZISB's chain making process. In 2000 he was appointed as a General Supervisor of ZISB. In 2003 he was promoted as Assistant Manager, given the task to set up and oversee the technical operations of ZISB.

VI. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

Cheah Ching Hee, a Malaysian aged 36, is the Production Manager of ZPISB. He is responsible for production planning, administration and operational management for all aspects of the printing operations of ZPISB.

A graduate from a technological institute with a Diploma in Electronics Engineering, he joined ZJMSB as an operator in the electroplating department in 1993. Over the years, he excelled in his work and in 1995 he was promoted to Supervisor and in 1997 to General Supervisor. As a result of his proven capabilities he was then promoted as Assistant Production Manager in 2002. In 2003, he was given the task to ensure the smooth operation of ZPISB to improve productivity and achieve higher product quality. He has successfully implemented many improvements in ZPISB's production process.

1.2.2 None of our key management is involved in any full-time employment in other businesses.

1.2.3 The table below sets out our other key management personnel and their interests in our Shares before and after the Offer For Sale based on their shareholdings as at the Latest Practicable Date:

	<----- Before Offer For Sale----->				<----- After Offer For Sale ⁽ⁱ⁾ ----->			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of ZCB Shares	%	No. of ZCB Shares	%	No. of ZCB Shares	%	No. of ZCB Shares	%
P'ng Swee Guan	2,011,115	0.58	-	-	1,485,115	0.43	-	-
Sin Poh Seah	-	-	-	-	100,000	0.03	-	-
Teoh Meng Lee	1,000,000	0.29	-	-	1,000,000	0.29	-	-
Teoh Meng Soon	1,000,000	0.29	-	-	1,000,000	0.29	-	-
Ong Soo Beng	-	-	-	-	100,000	0.03	-	-
Dr. Azhar Mat Easa	-	-	-	-	-	-	-	-
Wong Keng Meng	-	-	-	-	55,000	0.02	-	-
Lai Boon Hin	-	-	-	-	55,000	0.02	-	-
Lim Kien Hock	-	-	-	-	55,000	0.02	-	-
Lim Phaik Suan	-	-	-	-	55,000	0.02	-	-
Ho Chun Ping	-	-	-	-	55,000	0.02	-	-
Ooi Keng Seng	-	-	-	-	55,000	0.02	-	-
Yeow Poh Ling	-	-	-	-	55,000	0.02	-	-
Ooi Hock Kooi	-	-	-	-	40,000	0.01	-	-
Tan Guan Leong	-	-	-	-	55,000	0.02	-	-
Cheah Ching Hee	-	-	-	-	55,000	0.02	-	-

VI. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

Note:

- (i) Based on the assumption that they will fully take up their respective entitlements in respect of the Offer Shares reserved for application by the eligible Directors and employees of our Group.

1.2.4 As at the date of this Prospectus, none of our key management is involved in the activities or operations of any other businesses or corporations which would prevent them from devoting their full time and attention to the business of our Group.

1.3 Employees

As at 28 February 2007, we have a workforce of 821 employees of which all except for 5 are on permanent basis, while 93 are foreign employees working in Malaysia (15), Thailand (73) and Singapore (5). As at 28 February 2007, the breakdown of our permanent and contract employees by job categories are as follows:

	<-----Permanent----->		<-----Contract----->		
	No.	Average length of service (years)	No.	Average duration of contract (years)	Total
Managerial / Professional	30	11.35	-	-	30
Technical / Supervisory	139	9.13	-	-	139
Clerical	109	3.69	-	-	109
General / Factory workers	538	5.95	5	6.35	543
Total	816		5		821

None of our Group's employees belong to any employees' union. No industrial disputes were noted in the past five (5) years preceding the Latest Practicable Date. We believe that our employees enjoy a cordial relationship with our Management.

We recognise that our future success will depend largely on the contribution of our employees and continuously seek to improve their skill sets. Training and development programmes carried out by us include an active in-house training programme where unskilled workers without jewellery making experience are taught the necessary skills to enable them to work in the specific departments.

1.4 Audit Committee

The composition of our Audit Committee is as follows:

Name	Designation in Committee	Directorship
Diong Chin Teck	Chairman	Independent Non-Executive Director
Tan Lip Gay	Member	Independent Non-Executive Director
Teoh Meng Keat	Member	Group Managing Director

The main functions of our Audit Committee include the review of audit plans and audit reports with the auditors, the review of the auditors' evaluation of internal accounting controls, the review of scope of internal audit procedures, the review of balance sheet and profit and loss accounts and the nomination of auditors.

VI. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

1.5 Remuneration and Nominating Committee

The composition of our Remuneration Committee is as follows:

Name	Designation in Committee	Directorship
Tan Lip Gay	Chairman	Independent Non-Executive Director
Haji Wan Mansoor Bin Wan Omar	Member	Independent Non-Executive Chairman
Teoh Meng Keat	Member	Group Managing Director

The composition of our Nominating Committee is as follows:

Name	Designation in Committee	Directorship
Tan Lip Gay	Chairman	Independent Non-Executive Director
Haji Wan Mansoor Bin Wan Omar	Member	Independent Non-Executive Chairman
Diong Chin Teck	Member	Independent Non-Executive Director

Our Remuneration and Nominating Committee acts as a sub-committee of our Board which is authorised to assist our Board to provide an independent and unbiased review, assessment and determination of our Company's remuneration structure and policy and to recommend to our Board, candidates for directorships of our Company and its subsidiaries and Directors to fill the seats on Board Committees. Our Remuneration and Nominating Committee is also given the authority to investigate any matters within its terms of reference, the resources which it needs to do so and full access to information.

The main functions of our Remuneration Committee include:

- recommends to our Board the framework of executive remuneration and its cost, including the remuneration package for the Executive Director and also recommends the framework of fees payable to Non-Executive Directors.
- provide an independent and unbiased review, assessment and determination of our Group's remuneration structure and policy. This review encompasses all levels of employees, from our Group President to executive and clerical levels.
- evaluates our Group's annual remuneration revisions and bonus which may involve the expertise of consultants before making recommendations to our Board. The final remuneration package offered to the Executive Director and the fees payable to Non-Executive Directors are the responsibilities of our Board.
- recommends fees and/or allowances for the non-executive members of our Board with appropriate consultation with any independent advisers (if required) and to be approved by shareholder at the Annual General Meeting.

VI. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

The main function of our Nominating Committee include:

- assesses the effectiveness of our Board, Board Committees and contributions of each individual Director. It also ensures an appropriate framework and plan for Board and management succession.
- reviews annually and recommends to the Board the structure, size, balance and composition of the Board and Committees. This will require a review of the required mix of skills and experience including core competencies which Non-Executive Directors should bring to the Board and other qualities for the Board to function effectively and efficiently.

1.6 Service Agreements

We do not have any existing or proposed service agreements with our Directors and/or key management personnel. All employees of our Group have standard employment contracts.

1.7 Declaration

None of our Directors, Promoters and key management personnel is or was involved in the following events (whether in or outside Malaysia):

- (i) a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel;
- (ii) disqualified from acting as a director of any corporation or from taking part directly or indirectly in the management of any corporation;
- (iii) charged and/or convicted in criminal proceedings or is named subject of pending criminal proceedings;
- (iv) judgement entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (v) the subject of any order, judgement or ruling of any court, government or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

1.8 Management Succession Plan

We recognise the need to ensure continuity of our management in order to maintain our competitive edge over our competitors. We believe that our continued success depends, among other things, on the support and dedication of our management personnel. We have in place human resource strategies which include, amongst others, suitable compensation packages and structured succession planning.

Our initiatives on succession planning include:

- A formal induction program which is carried out for all new management staff where our history, business objectives, business policies and plans are communicated to the staff;

VI. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

- Identifying key competencies and requirements for managers and higher positions. Job and candidate profiles are developed for management position in line with the business goals, strategies and culture of our Group; and
- Taking a proactive approach towards addressing talent management to ensure the organisation has talent readily available from a capability perspective to undertake leadership positions throughout the organisation.

In addition, the middle management are constantly exposed to various aspects of our business activities in order to ensure that they have a full understanding of the responsibilities and the decision making process and are equipped with the knowledge necessary for them to succeed to senior management positions.

2. SUBSTANTIAL SHAREHOLDERS AND PROMOTERS

2.1 Substantial shareholders

2.1.1 The table below sets out our substantial shareholders and their interests in our Shares before and after the Offer For Sale based our Register of Substantial Shareholders as at the Latest Practicable Date:

	<-----Before Offer For Sale----->				<-----After the Offer For Sale ----->			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of ZCB Shares held	%	No. of ZCB Shares held	%	No. of ZCB Shares held	%	No. of ZCB Shares held	%
Teoh Beng Seng	135,112,544	39.16	⁽ⁱ⁾ 147,197,540	42.67	36,317,118	10.53	⁽ⁱ⁾ 147,197,540	42.67
Teoh Meng Keat	29,317,163	8.50	-	-	20,000,000	5.80	-	-
ZHSB	120,750,000	35.00	-	-	120,750,000	35.00	-	-
MTVTSB ⁽ⁱⁱ⁾	27,860,218	8.08	-	-	15,659,223	4.54	-	-

Notes:

- (i) Deemed interested by virtue of his interests in ZHSB, PSB and SESB pursuant to Section 6A of the Act.
- (ii) Will cease to be a substantial shareholder upon completion of the Offer For Sale. The number of Offer Shares held by MTVTSB is based on an offer price of RM1.23 per ZCB Share and assuming that MTVTSB is a public shareholder.

2.1.2 The profiles of Teoh Beng Seng and Teoh Meng Keat are disclosed in paragraph 1.1.2 of Section VI of this Prospectus. The profiles of our other substantial shareholders, namely ZHSB and MTVTSB are as follows:

(i) ZHSB

ZHSB was incorporated in Malaysia on 21 January 1994 under the Act as a private limited company under its present name.

The principal activity of ZHSB is investment holding.

VI. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

The details of the Directors and substantial shareholders of ZHSB and their respective shareholdings in ZHSB as at the Latest Practicable Date are as follows:

Directors	<-----Direct----->		<-----Indirect----->	
	No. of shares held	%	No. of shares held	%
Teoh Beng Seng	671,000	95.86	-	-
Lee Soon Chin	29,000	4.14	-	-

Substantial shareholders	<-----Direct----->		<-----Indirect----->	
	No. of shares held	%	No. of shares held	%
Teoh Beng Seng	671,000	95.86	-	-

(ii) MTVTSB

MTVTSB was incorporated in Malaysia on 4 August 1994 under the Act as a private limited company under its present name.

The principal activities of MTVTSB are those of identifying emerging growth companies and providing them with equity capital on a range of related investment and financial services.

The details of the Directors and substantial shareholders of MTVTSB and their respective shareholdings in MTVTSB as the Latest Practicable Date are as follows:

Directors	<-----Direct----->		<-----Indirect----->	
	No. of shares held	%	No. of shares held	%
Dato' Sa'ariah binti Saad	-	-	-	-
Ang Teck Shang	-	-	-	-
Mohammed Yusoff bin Abdul Rahman	-	-	-	-
Jamaludin bin Bujang	-	-	-	-
Che Hamat bin Hj Che Muda	-	-	-	-
Berahir bin Abdul Gapal	-	-	-	-
Rashidan Shah bin Abdul Rahim (Alternative Director to Jamaludin bin Bujang)	-	-	-	-
Roslan bin Datuk Hj Nordin (Alternative Director to Berahir bin Abdul Gapal)	-	-	-	-

VI. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

Substantial Shareholders	<-----Direct----->		<-----Indirect----->	
	No. of shares held	%	No. of shares held	%
Yayasan Terengganu	13,201	24.67	-	-
Malaysian Technology Development Corporation Sdn Bhd	8,603	16.08	-	-
Perbadanan Kemajuan Negeri Kedah	8,600	16.07	-	-
Yayasan Sarawak	7,100	13.27	-	-
Yayasan Pahang	5,701	10.65	-	-
Yayasan Kelantan	3,400	6.35	-	-

2.1.3 Neither ZHSB nor MTVTSB has any previous or existing substantial shareholdings in other public corporations for the two (2) years preceding the Latest Practicable Date.

2.2 Promoters

The promoters of our Company are Teoh Beng Seng and Teoh Meng Keat. Shareholdings and profiles of Teoh Beng Seng and Teoh Meng Keat are set out in paragraph 1.1.1 and paragraph 1.1.2 of Section VI of this Prospectus.

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The changes in the shareholdings of our substantial shareholders or promoters for the past three (3) financial years ended 30 November 2006 up to the date of this Prospectus are as follows:

Notes:

* Less than 0.01%.

(i) Deemed interested by virtue of his interests in ZHSB, PSB and SESB pursuant to Section 6A of the Act.

(ii) *Assuming that the new Burniputera investors pursuant to the Offer For Sale are government agencies and each of these new Burniputera shareholders will hold no more than 5% each in our Company.*

VI. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

(iii) The changes to the composition of substantial shareholders and their shareholdings in ZCB for the past three (3) financial years ended 30 November 2006 are as follows:

Shareholders	<----- 30 November 2006 ----->		<----- 30 November 2005 ----->		<----- 30 November 2004 ----->	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
	No. of ZCB Shares	%	No. of ZCB Shares	%	No. of ordinary shares of RM1.00 each	No. of ordinary shares of RM1.00 each
Ch'ng Lay Hoon	2	*	-	-	1	50.00
Yong Pei Yen	2	*	-	-	1	50.00
Teoh Beng Seng	107,064,312	37.64	⁽ⁱ⁾ 121,381,882	42.67	-	-
Teoh Meng Keat	23,617,925	8.30	-	-	-	-
ZHSB	99,540,913	35.00	-	-	-	-
MTVTSB	27,860,218	9.79	-	-	-	-

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VI. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

3. RELATIONSHIPS AND ASSOCIATIONS

Teoh Beng Seng, Teoh Meng Keat, Teoh Meng Lee and Teoh Meng Soon are brothers. Sin Poh Seah and Ong Soo Beng are the brothers-in-law of the Teoh brothers. Khoo Teng It and Lim Phaik Suan are husband and wife.

Save as disclosed above, there are no family relationships or associations among our Directors, substantial shareholders, promoters, key management personnel.

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VII. HISTORY AND BUSINESS OVERVIEW

1. HISTORY OF OUR GROUP

Our Group was founded by Teoh Beng Seng who has more than twenty five (25) years of experience in fine gold jewellery production. In 1989, Teoh Beng Seng established ZJMSB and ZMMSB to manufacture and market costume jewellery through a direct selling channel. In 1990, ZMMSB successfully set up agencies in all major cities in Malaysia and as at 28 February 2007, ZMMSB has 77 agencies functioning as distribution centres throughout Malaysia. ZMMSB received its direct selling licence in 1993 when the Direct Selling Act, 1993 was officially gazetted. At the end of 1994, the operations of ZJMSB and ZMMSB were moved to our first factory located in Plot 41, Bayan Lepas Industrial Estate, Phase IV, Penang. In mid-1997, we moved to our current headquarters located in Plot 42, Bayan Lepas Industrial Estate Phase IV, Penang which is adjacent to our first factory. In 1998, we were awarded the Enterprise 50 Award for management excellence in ZMMSB and ZJMSB.

Over the years, we have expanded our product line from being exclusively costume jewellery to include a wide range of consumer products. We continuously seek to expand our consumer product line by introducing more innovative products, which will provide wider business opportunities for our Independent Distributors and Agents.

In 1994, we decided to develop and manufacture new consumer product lines involving F&B, personal care and nutritional products which is undertaken by ZISB. An R&D department was also set up to improve and maintain our product quality was not compromised and improvements in various areas of operations were undertaken.

In 2001, BPTSB started R&D activities to manufacture water purification systems under the tradename of Beyond Water, which was launched in March 2002.

ZMFSB was formed to undertake the manufacturing of mattress pads and pillows, and commenced manufacturing activities in 2003. In 2004, ZMFSB expanded its range of products to include bolsters, other therapeutic products and bio ion therapeutic mattress pads.

We have also increased our direct selling presence regionally by appointing Master Agents in Thailand, namely ZTH which became our associated company in 27 September 2004 and in Indonesia, namely PT Zhulian. In Singapore, we operate through our wholly-owned subsidiary, ZSG which began operations in April 2004.

In 2005, as part of our strategy to diversify our sources of income, we have decided to venture into property development and construction activities through ZDSB, ZCSB and ZVSB. ZDSB and ZVSB are our wholly-owned subsidiaries, while ZCSB is a 62%-owned subsidiary of ZDSB. Currently, our property development activities are undertaken by ZDSB while ZCSB and ZVSB are dormant. However, our Board does not expect the foreseeable future contribution from property development and construction activities to be material to our Group compared to the expected contribution from our existing core businesses.

VII. HISTORY AND BUSINESS OVERVIEW (CONT'D)

The major achievements and accolades of our Group are as set out below:

Year	Major achievements/accolades
1994	: In recognition of its outstanding achievement in the direct selling industries, ZMMSB has been selected by TODAY MAGAZINE as 'COMPANY OF THE MONTH'
1997	: Successful implementation of the innovative information technology system – ZHULIAN Tele Enquiry System which allowed the distributors to retrieve update information about their sales, bonuses, marketing activities etc. just a phone call away
1998	: ZMMSB and ZJMSB were the winners in the 1998 Top 50 Enterprise awards by Anderson Consulting (now known as Accenture)
2000	: ZMMSB has been awarded the EXCELLENCE AWARD FOR INVENTION AND INNOVATION; and B'YOUNG (Functional Food) which is produced by ZISB has been awarded the PRODUCT EXCELLENCE AWARD by the executive committee for the 1 st Malaysia International Conference & Exposition of Significant New Development in Chinese – Modern Medicine/Herbal & health Food Products, which was officiated by Chief Minister of Penang, YAB Tan Sri Dr Koh Tsu Koon
2002	: Accredited with ISO 9001:2000
2004	: Launched AGENT DISTRIBUTION SYSTEM (ADS) which is aimed at providing an integrated on-line system link between our Company and all our agencies located throughout Malaysia

2. BUSINESS OVERVIEW

We are involved in the direct selling of costume jewellery and consumer products ranging from F&B, water treatment, air purifier, nutritional, personal care, home care, bolsters, pillows, mattress pads and other therapeutic products through the concept of MLM. ZMMSB and ZSG are our wholly-owned subsidiaries carrying out our MLM business in Malaysia and Singapore respectively. ZTH is our 49%-owned associated company and is our Master Agent authorised to operate our MLM business model in Thailand. PT Zhulian is our Master Agent authorised to operate our MLM business model in Indonesia. We do not have any interests in PT Zhulian and none of our Directors or substantial shareholders have any interests in PT Zhulian.

For the financial year ended 30 November 2006, we manufactured approximately 84% of the products sold through our MLM business including costume and fine jewellery, nutritional, F&B, water treatment, air purifier, bolsters, pillows, mattress pads and other therapeutic products. Depending on specific marketing requirements and customer demand, we also source our products from reliable contract manufacturers and third party suppliers. Currently, home care, personal care and certain nutritional and F&B products are outsourced.

Our manufacturing facilities and principal place of business is located in Plot 41 and Plot 42 Bayan Lepas, Industrial Estate, Phase IV, 11900 Penang.

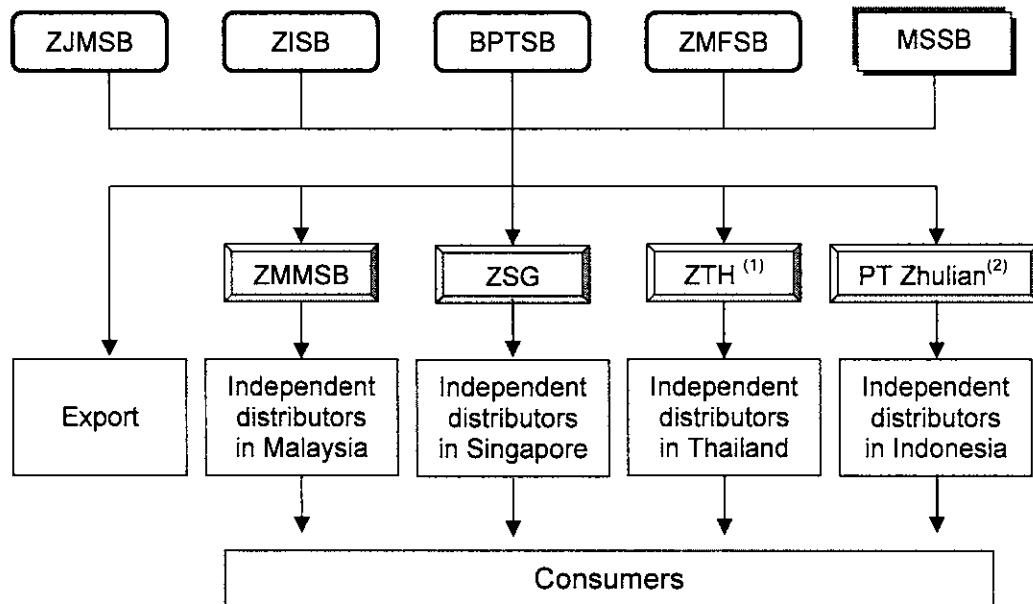
Our manufacturing arm comprises ZJMSB, ZISB, BPTSB and ZMFSB. Most products manufactured by our manufacturing arm are then sold to companies undertaking our direct selling business, while a fraction is exported.

VII. HISTORY AND BUSINESS OVERVIEW (CONT'D)

MSSB undertakes our trading activities and purchases consumer products from contract manufacturers and/or third party suppliers and re-sells to ZMMSB, ZSG, ZTH and PT Zhulian.




Our subsidiary, ZPISB is engaged in printing services and supports our direct selling and manufacturing businesses by supplying product brochures, pamphlets, administrative forms and other printed materials.

A diagrammatic representation of our product flow is set out below.



Notes and Legends:

- (1) Our Master Agent and our associated company.
 (2) Our Master Agent but not related to our Group.

	Trading
	Manufacturing
	Direct Selling Business

We have not experienced any material disruptions in our business which had a significant effect on the operations of the our Group for the past twelve (12) months prior to the Latest Practicable Date.

VII. HISTORY AND BUSINESS OVERVIEW (CONT'D)

2.1 Products

Our product categories and principal products as at the Latest Practicable Date are set out below:

Product category	Principal products
<i>Costume jewellery/Fine jewellery</i>	
Gold plated, rhodium plated, two-tone jewellery products and sterling silver jewellery products	Bracelets, necklaces, earrings, rings, bangles, tie-pins, pendants, chains, brooches, anklets set with a variety of cubic zirconia, synthetic stone and semi-precious stones sold under the brand name "ZHULIAN"
<i>Nutritional</i>	
Food supplements, nutritional supplements and sugar substitutes	B'YOUNG advanced functional beverage, Royalmix BD COMPLEX, Royalmix KP COMPLEX, Vegi-Vera WHEAT GRASS JUICE POWDERED BEVERAGE, Dr. Africana's Origin (SOD) Rooibos Tea, Origrow Organic Milk Powder, ZhuBee nutritional supplements, HOMSWEEP Pure Crystalline Fructose and HOMSWEEP Crystalline Fructose with Fructo- Oligosaccharide, SSSolution Meal Replacement Beverages, IS0.5 Mixed Fibre Beverage
<i>F&B</i>	
Coffee, cereal beverages and fruit juice concentrate	COFFEE PLUS, Premix Coffee with Ginseng & Tongkat Ali, Premix Coffee with Ginseng & Kacip Fatimah, Premix Coffee with Mocha, Ginseng & Ginkgo Biloba, Premix Coffee with Ginseng, Unsweetened Premix Coffee with Ginseng, Premix Coffee with Lingzhi, Premix Coffee with Lingzhi & Green Tea, Cereal Drink with Lingzhi and SQUEEZY NUTRITIOUS JUICE CONCENTRATE
<i>Water treatment</i>	
Water purification system and related products	Beyond Water Bio-Active Reforming System
<i>Air purifier</i>	
Air purifier system	Beyond Microplasma Air Purifier

VII. HISTORY AND BUSINESS OVERVIEW (CONT'D)

Product category**Principal products*****Personal care***

Hygiene, grooming and skin care products such as hair shampoo and conditioners, hair gel, shower gel, body lotion, skin whitening cream, facial scrubs, facial masks, talcum, deodorant, toothpaste and foot care

DOLPHIN and EL'TINA range of hair and body products, LAVITEEN hair and body shampoo with green tea, BabyCinta baby products, SHISHEN line of skin care products, ASSAHO deodorant and talcum powder, SmileOn line of toothpastes and Hinokoshiwa FOOT CARE SHEETS

Home care

Products comprise laundry, dishwashing and general purpose detergents, floor polish, air fresheners and fire extinguishers

XTRA line of household products, JUNGLE FRESH Air Fresheners and API TERMINATOR DRY POWDER FIRE EXTINGUISHERS

Bolsters, pillows, mattress pads and other therapeutic products

Bolsters, pillows, mattress pads and belts

Contiagio Scientific Bolster, Contiagio Scientific Pillow, Contiagio Scientific Mattress Pads and M-belt bio-magnetic belts

Costume and fine jewellery has been our core product since the founding of ZJMSB and continues to be the largest revenue contributor in terms of product category. We have over seventeen (17) years of experience in the design and manufacture of costume and fine jewellery and offer a wide range of designs to cater to different age groups. We also offer free electroplating services to our customers once a year.

Since 1996, we have shifted our dependence on jewellery products to a mix of jewellery and consumer products in line with our strategy of product diversification.

In 2000, ZISB started to manufacture food/supplements and F&B products. Notable products formulated and manufactured by ZISB are B'YOUNG advanced functional beverage, Royalmix BD COMPLEX, Royalmix KP COMPLEX, Vegi-Vera WHEAT GRASS JUICE POWDERED BEVERAGE and NUTRIPLUS.

Water treatment system and related products were introduced in March 2002 and are manufactured by our subsidiary BPTSB under the brand name Beyond Water. These products are both exported and sold locally via MLM. The Beyond Water system consists of seven (7) filter chambers and an end stage magnetiser. The filter chambers work in sequence to filter particles and micro-organism, eliminate contaminants such as chlorine, ammonia and heavy metals, remove odour and taste and adjust / stabilise the pH balance of water. Beyond Water filters, purifies and "activates" drinking water and is believed to provide various health benefits in addition to pure and clean water.

In 2003, our subsidiary ZMFSB began manufacturing therapeutic bolsters, pillows and mattress pads under the brand name Contiagio and are sold locally via MLM. The Contiagio therapeutic mattresses pads contain jade mineral stones, bio-magnets, a layer fabric treated with bio-ceramics and a layer of carbon heating element which is controlled by a thermostat unit. The Contiagio therapeutic pillows contain ceramic reflective fibres, bio-magnets and are ergonomically contoured to support the spine.

VII. HISTORY AND BUSINESS OVERVIEW (CONT'D)

Our Group's revenue breakdown in terms of product categories for the past three (3) financial years ended 30 November 2004 to 2006 is set out below:

Products	2004		2005		2006	
	RM 000	%	RM 000	%	RM 000	%
Jewellery	82,936	38.23	75,059	30.50	66,692	29.59
Home care	8,418	3.88	10,111	4.11	10,462	4.64
Personal care	12,220	5.63	14,971	6.09	20,486	9.09
F&B	29,329	13.52	31,551	12.83	34,301	15.22
Nutritional	41,638	19.18	48,133	19.57	41,156	18.26
Water treatment and air purifier	30,606	14.11	33,777	13.73	29,114	12.92
Baby care	526	0.24	581	0.24	562	0.25
Bolsters, pillows, mattress pads and other therapeutic products	8,339	3.84	26,390	10.73	18,826	8.35
Others	2,889	1.37	5,419	2.20	3,778	1.68
	216,901	100.00	245,992	100.00	225,377	100.00

2.2 Direct selling business

MLM is a direct selling business concept which is approved by KPDN under the Direct Selling Act, 1993. Under the concept of MLM, a company distributes its products through a network of Independent Distributors who then sponsor other persons to participate in the activity. Products sold under MLM reaches the end user through Independent Distributors rather than traditional retail establishments.

Our MLM business is called Zhulian Golden Business Guide. The Zhulian Golden Business Guide provides an opportunity for our Independent Distributors to own a business of their own. An Independent Distributor can build and manage his/her own sales force by recruiting, motivating, supplying and training others to sell our products. Thus, the Zhulian Golden Business Guide provides a low cost of entry for those intending to start a business. The Zhulian Golden Business Guide comprises eight (8) levels of distributorship and an associated compensation plan ranging from discounts on retail prices, monetary bonuses, travel incentives, profit sharing entitlements and monthly car entitlements. Independent Distributors are also given opportunities to expand their business to other participating countries through our international sponsoring programme which is an extension of the Zhulian Golden Business Guide. This enables us to expand our distribution network internationally.

By adopting MLM, we have established an extensive distribution network for the marketing of our products throughout the country and have expanded regionally to Indonesia, Thailand and Singapore. This distribution system has eliminated the need for middle persons in the distribution chain as products are delivered directly from us via our Independent Distributors or our Agents to the end user and has also eliminated the need for wide spread advertising. Ultimately this results in reduced cost and timely delivery of products to the end users. The MLM channel also allows us to respond quickly and accurately to changing trends and preferences through feedback received from Independent Distributors and our Agents.

VII. HISTORY AND BUSINESS OVERVIEW (CONT'D)

We nurture our Independent Distributors through comprehensive training programmes, motivational seminars and product workshops. The training programmes include Agency Meetings, Leadership Seminars, Regional and National Conventions, Diamond International Forum, Diamond Seminars and various roadshows which are aimed at educating and motivating our Independent Distributors and to improve their direct selling skills. These programmes create a platform where our Independent Distributors can share useful ideas and experiences and acquire product knowledge. These programmes also provide an avenue for developing closer relationship between our management and distributors and where high achievers are recognised for their contributions.

We have grown over the years and now boasts a distribution network of 77 Agents functioning as distribution centres and 114,750 Independent Distributors throughout Malaysia (as at 28 February 2007). Agents and Independent Distributors are not our employees. Our 77 Agents are located in the following regions:

Region	No. of Agents
Northern region (<i>Penang, Kedah, Perak and Perlis</i>)	24
Central region (<i>Selangor and Wilayah Persekutuan Kuala Lumpur</i>)	17
East coast region (<i>Pahang, Terengganu and Kelantan</i>)	14
Southern region (<i>Melaka, Negeri Sembilan and Johor</i>)	17
East Malaysia region (<i>Sabah and Sarawak</i>)	5
	77

As at 28 February 2007, the breakdown of our Independent Distributors in Malaysia according to ethnicity is as follows:

	No. of Independent Distributors
Malay	110,584
Chinese	1,890
Indian	1,549
Others	727
	114,750

As at 28 February 2007, ZSG has 1,561 Independent Distributors operating in Singapore. As at 28 February 2007, our associated company, ZTH has 124 agencies and 255,482 Independent Distributors throughout Thailand mainly concentrated in central Thailand. At the same time, PT Zhulian, our master agent in Indonesia, has 21 agencies and 26,424 Independent Distributors.

We have appointed both ZTH and PT Zhulian as our Master Agent in Thailand and Indonesia respectively. ZTH and PT Zhulian are authorised to use our MLM business model, namely the "Zhulian Golden Business Guide" and the "ZHULIAN" brand name exclusively in Thailand and Indonesia respectively. ZMSB also provides consultancy services and support in respect of hardware, software networking and training of the Zhulian Information Systems and Agent Distribution System to ZTH and PT Zhulian.

For further details on the direct selling business, please refer to Section VIII(1.5) of this Prospectus.

VII. HISTORY AND BUSINESS OVERVIEW (CONT'D)

Foundation of Zhulian Business Plan

Our Zhulian Golden Business Guide ("Zhulian GBG") sets out the Zhulian Golden Business Plan, which details the reward system, recognition levels, and promotion standards that are available to an Independent Distributor.

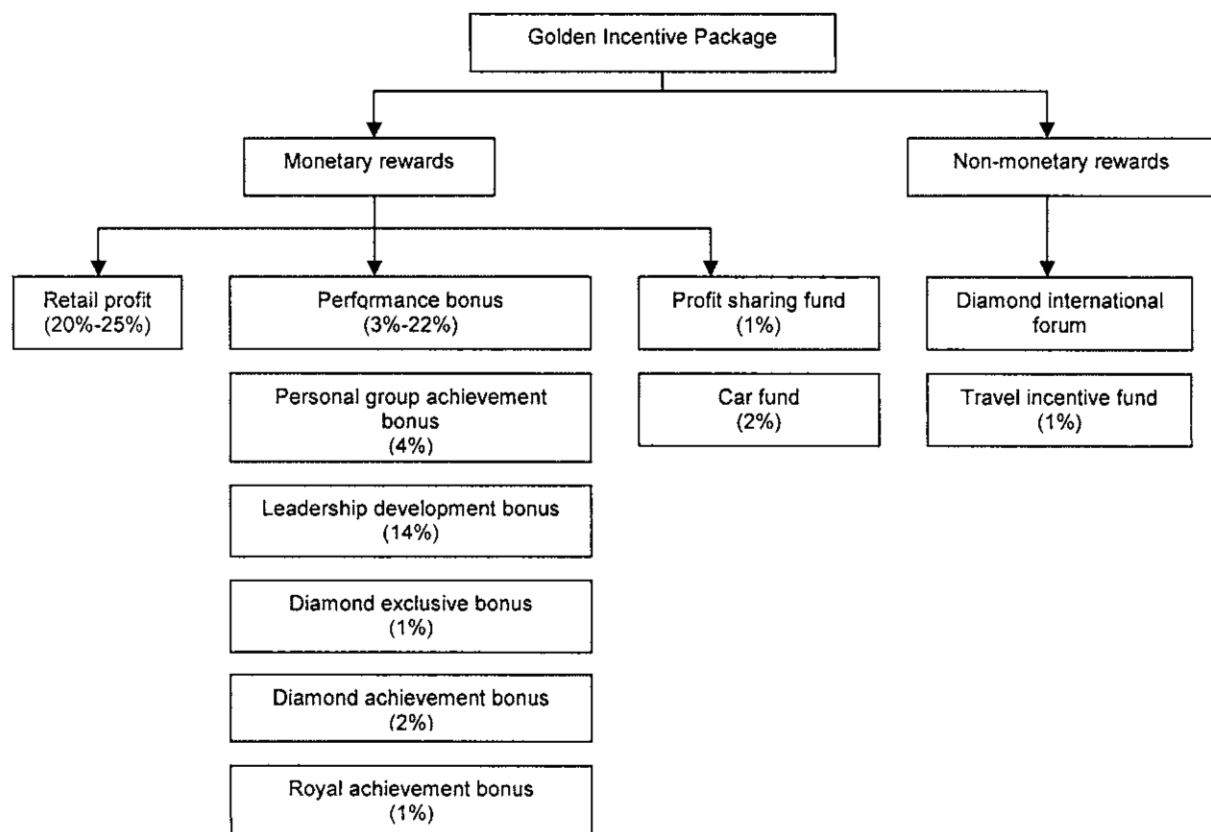
The foundation of Zhulian GBG is based on our business plan, procedures, rules and regulations, which is instrumental in helping our Independent Distributors promote our wide range of products through a constructive distribution network. Zhulian GBG enables our Independent Distributors and us to work closely together to develop our business. Besides safeguarding the interests of both parties, it also serves as the pledges of responsibility, obligation and rights of both parties. An Independent Distributor shall at all times adhere to the business plan, procedures, rules, and regulations stipulated in the Zhulian GBG and also any amendments and additions thereof.

An Independent Distributor will get his bonus and reward from personal sales and the distribution network sales through the designated Point Value ("PV"). PV is the value assigned to each product that determines the level of recognition, bonuses or funds a distributor is entitled to receive from the sales of our products.

There are two ways of accumulating PV:

- Sales of our products by the distributor; and
- Sales of our products by the downlines of the distributor (excluding the PV accumulated by downlines who have been promoted to the rank of Sales Executive and above in his sponsoring network).

Our reward system is called the Golden Incentive Package ("GIP"), which comprise of monetary and non-monetary rewards as follows:



VII. HISTORY AND BUSINESS OVERVIEW (CONT'D)

To qualify for the bonuses and funds as stipulated in the Zhulian GBP, an Independent Distributor must have a Personal PV⁽¹⁾ of at least 300 every month derived from the sales of our products. This condition applies to all our Independent Distributors, regardless of the recognition level they are at.

The recognition levels that are available to a distributor are as set out below:

Recognition Levels

RCD	Royal Crown Director
RCM	Royal Crown Manager
CDM	Crown Diamond Manager
DSM	Diamond Sales Manager
SSM	Senior Sales Manager
SM	Sales Manager
SE	Sales Executive
DS	Distributor who has signed in under Distributorship Application Form.

Everyone who participates in the Zhulian GBP starts as a distributor at a DS level. Depending on his sales performance, an Independent Distributor can be promoted to Sales Executive after accumulating sufficient PV. Unlike the promotion standard applied to Sales Executive which solely based on accumulation of PV, promotion to Sales Manager and above requires certain amount of PV and sufficient number of required downlines.

Independent Distributors with different recognition levels will qualify for different bonus scheme or fund. The higher the ranking the more incentives that are available to the Independent Distributors. For example, Diamond Exclusive Bonus is only awarded to Diamond Sales Manager or distributors of higher position who have attained the relevant requirements.

At the end of the month, a certain percentage of our Network Business Volume⁽²⁾ is allocated to each of the bonus scheme (for example, 4% Personal Group Achievement Bonus or 14% Leadership Development Bonus) and each of the fund (such as 1% Travel Incentive Fund or 2% Car Fund). This amount of money is then divided by the total number of points for all qualifiers within the Company to arrive at the monetary value for each point. It will then be used to calculate the monetary reward (bonus) or non-monetary reward (fund) received by each of the qualifier.

Other than the non-monetary rewards as stipulated in the GIP, we also recognise and motivate our distributors by awarding them with a series of "Certificates of Achievement" and specially designed collar pins for different positions. In addition, we also allocate prominent pages in our monthly in-house magazine to duly recognise the outstanding achievements of our newly promoted distributors.

Notes:

(1) *Personal PV means the total PV derived from the sales of our products by a distributor.*

(2) *The total business volume of all the participating countries that is expressed in Ringgit Malaysia for bonus computation purposes at the Zhulian International Head Office in Malaysia.*

(Source: Zhulian Golden Business Guide of ZMMSB and ZSG)

VII. HISTORY AND BUSINESS OVERVIEW (CONT'D)

2.3 Manufacturing

Our manufacturing activities are carried out in our plant located in Bayan Lepas Industrial Estate, Penang. Our plant comprises two (2) buildings each located on Plot 41 and Plot 42, Bayan Lepas Industrial Estate, Penang with a total built up area of 5,785.54 sq. metres and 15,097.06 sq. metres respectively. Apart from housing our manufacturing activities, both buildings also house our administrative, marketing and warehouse facilities.

Costume and Fine Jewellery

The manufacturing of costume and fine jewellery is undertaken by ZJMSB and is considered one of the leading manufacturers of costume jewellery in Malaysia.

ZJMSB's production facility takes up a large portion of the factory space of Plot 42, Bayan Lepas Industrial Estate Phase IV and is equipped with fully and semi automated machinery which allows the implementation of Flexible Manufacturing System where equipment may be utilised for manufacturing both costume and fine jewellery made of gold and sterling silver. As at 28 February 2007, ZJMSB employed 363 persons.

Approximately 792 sq. metres of factory space is allocated to a self-contained electroplating department which permits closely regulated electroplating. A notable feature of the ZJMSB's electroplating facility is the use of an automatic agitation process during coating which traditionally relied on manual shaking and stirring jigs. ZJMSB's facility allows the plating of a variety of metals apart from gold such as copper, nickel, palladium, rhodium and silver.

ZJMSB's production facility employs an advanced wastewater treatment system which covers an area of approximately 256 sq. metres to treat by-products of the manufacturing process such as acid, cyanide, oil, grease, surface taint, casting and general wastage. ZJMSB invested approximately RM1.42 million in 1997 in the wastewater treatment system and yearly maintenance costs amount to approximately RM100,000. In addition, an air scrubber is also installed for the control of hazardous fumes released from the electroplating process. Through these measures ZJMSB ensures that it is able to minimise or eliminate hazardous effluent and safeguard the environment.

The jewellery industry can be cyclical. During economic downturn, demand for jewellery products tend to decrease. In view of the cyclical nature of the jewellery business, we had shifted our dependence on jewellery business by diversifying our products range to include various consumer products in the past few years.

ZJMSB's production process for the manufacture of costume and fine jewellery is explained below.

Process	Functions
Designing	Our master designers create drawings of new jewellery designs.
Model making	Our skilled craftsmen skilfully transforms a silver alloy mix into the desired model shape, known as a 'masterpiece' through the process of heating, cutting, knocking and soldering.

VII. HISTORY AND BUSINESS OVERVIEW (CONT'D)

Process	Functions
Wax forming	The new masterpiece is prepared and encased in silicone rubber to be heated and compressed to form a rubber mould. The rubber mould is then cooled and carefully cut apart to remove the original masterpiece. The rubber mould is then re-assembled and the cavity inside is injected with wax to form a wax model. Wax models are arranged in a circular fashion to form a 'wax tree'.
Casting	The 'wax tree' is placed in a cylinder and filled with investment powder solution. The cylinder is then dried and hardens to form the shape of the wax mould. It is then placed in a furnace for further heating where the wax melts and the cavity is then filled with molten metal in the centrifugal casting machine to form complete designs.
Assembly	Our skilled craftsmen put together the different parts to create complete jewellery pieces. Functions performed are grinding, knocking and soldering.
Quality Control 1 ("QC1")	Inspection of assembled finished products. The QC1 team visually inspects individual products and identify defects such as rough surfaces, missing pins, soldering defects, poor sandblast, irregular shapes and loose joints. All rejected items are sent to the Assembly Department for rework.
Engraving	Engraving specialist equipped with specialised equipment for increased control engrave fine and intricate designs into jewellery pieces.
Stone setting	Cubic zirconia and colour synthetic stones are used for stone setting on rings, bracelets, pendants, bangles, necklaces and earrings. Semi-precious stones such as citrine, blue topaz, garnet and amethyst are also used.
Polishing	Impurities are removed and the jewellery surfaces are given a clean shine to ensure products are contaminant-free. This is performed by dipping the jewellery pieces into specially formulated and regulated high-grade chemical baths.
Quality Control 2 ("QC2")	Inspection of products after polishing process. QC2 checks for quality of engraving and stone setting and also checks for chip cracks and porosity of products. All rejected items are sent to the Polishing Department for rework.
Stamping	The stamping process is used as an alternative for jewellery designs that cannot be produced through mould casting. Various products such as pendants, bangles and bracelets are stamped into exquisite designs and shapes with varying thickness and sizes and then sent to the Assembly Department.
Chain making	The chain making department consists of an assortment of equipment and machinery which have been specifically designed to provide automated chain production. Constructed using sturdy wire alloys, the chains are woven into specific styles with varying thickness, turns and length.

VII. HISTORY AND BUSINESS OVERVIEW (CONT'D)

Process	Functions
Electroplating	The jewellery is plated by ZJMSB's in-house electroplating process, which allows ZJMSB to plate a variety of metals and materials such as gold, copper, nickel, palladium, rhodium and silver.
Quality Control 3 ("QC3")	Inspection of products after the electroplating process and prior to packaging and marketing. QC on the overall quality of products including areas covered by QC1 and QC2 take place here. Rejected items are sent to the Electroplating Department or the other respective departments for rework.
Packing	Finished products that pass the scrutiny of the Quality Control department will be sent to the packaging department for final packaging. Thereafter, the goods will be distributed to the respective customers.

Food Supplements and F&B Products

The manufacturing of food supplements and F&B products is undertaken by ZISB. The production of our food supplements and F&B products is semi-automated. QC is an important aspect of food manufacturing and ensures the reliability and safety of the product. As such QC is conducted at each stage of production. We strictly adhere to the code of Good Manufacturing Practice and we have met the requirements of ISO 9001:2000. For food products which require relevant "Halal" certification from specific authorities, processes are adhered to without compromise. All our nutritional supplements and F&B products are certified "Halal" by the Department of Islamic Development Malaysia, save for ZhuBee Vitamin C nutritional supplement. This supplement is outsourced from a third party vendor, who is applying for the "Halal" certification and the application is pending for approval. However, the revenue derived through the sale of ZhuBee Vitamin C nutritional supplement is not material relative to the total sales of nutritional products for the financial year ended 30 November 2006.

The process of product formulation is conducted under stringent control thus ensuring that proprietary formulations are not leaked out of the company. The production floor and warehouse cover an area of 1,432 sq. metres in Plot 41 and 2,021 sq. metres in Plot 42, respectively at Bayan Lepas Industrial Estate Phase IV. As of 28 February 2007, the production facility employed 118 persons. The layout and production process of the plant are set up according to Good Manufacturing Practice Standard. The final products of ZISB are packaged in amongst others, cartons, boxes and satches depending on the size and weight.

Our production process for the manufacture of nutritional supplements and F&B products is explained below.

Process	Functions
Raw materials	All raw materials are delivered to the store for verification and undergo stringent QC in a quarantine room. Following quality checking, raw materials are kept in the store where low temperatures are maintained the entire time.
Weighing and dispensing	All materials are weighed using electronic weighing machines to ensure exact amounts are used in the production process.

VII. HISTORY AND BUSINESS OVERVIEW (CONT'D)

Process	Functions
Blending	The blending room in the production facility has a total of six blending machines which consist of stainless steel mixers that are capable of blending 50kg to 100kg of materials.
Filling	Filling machines, vertical form fill seal packing machines, rotary systems with micro-computer controls and coding machines are used in the filling process.
Packing	Employees will manually insert the sachets into packs. Each pack is weighed on the electronic balance weighing machines and is sealed using the horizontal type band sealer machines. The machines will also stamp the expiry date and batch number on each pack.
Labelling	Labels are attached to pack in the labelling department. The infrared ray shrink tunnel machine is used to shrink the packs. After shrinking, the packs are placed in cartons.
Quality Control of finished products	<p>Finished products quality control is the last point of control before products enter the warehouse and become available for distribution to the market. Strict control is exercised to ensure that the product specification and packaging meet all specified requirements before being released to the warehouse. Random samples are collected for the QC department and physical access to the quarantine area is restricted.</p> <p>The final release of products is allowed only after satisfactory completion of the following:</p> <ul style="list-style-type: none"> - Finished products meet quality control requirements for all processing and packaging specifications; - Retention of sufficient finished products by the quality control unit and the sampling inspection and testing of the products are conducted; and - Packaging / labelling meets all requirements.
Finished goods	Finished products which meet all necessary QC standards will be moved from the quarantine area to the finished goods storage warehouse where the products are stored under appropriate conditions.

Water treatment and air purifier systems

The manufacturing of water treatment and air purifier systems is undertaken by our subsidiary, BPTSB. We have invested over RM1.6 million in machinery and equipment mostly for plastic welding and moulding purposes.

The production floor and warehouse cover an area of about 710 sq. metres and 856 sq. metres respectively in Plot 42, Bayan Lepas Industrial Estate, Phase IV. As at 28 February 2007, the production facility employed 51 persons.

VII. HISTORY AND BUSINESS OVERVIEW (CONT'D)

Bolsters, pillows and mattress pads

The manufacturing of bolsters, pillows and mattress pads is undertaken by our subsidiary, ZMFSB. The production floor covers an area of approximately 816 sq. metres in Plot 42, Bayan Lepas Industrial Estate Phase IV, while warehouse facilities cover an area of 634 sq. metres at Plot 42, Bayan Lepas Industrial Estate Phase IV. As at 28 February 2007, ZMFSB's production facility employed 54 persons.

In-house printing

Our direct selling and manufacturing businesses require a large amount of promotional booklets, brochures, pamphlets, administrative forms and other printed materials which constantly require updates. To support our constant need for new printed materials, we print most of these materials in-house through ZPISB. We believe that in-house printing enable us to reduce costs as well as increase our flexibility in marketing and administration. ZPISB's printing machinery consists of 7 offset presses and various finishing equipment capable of high speed printing and high quality reproductions. As at 28 February 2007, ZPISB employed 40 persons.

2.4 Trading activities

Our dealings with contract manufacturers and/or third party suppliers for the purchase of certain consumer products are carried out by MSSB to enable us to meet the demands of our customers. As at 30 November 2006, this amounted to approximately 16% of the products sold through our MLM business only.

2.5 Other activities

Other activities undertaken by our Group include property development and construction. Currently, our property development activities are carried out by ZDSB.

We currently have a landbank of approximately 34,358 sq. metres which we intend to develop into residential and commercial properties. Our Board does not expect the foreseeable contribution from property development and construction activities to be significant as compared to the expected contribution from our existing core businesses.

A summary of current and proposed development projects are set out below:

Name of Company	Description of development	Location	Land size	Estimated completion
Ongoing developments				
ZDSB	Residential development comprising 2-storey terrace houses, 2-storey semi detached houses and low cost apartments	Lot 712, Mukim Keladi, Daerah Kulim, Kulim Kedah	28,770 sq. metres	Phase 1 is expected to complete in 2 nd quarter of financial year ending 30 November 2009. Phase 2 and Phase 3 are expected to complete in 3 rd quarter and 4 th quarter of financial year ending 30 November 2010

VII. HISTORY AND BUSINESS OVERVIEW (CONT'D)

Name of Company	Description of development	Location	Land size	Estimated completion
ZDSB	Exclusive residential development comprising bungalow houses	Cangkat Minden, Penang	3,184 sq. metres	Expected completion in 4 th quarter of 2008

Proposed development

ZVSB	Commercial development comprising an office building	Georgetown, Penang	2,404 sq metres	To be determined later
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2.6 Major Suppliers

We have a wide supplier base. As at 30 November 2006, approximately 83% of our purchases were sourced locally, while the remaining 17% were imported. Our main cost component is gold used in jewellery manufacturing.

Throughout the years of operations, we have established and maintained a good rapport with our suppliers and have not experienced any difficulties in obtaining raw materials.

Our major suppliers, being suppliers who individually contributed to more than 5% of purchases for each of the past three (3) financial years ended 30 November 2006 are set out as below:

Name of supplier	Items supplied	Length of relationship Years	% of total purchases as at 30 November 2006	% of total purchases as at 30 November 2005	% of total purchases as at 30 November 2004
United Overseas Bank (Malaysia) Bhd	Gold	1	6	-	-
Fulijaya Manufacturing Sdn Bhd	Personal care products	5	8	6	5
Golden Chemicals Sdn Bhd	Raw materials for F&B products	6	7	6	6
Grid System Sdn Bhd	Home care products	6	7	6	6
Bodibasixs Manufacturing Sdn Bhd	Baby care and personal care products	6	10	5	5

2.7 Major Customers

As we are involved in the direct selling business, our customers are wide ranging and there is no significant concentration on any one particular customer. Please refer to Section VII(2.2) of this Prospectus for further information on our direct selling business.

VII. HISTORY AND BUSINESS OVERVIEW (CONT'D)

2.8 Risk Management Policies and Procedures

Our Directors are highly aware of the risks the businesses of our Group are exposed to, as highlighted in Section IV of this Prospectus, which may disrupt our operations and the future profitability of our Group. We constantly take steps to identify and minimise risks such as poor debt collection, use of prohibited substances, leakage of confidential information, poor quality control and space constraint limiting our ability to meet greater market demands, through deploying different systems, procedures, reporting lines and audit processes. In consultation with an external expert, we have taken the following additional steps to manage such risks:

Debt collection

- (i) Monthly debtors' ageing report is closely monitored by designated accounting personnel to follow up on due and overdue accounts;
- (ii) Regular liaison with customers via marketing personnel to pursue outstanding debts;
- (iii) Monthly statements are sent to customers on a prompt basis;
- (iv) Master agency agreements with overseas customers, i.e. ZTH, stipulates payment terms and conditions to formalise credit terms and deposits/collaterals, e.g. a security deposit of RM1,689,000 was collected from ZTH; and
- (v) Top management of our Group sets credit limit for customers based on sales and collection performance.

Use of prohibited substances

- (i) Close reference to the regulatory schedule of prohibited materials/substances in relevant statutes to ensure materials used on product formulation are not banned;
- (ii) Regular references are made to the Ministry of Health's website, where possible, for clarifications on permitted product ingredients;
- (iii) Close working relationship is established with the authorities for regular update of changes in the scheduled items; and
- (iv) Strong involvement by experienced management in R&D activities can eliminate any indication of compromising materials' quality for lower cost.

Leakage of confidential information

- (i) Password control to access our IT system and confidential information is in place;
- (ii) Firewall and Virtual Private Network protection are in place to deter hackers and intruders from Internet;
- (iii) Stand-alone computer with password protection housing the product formulae;
- (iv) Product formulae are closely guarded by our Directors; and

VII. HISTORY AND BUSINESS OVERVIEW (CONT'D)

- (v) Restriction on size of outgoing e-mail attachments based on individual functions.

Quality control

- (i) Outsourcing of materials and finished goods testing to external accredited laboratory on an ad-hoc basis, e.g. Usains Holding Sdn Bhd and SGS (M) Sdn Bhd; and
- (ii) Broaden scope and technical competence of our quality control officers by sending them for training.

Space constraint

- (i) Regularised delivery from vendors of raw and packaging materials to avoid keeping high stock levels;
- (ii) Use of appropriate container size and ensure fully packed to save space;
- (iii) Extension of building behind our factory at Plot 42 to expand production capacity as well as to store increasing raw and packaging materials;
- (iv) Ongoing negotiation with vendors for lower minimum order quantity;
- (v) Build a new, larger factory on the land purchased to cater for the increase in production capacity; and
- (vi) More regular disposition of non-conforming products to release space.

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VIII. INDUSTRY OVERVIEW AND PROSPECTS

1. INDUSTRY OVERVIEW**1.1 Overview of Malaysian Economy**

The Malaysian economy continues to be resilient amidst persistent high world crude oil prices, rising inflationary pressures and monetary tightening, especially in major advanced economies. The continued expansion of Malaysian economy is in tandem with strong global growth, particularly in the USA and Asia despite earlier concerns associated with rising oil prices. Growth in the USA remains favourable despite hikes in interest rates, while in the Asian region, growth continues to expand driven by strong domestic demand and supported by increasing intra-regional trade. PR China, in particular, is expected to register yet another year of strong growth at 10.4% with the ASEAN economies, expanding at 5.8% in 2006.

The growth momentum in Malaysia remains strong, driven by robust domestic demand and favourable export performance. Growth is supported by favourable financing and stable labour market conditions. The Government's strategic decision to move from a fixed exchange rate regime to a managed float was well-received and contributed to further boosting investor and consumer confidence. These factors, coupled with pro-business policies and political stability, continue to provide the enabling environment for the economy. Real GDP expanded at a strong pace of 5.9% in the second quarter, following a growth of 5.5% in the first quarter of 2006, while growth in the fourth quarter of 2005 grew by 5.2%. This unabated growth is expected to continue in the coming quarters to average 5.8% for the year as a whole. Growth is expected to be stronger in the second half of 2006 as reflected in the rising trend of the Leading Index of the Department of Statistics and the Business Conditions Index ("BCI") of the Malaysian Institute of Economic Research. For the second quarter of 2006, the Leading Index registered a growth of 6.3% (January-March 2006: 2.9%), while BCI remained above the threshold level for the first half of 2006, reflecting continued strong investor confidence in the economy.

Growth in 2006 is expected to be broad-based with positive contribution by all sectors, led by services, manufacturing and agriculture. Strong domestic consumption and continued expansion in trade-related activities are expected to support growth in the services sector, especially in the wholesale and retail trade, hotels and restaurants; transport, storage and communication; and financial services sub-sectors. The global uptrend in demand for electronics will impact positively on Malaysia's exports of electrical and electronic products, leading to a stronger growth in manufacturing output. Meanwhile, high commodity prices, in particular of rubber and palm oil, are expected to boost output and generate higher income for the smallholders and farmers as well as commodity-based companies.

Monetary policy in 2006 continues to emphasise on growth with price stability. The Government will continue to conduct its monetary policy in a manner that will constantly balance the need to rein in inflationary pressures while ensuring a conducive environment for investment and business activities. Inflation, maintained at below 2% annually during the 2000-2004 period edged up to 3% in 2005 and 3.9% in the first seven months of 2006, due largely to higher administered retail prices of petroleum products. This rise in inflationary pressures was mitigated somewhat by the appreciation of the ringgit, which helped to lower the cost of imports. Meanwhile, productivity gains contributed to reducing the costs of production. For 2006 as a whole, inflation is projected at 3.7%, after factoring in the Government's commitment to not raising further the retail prices of petroleum products in the remaining months of the year and also the modest impact of the upward revision in electricity tariffs.

VIII. INDUSTRY OVERVIEW AND PROSPECTS (CONT'D)

Unemployment is expected to remain below 4% for the year as a whole, reflecting the full employment situation that has prevailed since 1992 and consistent with increasing job opportunities following sustained expansion in domestic economic activities. In addition, measures continue to be taken by Government to increase the number of skilled workers through training and retraining, minimise the skills mismatch as well as to address the gap between demand and supply in the labour market. However, unemployment among graduates continues to remain a problem, with about 73,000 graduates unemployed, reported in the first quarter of 2006, according Labour Force Survey. The majority of unemployed graduates are in the fields of business administration and human resource as well as computer science and IT. Various programmes are currently in place to address the problem.

On the external front, developments remain positive with Malaysia continuing to record a trade surplus notwithstanding the higher growth in imports relative to exports. With continued inflows of foreign capital, the overall balance of payments is expected to remain strong in 2006, further strengthening the nation's economic fundamentals as well as boosting investor confidence. In tandem with the expansion in economic activities, national income as measured by nominal Gross National Product ("GNP") is estimated to increase by 11.6% to RM525,853 million, with per capita income rising by 9.4% to reach RM19,739 (2005: 10.7%; RM471,331 million; 8.4%; RM18,039). Taking into account the movement in foreign exchange and inflation, per capita income in terms of purchasing power parity ("PPP") is envisaged to increase by 11.8% to reach USD11,871 in 2006 (2005: 9.2%; USD10,614).

Private consumption, an important component of expenditure in GDP, with a share of 50.7%, is envisaged to sustain its growth momentum at 7.1% (2005: 50%; 9.2%). In terms of contribution, it is expected to generate 3.5% to GDP growth (2005: 4.4 %). The major factors driving private consumption include rising household disposable incomes following higher commodity prices, favourable labour market and financing conditions. The significant increase in rubber prices, which reached a 20-year high of RM8.96 per kg on 3 July 2006 and continued increase in palm oil prices, averaging RM1,422 per tonne for the first seven months, boosted incomes and purchasing power of rural households, including of about 200,000 rubber and 290,000 oil palm smallholders. In the first six months of 2006, key consumption indicators, especially imports of consumption goods showed an increasing trend with a growth of 13.6% while sales of motorcycles registered a moderate growth of 3.6% (January-June 2005: 7.3%; 15.1%). Other indicators such as service tax collection increased slightly by 0.3% and sales of food items by 1.4%, respectively, during the first half of 2006 (January-June 2005: 61.7%; 13.2%). However, credit card spending and consumption credit disbursed increased strongly by 15.3% and 5.9% (January-June 2005: 21%; 45.5%), respectively.

Real GDP growth for 2006 is expected to be broad based with all sectors contributing positively to the overall economic expansion. The services sector, with a share of 58.2% to GDP, continues to drive growth, supported by steady expansion in wholesale, retail trade, hotels and restaurants; and transport, storage and communication sub-sectors. With continuing strong domestic demand and expanding trade related activities, the sector is estimated to expand by 5.7% (2005: 6.5%) with all subsectors recording positive growth. Manufacturing, which accounts for 32% of GDP, remains the largest export earner and the second most important sector generating employment for the economy. This sector is envisaged to record a higher growth of 7.3% in 2006 (2005: 5.1%), following the anticipated better performance of the export-oriented industries, particularly electronic and electrical, textile and petroleum.

VIII. INDUSTRY OVERVIEW AND PROSPECTS (CONT'D)

Similarly, output of food products moderated to 0.3% (January-June 2005: 9%), mainly due to the drop in output of refined palm oil, refined sugar as well as preserved fish and fish products, despite the significant increase in output of chocolate products and sugar confectionery, cocoa products and snacks. Output of refined palm oil was lower due to weaker demand, while higher cost of imported raw sugar constrained refined sugar production during the period. Malaysian sugar refineries, currently dependent on Brazil for 75% of their supply of raw sugar, now have to pay higher prices as Brazil is diverting its raw sugar to produce ethanol, which is used as biofuel.

The global market for *halal* products continues to offer bright prospects for the development of *halal* food industry. To improve market access, the Government has spearheaded a special initiative in collaboration with a major international distributor to enable Malaysian manufacturers to supply about RM1 billion worth of *halal* products to the UK. In addition, under the Ninth Malaysian Plan 2006-2010, several *Halal* Parks have been earmarked as centres for downstream activities in products ranging from food, beverages and herbs to processed marine-based and meat products. These parks will have easy access to raw materials and facilities for processing, testing laboratories, warehousing, cold storage and distribution. *Halal* parks are also aimed at facilitating the development of SMEs in the food and beverages sub-sector, which recorded 15.8% in value-added in 2005, the highest contributor in the SME sector.

(Source: Economic Report 2006/2007, Ministry of Finance Malaysia)

1.2 Overview of the economies of Thailand, Singapore and Indonesia

Based on publicly available economic reports on Thailand, Singapore and Indonesia, where relevant, our Directors believe the following:

Thailand

Growth in 2006 continues to be adversely affected by the high oil prices and inflation, rising interest rates, and declining terms of trade. In addition to these, political uncertainties since the beginning of 2006 have lowered consumers' and investors' confidence and delayed public investments, all of which have depressed domestic demand in 2006. Real GDP growth in 2006 will be 4.5%, the same as that of 2005, achieved primarily from buoyant net foreign demand. Exports have increased sharply in 2006 as a result of growth in terms of both volume and price as global demand expanded.

Headline inflation correspondingly reached its peak in May 2006 at 6.2% before declining in the subsequent months to 2.7% in September 2006 as oil prices eased in the second half of the year. Headline inflation in 2006 will be slightly higher than last year's 4.5%, the highest level since 2002, while core inflation rises to almost 2.5%. With the rise in inflation, the policy rates rose from an average of 2.7% in 2005 to 4.8% in 2006.

The sharp rise in energy prices, rising interest rates, real appreciation of the THB, delays in public spending, political uncertainties, price controls, and the uncertain outlook of global demands in the coming years have taken a large toll on growth in both manufacturing production and private investment. Manufacturing production growth in 2006 grew at around 5.5%, similar to 2005, which is lower than its growth rates of 10.2% in 2003 and 8.2% in 2004.

VIII. INDUSTRY OVERVIEW AND PROSPECTS (CONT'D)

Household consumption growth has slowed down to 3.9% in 2006 compared to 4.4% growth in 2005. Amidst political uncertainties, consumer confidence has been falling since the beginning of 2006 before rebounding slightly after the change of government in September 2006. In 2007, lower petrol prices and lower inflation will help increase consumers' purchasing power and confidence, thus raising the growth in household consumption.

Singapore

The domestic economy has exhibited remarkable resilience in 2006, against the headwinds of high oil prices, hikes in interest rates, and geopolitical tensions. For the first three quarters of 2006, the Singapore economy chalked up impressive growth of 8.5%, reflecting broad-based expansion across the manufacturing and services sectors. Concurrently, the labour market saw a record high number of jobs created in the first six months of 2006. Barring any shocks, Singapore's GDP growth is on track to reach the upper half of the 6.5% to 7.5% official forecast range.

The Singapore economy grew at a faster pace in the third quarter of 2006, following some slowdown in the second quarter of 2006. On a quarter-on-quarter seasonally adjusted annualised basis, GDP expanded by 6.0% in the third quarter, up from 3.4% in the second quarter of 2006. The manufacturing and transport-hub services sectors grew more strongly in the third quarter of 2006, after a pull-back in the preceding quarter, while growth of the domestic-oriented, tourism, and financial services sectors continued to hold firm.

Inflationary pressures remain well-contained under the present policy stance. Headline Consumer Price Index ("CPI") inflation rose to an average of 1.2% in the first eight months of 2006, from 0.5% for the whole of 2005, reflecting stronger pass-through effects from higher oil prices.

The Singapore economy has expanded strongly in 2006. While the growth momentum is expected to moderate, the economy should grow at close to its potential in 2007. At the same time, CPI inflation will be contained in 2006 and 2007 under the current policy stance.

Indonesia

By mid 2006, Indonesia was showing signs of a solid recovery from the dramatic fiscal and monetary policy adjustments in late 2005 which slowed the economy in the first half of 2006 and increased poverty.

In 2005, the administered fuel price increases totaling a cumulative 143% effectively transferred an estimated USD10 billion of disposable income from consumers to regional and central governments. This shock, combined with interest rate increases of 400 basis points (between August and December), brought Indonesian growth to below 5% in the first half of 2006. Despite the economic slowdown, these adjustments designed to put Indonesian fiscal and monetary policy on solid footing, were very well received. The exchange rate strengthened, the interest rate cycle reversed, new stock market highs were reached and rating upgrades were announced.

VIII. INDUSTRY OVERVIEW AND PROSPECTS (CONT'D)

By end September of 2006 inflation had fallen to 14.5% from of 17.1% at year end 2005 as the impact of last year's fuel price increase works its way through. In fact as the base effect is removed from the year-on-year inflation in October the inflation rate is expected to fall below the inflation target of 7% to 9%. As inflation and inflation expectations have fallen the interest rates were gradually reduced from a high of 12.75%, single digits or close is expected by year end of 2006.

As noted markets had been anticipating accelerating growth and recent data confirms this. By August/September most real indicators (cars, motorcycles, cement, etc.) are turning sharply upward. The import of capital goods, which had turned down and was largely responsible for low investment, began to recover in the third quarter and August saw the largest single month's capital imports since September 1997 (USD855 million).

1.3 Prospects of Malaysian Economy

The Malaysian economy is expected to strengthen in 2007, despite a more challenging external environment. This optimism is underpinned by continued expansion of private sector activities, complemented by Government's pragmatic policies and strategies to diversify and promote the new sources of growth. Overall, real GDP growth is envisaged to expand at 6% in 2007 (2006: 5.8%), consistent with the growth targets outlined in the Ninth Malaysia Plan 2006-2010. Growth will continue to be broad-based with positive contribution from all sectors of the economy. With the encouraging economic prospects, nominal GNP per capita is projected to rise by 7.2% to reach RM21,168 (2006: 9.4%; RM19,739), reflecting improvements in the well-being of the *rakyat*. In terms of PPP, per capita income is expected to increase by 6.7% to reach USD12,666 (2006: 11.8%; USD11,871).

Consistent with the favourable growth prospects of the economy, aggregate domestic expenditure (excluding change in stocks) in real terms is expected to continue to increase by 7.1% in 2007 (2006: 7.8%), underpinned largely by higher investment spending and sustained consumption.

As consumer confidence is expected to remain buoyant with rising disposable incomes, in part due to higher export earnings and better employment prospects, private consumption expenditure is projected to increase by 6.4% in 2007 (2006: 7.1%).

On the supply side, all sectors are projected to record positive growth, led by the manufacturing and services sectors. The manufacturing sector is expected to expand in line with sustained global electronics demand and the continuing strong pace of domestic economic activities. The services sector is forecast to strengthen, benefitting from Visit Malaysia Year 2007, which will intensify tourism activities and generate higher earnings, in particular from the wholesale and retail trade, hotels and restaurants sub-sector. Capacity expansion in transport infrastructure, higher investment in communication services industry as well as robust finance and business-related activities will also continue to support the growth momentum in the services sector. Meanwhile, the expansion of the agriculture sector is projected to continue, spurred by favourable commodity prices and Government's committed and focused efforts to diversify and modernise the sector, particularly the production of food commodities to help reduce the high food import bill. Growth in the construction sector is expected to accelerate, boosted by the implementation of infrastructure projects under the Ninth Malaysia Plan 2006-2010.

(Source: Economic Report 2006/2007, Ministry of Finance Malaysia)

VIII. INDUSTRY OVERVIEW AND PROSPECTS (CONT'D)

1.4 Prospects of the economies of Thailand, Singapore and Indonesia

Based on publicly available economic reports on Thailand, Singapore and Indonesia, where relevant, our Directors believe the following:

Thailand

Real GDP growth in 2007 is projected to speed up slightly to around 4.6%. The decline in petrol prices and inflation in 2007 would help boost domestic demand. As petroleum prices in Thailand last year reflect the world oil price, retail petroleum prices this year will fall with that of the world oil price. With lower oil prices and inflation, interest rates are also expected to be slightly reduced. These will help stimulate both household consumption and private investment. However, uncertainties in policies as well as in the global environment are still keeping firms from fully making their investments. Moreover, firms will need to continue adjusting to the high level of energy prices. At the same time, many constraints to investments as identified by firms are still not relaxed. Government budget disbursements, which have been delayed in the last quarter of 2006, will resume at the beginning of January 2007. This would raise the growth of public investment compared to 2006. With the increase in domestic demand, import growth will accelerate in 2007. Exports, on the other hand, will likely decelerate with the slowdown in the economies of Thailand's major markets, namely, the USA, Japan, and the European Union, and the expiration of the tax exemption for Thai export products to the USA under the Generalized System of Preferences.

In 2007, interest rates are expected to decline slightly with the ease in inflation as oil prices fall. Nevertheless, world oil prices will remain high at around USD60 per barrel, a decline from USD65 per barrel in 2006. Retail petrol prices in Thailand, however, are expected to decline by less than that of world oil prices as the contribution to the Oil Fund (which is added to the retail price of petrol) will be revised upwards. Headline inflation is therefore expected to fall to around 2.5% in 2007, while core inflation could fall close to 2%.

Singapore

Despite the continuing risks to external demand conditions, the outlook for the Singapore economy remains generally positive at this stage. GDP growth is expected to be sustained in 2007, although at a slower rate compared to 2006. The manufacturing sector will be driven by the semiconductor and marine engineering industries, while the services sector will be led by trade-related activities. Following the strong performance of the economy in 2006, GDP growth is likely to approach its medium-term potential rate next year, barring any unexpected shocks.

Going into 2007, tighter labour market conditions and the lagged effects of commodity price increases would continue to underpin domestic price pressures. However, the fall in oil prices, if sustained, would take some pressure off headline CPI inflation. Importantly, structural changes to the economy including a more competitive environment and diversified sources of imports have helped to cap price increases. Headline CPI inflation for 2007 is forecast to be in the 0.5-1.5% range, similar to that in 2006. The underlying inflation measure, which averaged 1.8% in the first eight months of 2006, is expected to remain within 1-2% in 2007.

VIII. INDUSTRY OVERVIEW AND PROSPECTS (CONT'D)

Indonesia

Both fiscal and monetary policies are now supportive of higher growth. The easing of monetary policy has reduced policy interest rates by 2% since May with room for further easing into 2007 as inflation continues to fall. This should spur demand for corporate investment and recovery in consumer durables. Both central and regional government spending is also rising and there is fiscal space to expand public investment into 2007 and beyond. The current policy momentum should result in increased investment and bring the economy into the 6% growth range by early 2007. Growth for the year should be 6% to 6.5%.

1.5 Overview of the Direct Selling Industry

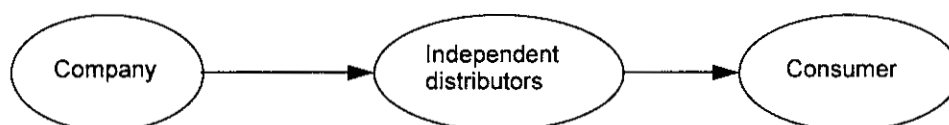
Direct selling is a marketing approach which involves the sales of goods and services directly by independent sales representatives through personal interactions, frequently in their homes as opposed to traditional retail channels where products are sold from a permanent place of business.

Most independent sales representatives of direct selling companies (commonly referred to as independent distributors or direct sellers) are independent business operators who are not employees of the company and enjoy the advantage of deciding the extent of their involvement in selling the company's products.

While there are many direct selling companies in Malaysia, most established direct selling companies fall into one (1) of two (2) of the following categories:

- Single level marketing ("SLM"); or
- MLM

Under SLM, the independent distributor obtains a discount or rebate from the company upon purchase of products which he subsequently sells at the recommended retail prices to consumers for a profit. The line of distribution under the SLM concept is simple, involving the direct sales company, the independent distributors and the consumer.



Under the concept of MLM, the independent distributor recruits and trains other independent distributors who in turn recruits and trains more independent distributors, forming a lineage of independent distributors under the former which is often referred to as a 'downline'. An independent distributor is compensated through his/her sales of products and also from the sales of independent distributor(s) forming his/her 'downline'.

VIII. INDUSTRY OVERVIEW AND PROSPECTS (CONT'D)

Notes:

MLM	:	Multi Level Marketing
SLM	:	Single Level Marketing
MO	:	Mail order
SL & MO	:	Combination of Single Level and Mail Order
(1)	:	As of December 2006

(Source: Ministry of Domestic Trade and Consumer Affairs website at www.kpdnhep.gov.my.
Extracted on 28 February 2007)

DSAM is a national trade association aimed at promoting the direct selling industry in Malaysia. DSAM was founded in 1978 and as at 31 January 2007, DSAM has 63 members comprising MLM and single level marketing companies.

In 2005, DSAM's 66 members recorded a combined turnover of RM2.70 billion, an increase of RM20 million from 2004. DSAM's combined member's turnover grew from RM2.60 billion in 2003 to RM2.70 billion in 2005. According to the Ministry of Domestic Trade and Consumer Affairs, the turnover for the industry in 2005 was RM6.60 billion. The increase in DSAM's member companies' turnover in 2005 reflects the direct selling industry's important and growing contribution to Malaysia's economy. Apart from providing entrepreneurial opportunities to Malaysians who want supplemental income or as a full-time business interest, some of DSAM's members have also begun expanding their presence and products overseas.

According to the World Federation of Direct Selling Associations, which DSAM is affiliated to, Malaysia was ranked as the eleventh largest country in terms of turnover in 2005. DSAM estimates there are approximately 3.47 million distributors in Malaysia.

(Source: DSAM)

1.6 Outlook of the Direct Selling Industry

The outlook for the direct selling industry in Malaysia is favourable. Growth potential for the direct selling industry is largely determined by the country's economic and population growth.

Increased consumer affluence brought about by economic growth will stimulate demand for consumer products sold through the direct selling channel.

Several factors that affect local demand for consumer products are as follows:

(i) Population growth

The Malaysian population increased to 26.75 million in 2005. The population growth rate continued to decline as a result of the decrease in total fertility rate to 2.76 in 2005. The life expectancy at birth of the population improved with male life expectancy increasing from 70.0 years in 2000 to 70.6 years in 2005 and female life expectancy from 75.1 years to 76.4 years.

VIII. INDUSTRY OVERVIEW AND PROSPECTS (CONT'D)

During the Ninth Plan period, the population is projected to increase to 28.96 million in 2010, growing at an average rate of 1.6% per annum, lower than during the Eighth Plan period. The lower rate is due to the decline in total fertility rate to 2.48 in 2010, which can be attributed to more Malaysians pursuing higher education and career advancement leading to delayed marriages as well as having smaller families.

(Source: Ninth Malaysia Plan 2006-2010, The Economic Planning Unit, Prime Minister's Department)

(ii) GDP growth

During the Eighth Plan period, GDP in real terms grew at an average rate of 4.5% per annum supported by domestic demand and exports. Per capita GNP in current terms increased by 5.7% per annum to RM17,687 in 2005. Per capita GNP in terms of purchasing power parity increased to USD10,318 in 2005 due to lower inflation and a stable exchange rate.

During the Ninth Plan period, the economy is projected to grow at an average rate of 6.0% per annum with price stability. This growth will be supported by domestic demand with strong private investment and consumption. Per capita GNP in current terms is projected to increase by an average rate of 5.9% per annum to RM23,573 in 2010. Per capita GNP in terms of PPP is expected to increase to USD13,878 in 2010.

(Source: Ninth Malaysia Plan 2006-2010, The Economic Planning Unit, Prime Minister's Department)

(iii) Growth in affluence

During the Eighth Plan period, private consumption recorded a strong growth averaging 6.6% per annum compared with the revised target of 5.2% and its share of GDP increased to 50.1% in 2005.

During the Ninth Plan period, private consumption is targeted to grow at an average rate of 6.9% per annum, higher than the growth achieved during the Eighth Plan period. The expansion is due to the increase in disposable income and the continued improvement in consumer confidence underpinned by sustained employment growth and favourable commodity prices. In line with this projection, per capital private consumption is expected to increase at an average rate of 7.8% per annum from RM8,071 in 2005 to RM11,753 in 2010. The share of private consumption to GDP is expected to increase to 52.1% in 2010.

(Source: Ninth Malaysia Plan 2006-2010, The Economic Planning Unit, Prime Minister's Department)

VIII. INDUSTRY OVERVIEW AND PROSPECTS (CONT'D)

1.7 Government Laws and Regulations
Malaysia

Direct selling companies in Malaysia are governed by the Direct Selling Act, 1993 ("DSA") which is administered by the Ministry of Domestic Trade and Consumer Affairs and who are responsible for the supervision of the industry and the protection of consumer rights. The DSA promotes the development of this industry, governs ethics and prohibits illegal direct selling activities such as 'pyramid schemes'. Subsidiary legislation include the Direct Selling Regulations 1993 which provides procedures in relation to licensing and the Direct Selling Orders (Exceptions) 1993 which grants exceptions to certain activities from the DSA.

The DSA will be reviewed to address the changing needs of the industry and enhance the regulatory mechanisms. Direct selling companies will be encouraged to develop and promote their products through continuous quality improvements, innovative packaging, branding and increasing exports. Towards this end, training programmes for direct sales participants will be reinforced to increase marketing, communications and management skills as well as instil good business ethics. A total of 100 new Bumiputera direct selling companies is targeted for development under the Ninth Plan. In addition, local direct selling companies will be encouraged to expand their operations overseas, especially in the Asia Pacific region.

(Source: Ninth Malaysia Plan 2006-2010, The Economic Planning Unit, Prime Minister's Department)

ZMMSB is licensed under the DSA since its enactment in 1993 and currently holds a licence valid for five (5) year expiring 15 December 2009.

As at the Latest Practicable Date, we are unaware of any contravention of the requirements and provisions of the DSA and we are not engaged in any prohibited 'pyramid schemes'.

Thailand

Companies conducting direct selling activities in Thailand are governed by the Direct Sale and Direct Marketing Act B.E. 2545 ("DSDM Act") which is regulated the Direct Sale and Direct Marketing Committee ("DSCMC"). DSCMC is the government body responsible for the supervision of the direct selling industry in Thailand and protection of consumer rights. As stipulated in the DSDM Act, any person conducting direct selling activities are required to register with the Registrar or Secretary of the Consumer Protection Board.

Infringement of any requirements or provisions in the DSDM Act carries a penalty of, amongst others, a fine of not more than THB100,000 or an imprisonment term of not more than one (1) year, or both, as well as a daily penalty of not more than THB10,000 per day throughout the duration of such infringement. The Registrar shall also have the power to revoke registration licences.

Our associated company, ZTH is licensed to conduct direct sales business by the office of the Consumer Protection Board/Office of Prime Minister.

As at the Latest Practicable Date, we are unaware of any contravention of the requirements and provisions of the DSDM Act by ZTH.

VIII. INDUSTRY OVERVIEW AND PROSPECTS (CONT'D)

Singapore

Direct selling activities in Singapore are governed by the Multi-level Marketing and Pyramid Selling (Prohibition) Act (Chapter 190) ("MLM Act") and the Multi-level Marketing and Pyramid Selling (Excluded Schemes and Arrangement) Order 2000 ("Exclusion Order"). The MLM Act prohibits all business schemes which are multi-level in nature. The Exclusion Order was enacted to exclude legitimate businesses from the MLM Act, such as insurance companies, master franchises, and direct selling companies which fulfil certain criteria. The Ministry of Trade and Industry administers the MLM Act.

Contravention of the requirements and provisions of MLM Act carries a penalty, of amongst others, a fine not exceeding SGD200,000 or imprisonment for a term not exceeding five (5) years, or both. As at the Latest Practicable Date, we are unaware of any contravention of the requirements and provisions of the MLM Act by ZSG and ZSG is not engaged in prohibited pyramid selling activities.

2. COMPETITION

The direct selling industry is dynamic and highly competitive. Direct selling companies compete principally in terms of the price, quality of product and the recruitment/attrition of Independent Distributors. Many established direct selling companies offer an extensive product range, which include similar consumer/household products sold by us, and also offer attractive compensation plans and business opportunities. Consumer products sold by our Group also face stiff competition from similar products sold through retail channels.

In Malaysia, we face competition from established direct selling companies such as Amway (M) Holdings Berhad, CNI Holdings Berhad, Cosway Corporation Berhad, Hai-O Enterprise Berhad, Caely Holdings Bhd, DXN Holdings Bhd and Liqua Health Corporation Berhad, all of which are public listed companies on Bursa Securities. Based on their latest audited financial results available of the said direct selling companies, their key financial ratios are as follows:

Name / Listing	Revenue RM 000	Gross profit RM 000	Net profit RM 000	Gross profit margin %	Net profit margin %	NTA RM 000	No. of shares 000	NTA per share RM	EPS Sen
ZCB ⁽¹⁾	225,377	140,801	57,879	62.47	25.68	212,312	345,000	0.62	16.78
Amway (M) Holdings Berhad ⁽²⁾ / Main Board	507,030	130,537	51,899	25.75	10.24	194,213	164,386	1.18	31.57
CNI Holdings Berhad ⁽³⁾ / Main Board	234,223	161,000	29,668	68.74	12.67	81,720	600,000	0.14	4.94
Cosway Corporation Berhad ⁽⁴⁾ / Main Board	1,124,996	466,617	98,210	41.48	8.73	478,165	344,434	1.39	28.51
Hai-O Enterprise Berhad ⁽⁴⁾ / Second Board	144,277	50,485	10,183	34.99	7.06	89,090	66,329	1.34	15.35
Caely Holdings Bhd ⁽³⁾ / Second Board	109,467	21,069	3,269	19.25	2.99	75,792	80,000	0.95	4.09

VIII. INDUSTRY OVERVIEW AND PROSPECTS (CONT'D)

Name / Listing	Revenue RM 000	Gross profit RM 000	Net profit RM 000	Gross profit margin %	Net profit margin %	NTA RM 000	No. of shares 000	NTA per share RM	EPS Sen
DXN Holdings Bhd ⁽⁵⁾ / Main Board	180,615	N/a	21,079	N/a	11.67	113,219	240,764	0.47	8.76
Liqua Health Corporation Berhad ⁽⁵⁾ / Main Board	37,758	4,796	(92,373)	12.70	(244.64)	66,381	288,611	0.23	(32.01)

Notes:

- (1) Based on our proforma consolidated financial statements as at 30 November 2006. The proforma NTA per share as at 30 November 2006 and EPS are computed based on our enlarged share capital of 345 million Shares.
- (2) Based on audited consolidated financial statements ended 31 August 2005.
- (3) Based on audited consolidated financial statements ended 31 December 2005.
- (4) Based on audited consolidated financial statements ended 30 April 2006.
- (5) Based on audited consolidated financial statements ended 28 February 2006.

We consider Hai-O Enterprise Berhad, CNI Holdings Berhad and Cosway Corporation Berhad as our main competitors which compete with us in respect of our consumer and household product lines. ZTH faces similar competitive challenges in Thailand and considers Amway (Thailand) Limited and Giffarine Skyline Laboratory and Health Care Co. Limited as its major competitors. Our costume jewellery business faces moderate competition in the jewellery industry from both fine jewellery and imitation jewellery products. However, competition is mitigated as costume jewellery is less expensive than fine jewellery and is considered better quality than imitation jewellery. The sale of our costume jewellery products also enjoy unique competitive features such as via MLM distribution channel and free electroplating service once a year.

3. COMPETITIVE ADVANTAGES

We believe that our Group is able to achieve growth and sustainability in Malaysia and regionally as a result of the following competitive advantages:

3.1 Our technical expertise in costume and fine jewellery manufacturing

We have over seventeen (17) years of experience in costume and fine jewellery manufacturing and this is evident in the quality of our jewellery products. We have invested in developing and automating our business and have placed strong emphasis on new technologies with the aim of achieving greater consistency in quality, manufacturing efficiency and cost competitiveness. Our versatile electroplating facility allows the electroplating of not only gold but a wide range of metals and materials from copper, nickel, palladium, rhodium to silver. This enables us to offer free electroplating of costume jewellery for once a year to our customers. The flexible manufacturing system employed by us increases production capabilities and flexibility and enables us to switch production amongst different types of costume jewellery and fine jewellery with minimal changes in existing production processes. This further allows us to quickly respond to changes in market demand.

VIII. INDUSTRY OVERVIEW AND PROSPECTS (CONT'D)

We have through the years successfully built and trained a large pool of highly skilled craftsmen and production line workforce who are crucial in the various stages of jewellery production such as design, engraving, assembly, stone setting and polishing. Our Group provides comprehensive in-house training for workers without prior jewellery making experience. We need to constantly seek innovation in the design of jewellery as taste and preferences perpetually change. Our highly skilled craftsmen are key to maintaining our competitive edge in jewellery design.

The integration of highly skilled workforce, efficient manufacturing processes and experience accumulated over the years enables us to produce high quality costume and fine jewellery.

3.2 Our fully integrated manufacturing capability

Our Group is an integrated organisation with our own manufacturing facilities, which enable us to increase our profit margin through economies of scale, close monitoring of the quality of our products, ensure timely delivery of products to distribution centres and control of the supply of our products.

3.3 Our commitment and continuous effort in R&D

3.3.1 R&D Programme

Our R&D team comprises competent and experienced personnel from our Management headed by Teoh Beng Seng, our Group President and Chief Executive Officer.

The scope of activities for our R&D cover the following areas:

- (i) Product development and diversification;
- (ii) Product modification; and
- (iii) Upgrading and development of production technology.

Product development and diversification

In jewellery production, our product development and diversification programme consist of a dedicated department of five (5) competent and experienced model makers who are primarily responsible for the creation of new jewellery designs and styles in line with the latest fashion trends.

Market surveys and consumer research analyses are conducted in-house and are important tools for us to assess and develop an accurate picture of consumer preferences and to anticipate changes in fashion trends. We undertake extensive studies of new products such as sterling silver, rhodium plated, silver plated as well as two-tone jewellery. We actively participate in numerous international jewellery exhibitions and trade shows to gauge and assess contemporary trends and obtain important market feedback relating to various aspects of our range of products and services. Based on information gathered through these means, our Group is able to better respond to changing market demands and thus maintain our competitiveness.

VIII. INDUSTRY OVERVIEW AND PROSPECTS (CONT'D)

In consumer products, our R&D department focuses on the development of food formulations which lead to introduction of new products. The B'Young food formulation was developed by our Group through an alliance with Usains Holdings Sdn Bhd, the corporate arm of USM. Through efforts of the R&D department, our Group was also able to design and produce various innovative products such as the Beyond Water Bio-Active Reforming System, Beyond Microplasma Air Purifier, the "Contiagio" line of bolsters, pillows and mattress pads.

The development of new products undergoes six phases of development before the product is introduced. The stages are as follows:

- | | |
|---------------------|--|
| Idea generation | : Origination of ideas from our marketing managers, researchers or from competitive analyses of competitor products |
| Screening | : Ideas are analysed to determine whether they match our Group's objectives. At this stage we will consider whether we have the ability to manufacture the product or procure supplies of it, the appeal of the product, marketing opportunities and benefits for consumers |
| Business analysis | : Product ideas are evaluated to determine its potential contribution to our Group's profitability, anticipated demand for the product, competitive analysis and engineering and production capabilities |
| Product development | : Technical feasibility study to analyse the ability to produce the product at an acceptable price. Prototypes are introduced at this stage and various tests are conducted to determine the efficacy of the product. Branding, packaging, labelling, pricing and promotional decisions are made at this stage |
| Test-marketing | : The product sample is introduced to distributors and agents in a natural marketing environment to gauge sales potential and assess feedback |
| Commercialisation | : Full-scale manufacturing and marketing plans are finalised and budgets are prepared. The marketing mix is fine-tuned based on results of test-marketing |

Product Modification

To enhance competitiveness, our R&D department undertakes modification of existing products which are usually products at the mature stage of its life cycle. Common modifications made are as follows:

- | | |
|-------------------------|---|
| Quality modification | : Changes relating to the dependability/durability of the product by altering materials used |
| Functional modification | : Changes relating to a products versatility, effectiveness and convenience |
| Style modification | : Changes in tastes, texture, sound, smell or visual characteristics of the product targeted at changing its sensory appeal |

VIII. INDUSTRY OVERVIEW AND PROSPECTS (CONT'D)

Upgrading and development of production technology

Our R&D department provides regular testing of products submitted by various departments in the production process. A large series of tests are conducted involving the use of specialised and sensitive equipment such as x-ray fluorescence thickness measuring instrument, reflected light microscope and Atomic Absorption Spectrometers. Advanced analytical techniques are utilised to measure and investigate material properties. These tests facilitate studies and data analyses which are then used to devise better production techniques and to optimise production capacity.

3.3.2 Achievements in R&D

Our Group started to place more emphasis on R&D activities since financial year ended 30 November 2000. Since then, we have made a number of breakthroughs in the development of new products. Our R&D development milestones are set out below:

Year	Description
2000	Ventured into the food supplement market with the launch of B'YOUNG Anti-Ageing Food Course (now renamed as B'YOUNG advanced functional beverage). This product has been a big hit in the market since then.
2001	Successfully launched Vegi-Vera WHEAT GRASS JUICE POWDERED BEVERAGE and Dr. Africana's Origin (SOD) Rooibos Tea.
2002	Successfully launched Beyond Water™ Bio-Active Reforming System and has successfully created a storm in the market and become one of the market leader in water treatment products. We have also launched Royalmix BD COMPLEX and KP COMPLEX.
2003	Successfully launched the Contiagio range of bedding products and Scott's range of beverages.
2004	Successfully launched the M-belt bio-magnetic belts.
2005	Successfully launched Beyond Microplasma Air Purifier, a big step forward to penetrate the household electrical device market.
2006	Successfully launched SSSolution Meal Replacement Beverages, ISO.5 Mixed Fibre Beverage and new range of Premix Coffee and Cereal Drinks.

VIII. INDUSTRY OVERVIEW AND PROSPECTS (CONT'D)

3.3.3 Present Status of R&D

As at 28 February 2007, our Group has 13 employees to conduct R&D. Our R&D facilities are presently located in our factory. The total estimated R&D expenditures amounts to approximately RM5,000, RM52,000 and RM26,000 representing 0.002%, 0.02% and 0.01% of the total revenue for the past three (3) financial years ended 30 November 2006.

Our subsidiary, ZISB has an alliance with USM through Usains Holdings Sdn Bhd to provide consultancy services on product development as well as training and seminars for staff and Independent Distributors. This alliance complements our Group's R&D efforts into the development of new nutritional formulation and other new products.

3.3.4 Future Plans for R&D

Our Group intends to introduce a number of new products in the coming years such as nutritional product. Using the above R&D principles for our new product development, our Group intends to expand our product range into more diversified products in the near future. We plan to continuously undertake the R&D on new products based on market demand trends.

3.4 Our established brand name and extensive distribution network

With over seventeen (17) years of presence, we believe that the Zhulian brand name has gained wide acceptance through the MLM business concept for its quality and reasonably priced products. Our MLM distribution channel is based on interpersonal relationships among our Agents, Independent Distributors and the end-users where feedback on products are passed on by word of mouth. This form of advertising has established a strong reputation for Zhulian products and has allowed penetration of the Zhulian brand into regional markets such as Thailand and Indonesia.

As at the Latest Practicable Date, the "ZHULIAN" trademark is registered in Malaysia, Thailand, Indonesia, Philippines, Singapore, PR China, Taiwan, Hong Kong, Japan, Australia and New Zealand.

We believe that our established brand name and extensive distribution network, creates a notable barrier of entry to potential new industry entrants as well as retail operators. New industry entrants will face difficulties in recruiting and maintaining a sizeable portion of active new recruits and will take a long of time to grow a distributorship base as large as ours.

VIII. INDUSTRY OVERVIEW AND PROSPECTS (CONT'D)

3.5 Our IT infrastructure within the distribution network

The administration of agencies of our Group have been fully computerised since 1997 and we employ a system called Agent Distribution System to link each agency's transactions to our corporate headquarters thus allowing faster data processing and increased administrative efficiency. To cater for the needs of our Independent Distributors, we employ a system called Zhulian Telephone Enquiry System which offers our Independent Distributors 24 hours telephone access to important information pertaining to their sales performance, marketing activities and entitlement to monthly incentives. We believe that our IT strategies will support our competitive edge in the industry.

3.6 Our wide range of products

We have a wide range of products and endeavour to periodically release new products and improve our product mix to maintain our competitiveness. New product releases and product increases the ability of our Group to achieve growth and sustainability in Malaysia and regionally. Please refer to Section VII of this Prospectus for the range of products marketed by our Group.

3.7 Our experienced and committed management team

We have an experienced and committed management team, comprising our Group President and Chief Executive Officer and Group Managing Director, who have an average of about seventeen (17) years of experience in our Group. The strength and depth of our management team's knowledge and experience have been key factors in the development of our brand name and performance of our Group.

4. MANAGEMENT PLANS AND STRATEGIES

Our Group's business strategies for the growth of our Group are set out below.

(i) Geographical expansion

We intend to explore opportunities to expand our business to cover the whole of Malaysia and tap into the rapidly growing direct selling industry in Malaysia. Our business is currently focused mainly in Peninsula Malaysia and we intend to expand our presence in Sabah and Sarawak.

After our success in developing our business in Thailand through our appointed Master Agent, ZTH, we intend to concentrate our efforts in developing our market in Singapore through our subsidiary, ZSG which commenced operations in 2004. In addition, we also appointed PT Zhulian as our Master Agent to distribute our products in Indonesia.

We also intend to expand our MLM distribution channel to other markets around the Asia Pacific region especially Taiwan and Hong Kong through our international sponsoring programme. This programme enables our Independent Distributors to expand their business to other participating countries. Our Board envisage our presence to grow in these countries from 2008 onwards. To this end, we have registered our trademark in Thailand, PR China, Singapore, Taiwan, Philippines, Indonesia, Hong Kong, Australia, Japan and New Zealand. We also participate in trade investment missions organised by bodies such as Malaysia External Trade Development Corporation (MATRADE) to foster better relationship with foreign authorities and businesses which will assist us in identifying opportunities in the said countries.

VIII. INDUSTRY OVERVIEW AND PROSPECTS (CONT'D)

(ii) Expanding our line of products

We intend to continuously improve our existing product range and create a wider range of high value products for our customers. The emphasis on R&D has been instrumental in our Group's growth especially in the development of new products as well as keeping our products contemporary and in line with customer needs. Market research, customer feedbacks and trade fairs are important tools for us to assess and develop an accurate picture of consumer preferences and to anticipate changes in fashion trends for the development of new lines of products.

For 2005, we have launched a new line of indoor air filtration system called Beyond Microplasma Air Purifier which employs a multi stage filtration system to remove indoor air pollutants and contaminants. In the near term, we intend to develop new products in cosmetic, skincare, cookware, home care, personal care, baby care, hometech, hair care and nutritional supplements. In 2006, we have launched the SHISHEN line of skin care products and our new range of jewellery and nutritional products.

(iii) Expansion in capacity and capital investment

We intend to expand our manufacturing capacity for consumer products which is currently facing space constraints. We intend to utilise approximately RM26.686 million from the proceeds of our Rights Issue for capacity expansion and product diversification, out of which approximately RM23.686 million will be used for the construction of a new factory (which we expect to complete in 2007) and RM3 million for the purchase of new machineries. The new factory will allow us to produce a wider range of consumer products in particular our nutritional products. We will also expand our existing factory located at Plot 41, Bayan Lepas Industrial Estate using our own internally generated funds, which is expected to complete by beginning of 2009 with warehouse, production and meeting room that can cater for 1,600 persons.

We also intend to continue to upgrade and increase the use of IT in our operations. To complement our existing IT system namely the Zhulian Information Systems and Agent Distribution System, we intend to invest on a Customer Relationship Management software. This will provide us information on purchasing patterns of our customers which will be used to develop products and marketing strategies.

(iv) Brand management

Brand awareness and recognition of the "ZHULIAN" brand as well as other brands of our various products is essential to the growth of our business and for us to remain competitive. We will continue to manage and build our brands through marketing and promotional activities as well as through training programmes and workshops for our Independent Distributors.

IX. APPROVALS AND CONDITIONS

1. APPROVALS AND CONDITIONS

In conjunction with and as an integral part of the Listing, we undertook a restructuring exercise as discussed in Section V of this Prospectus, which was approved by the SC (and under the Guidelines on the Acquisition of Assets, Mergers and Take-overs by Local and Foreign Interests) on 19 December 2005, 19 April 2006, 26 June 2006, 11 October 2006 and 3 January 2007 as well as MITI (including the recognition of MTVTSB as an approved Bumiputera shareholder and for the placement of up to a maximum of 52,598,338 Offer Shares not subscribed by Bumiputera investors to be approved by MITI into the escrow account) on 12 July 2005, 1 September 2006, 8 December 2006, 30 January 2007, 28 February 2007 and 12 March 2007. The conditions imposed by the SC and MITI and the status of compliance are set out as follows:

Authority	Conditions	Status of Compliance
SC	Conditions imposed via its letter dated 19 December 2005	
	1. ZCB to disclose in the quarterly and annual reports the status of utilization of proceeds raised from the rights issue until such proceeds are fully utilized;	Noted and to be complied after Listing.
	2. ZCB's executive Directors/promoters and key management should not be involved in a business similar to ZCB;	Complied. The executive Directors/promoters and key management have given the undertaking not to be involved in a business similar to ZCB to the SC on 24 May 2006.
	3. The proceeds from the Offer For Sale should be put in a trust account until the listing of ZCB on Bursa Securities;	Noted and will be complied with.
	4. With regard to the legal suit filed by solicitors of Teo Pang Huat, ZCB to disclose in its listing prospectus the details of the litigation case and the solicitors' opinion on the possible outcome on the case;	Complied. Please refer to Section XIV(5) of this Prospectus.
	5. With regard to the writ of summons filed by Noraini Binti Idris, ZCB to disclose in its listing prospectus the details of the litigation case and the solicitors' opinion on the possible outcome of the case;	Complied. Please refer to Section XIV(5) of this Prospectus.
	6. ZCB to disclose in the prospectus its risk management policies and procedures;	Complied. Please refer to Section VII(2.8) of this Prospectus.
	7. ZCB to ensure that all related-party transactions are conducted on an arm's length basis and are not detrimental to ZCB and its minority shareholders;	Complied. Please refer to Section X of this Prospectus.

IX. APPROVALS AND CONDITIONS (CONT'D)

Authority	Conditions	Status of Compliance
	8. In relation to the special dividend, CIMB/ZCB to submit to the SC a confirmation that the audited NTA of the respective group of companies at the completion of the proposed acquisition (which is after the proposed special dividend) is not lower than their respective audited NTA/Adjusted NTA as at 30 November 2004, which was used to determine the purchase consideration of the proposed acquisitions;	Complied. The confirmation has been submitted to the SC on 4 April 2006 and 30 March 2007.
	9. With regard to trade receivables, ZCB to:	
	(a) Fully disclose in the listing prospectus the trade receivables' position, the ageing analysis and, for amounts exceeding credit period, comments by the Directors on the recoverability of the amounts;	Complied. Please refer to Section XI (2.1) (e) of this Prospectus.
	(b) Make full provision for all overdue trade receivables which are in dispute or under legal action, or for which the amounts have been outstanding for more than 6 months. The Directors of ZCB should confirm to the SC that this Condition has been complied with prior to the issuance of the listing prospectus; and	Complied. The confirmation has been submitted to the SC on 8 March 2007.
	(c) Submit a declaration by its Directors to the SC that trade receivables exceeding the credit period which have not been provided for as doubtful debts, excluding those under paragraph 9(b) above, are recoverable;	Complied. The declaration has been submitted to the SC on 8 March 2007.
	10. Our Group should not diversify from its present core business for the next 3 financial years from the date of listing;	Complied. The Board of Directors has taken note of this condition.
	11. MTVTSB to submit the necessary declarations, required under the Format and Content of Application for Initial Public Offering, for a proposed substantial shareholder before the issuance of ZCB's listing prospectus;	Complied. The declaration by MTVTSB has been submitted to the SC on 19 May 2006.
	12. CIMB/ZCB to submit the final list of the placees together with the following information, upon implementation of the placement of shares in respect of the Offer For Sale:	To be complied after Listing.
	(a) Name of beneficiaries/ultimate beneficiaries (if any);	

IX. APPROVALS AND CONDITIONS (CONT'D)

Authority	Conditions	Status of Compliance
	(b) Identification card/passport/company registration number;	
	(c) Central Depository System number;	
	(d) Home/business address;	
	(e) Occupation/principal activities;	
	(f) Date of listing of placement shares;	
	(g) Number of placement shares allocated;	
	(h) Issue price of the placement shares; and;	
	(i) Name of placement agent	
13.	CIMB/ZCB to submit a confirmation to the SC that the placement exercise complies with paragraphs 8.03 to 8.06 of the Policies and Guidelines on Issue/Offer of Securities;	To be complied after Listing.
14.	87,841,000 ZCB Shares to be allocated to Bumiputera investors should be approved by MITI to comply with the National Development Policy (NDP) requirement;	Complied.
15.	CIMB/ZCB to inform the SC of the status of compliance with NDP requirement upon completion of the listing exercise;	Noted and to be complied after Listing.
16.	CIMB/ZCB to fully comply with all the relevant requirements pertaining to the implementation of the above proposals as stipulated in the Issues Guidelines; and	Complied where applicable.
17.	CIMB/ZCB to inform SC upon completion of the proposals.	Noted and to be complied after Listing.
SC	Conditions imposed via its letter dated 11 October 2006	
1.	ZCB is only allowed to place Offer Shares not fully subscribed by the Bumiputera investors into the escrow account. The said Offer Shares must be placed to Bumiputera investors approved by MITI within one (1) year from the date of listing.	Noted and to be complied after listing.
2.	ZCB to submit an undertaking letter that the Offer Shares to be placed into the escrow account will be placed to Bumiputera investors approved by MITI and it will not deal in the said Offer Shares save for the purpose of the placement to the said Bumiputera investors.	Complied. The undertaking letter has been submitted to the SC on 12 March 2007.

IX. APPROVALS AND CONDITIONS (CONT'D)

Authority	Conditions	Status of Compliance
	3. ZCB to inform the SC details of the Bumiputera investors as soon as it receives the approval from MITI.	Complied. We have informed the SC on 12 March 2007.
MITI	Conditions imposed via its letter dated 12 July 2005 and 1 September 2006	
	1. To obtain the SC's approval for the listing scheme and to comply with the Guidelines on the Acquisition of Assets, Mergers and Take-overs by Local and Foreign Interests.	Complied. The SC's approvals were obtained on 19 December 2005, 19 April 2006, 26 June 2006, 11 October 2006 and 3 January 2007.
	2. The 87,841,000 ZCB Shares representing 25.46% equity interests in ZCB to be allocated via the Offer For Sale be recognised by MITI separately after the listing of ZCB is approved by SC.	Complied.
	3. The recognition of the MTVTSB as an approved Bumiputera shareholder with shareholdings of up to 15,659,223 ZCB Shares representing 4.54% equity interests in ZCB, subject to the condition that 30% of the total recognised shareholdings are allowed to be disposed of within 3 months after ZCB is listed and the remaining 70% are allowed to be disposed off in stages subject to MITI's prior approval.	Noted. The Board of MTVTSB has been notified by our Board via our letter dated 17 April 2006.
MITI	Conditions imposed via its letter dated 12 March 2007	
	1. ZCB is allowed to place up to a maximum of 52,598,338 Offer Shares not subscribed by Bumiputera investors into the escrow account within a period of twelve (12) months from the date of Listing. The said Offer Shares must be placed out to Bumiputera investors to be approved by MITI after the listing of ZCB.	Noted and to be complied after Listing.
	2. The above MITI's condition is subject to the public spread being met by ZCB or a waiver being obtained from Bursa Securities by ZCB.	Complied.

X. RELATED PARTY TRANSACTIONS/CONFLICT OF INTERESTS

1. RELATED PARTY TRANSACTIONS**1.1 Acquisition of material assets within the past three (3) financial years ended 30 November 2006 immediately preceding the date of this Prospectus**

Save as disclosed below, none of our Directors and substantial shareholders has any interest, direct or indirect, in the promotion of or in any material assets acquired or proposed to be acquired or disposed of or proposed to be disposed of or leased or proposed to be leased to us and/or any of our subsidiaries within the past three (3) financial years ended 30 November 2006 immediately preceding the date of this Prospectus.

Transacting parties	Nature of relationship	Nature of transaction	Value of transaction RM 000
Teoh Beng Seng/Lee Soon Chin and ZDSB	Teoh Beng Seng is a substantial shareholder of ZDSB and a party to the transaction with ZDSB	Acquisition by ZDSB from Teoh Beng Seng of a property comprising a parcel of development land with a single-storey bungalow held under Geran 43401, Lot 2890, Bandar Gelugor, Daerah Timur Laut, Pulau Pinang	4,385

1.2 Recurrent transactions between our Group and our substantial shareholders and/or Directors

We enter into recurrent related party transactions of a revenue or trading nature in the ordinary course of business, which are necessary for the day-to-day operations with certain related parties of our substantial shareholders and/or Directors ("Recurrent Transaction"). Such Recurrent Transactions are carried out and will be carried out on an arm's length basis and on commercial terms which are not more favourable to the related parties than those generally available to the public and which will not be detrimental to our minority shareholders.

We will make disclosures in our annual report of the aggregate value of transaction conducted based on the nature of Recurrent Transactions made, names of the related parties involved in each type of Recurrent Transaction(s) made and their relationship with us.

X. RELATED PARTY TRANSACTIONS/CONFLICT OF INTERESTS (CONT'D)

Save as disclosed below, there are no other related party transactions as at the Latest Practicable Date and in respect of the past three (3) financial years ended 30 November 2006 immediately preceding the date of this Prospectus:

Transacting Parties	Nature of Relationship	Nature of Transaction	Value transacted for the financial year ended 30 November 2004 RM	Value transacted for the financial year ended 30 November 2005 RM	Value transacted for the financial year ended 30 November 2006 RM	Value proposed for the financial year ending 30 November 2007 RM
Teoh Beng Seng/ZCSB	Director and major shareholder of ZCB and a party to the transaction with ZCSB	Renovation	427,707	2,067,447	52,990	-
Teoh Meng Keat/ZCSB	Director and major shareholder of ZCB and a party to the transaction with ZCSB	Renovation	-	353,036	3,136	-
Ong Soo Beng/ZCSB	Member of director's family and a party to the transaction with ZCSB	Renovation	90,673	6,445	2,209	-
Teoh Meng Lee/ZCSB	Member of director's family and a party to the transaction with ZCSB	Renovation	8,179	1,377	-	-
Sin Poh Seah /ZCSB	Member of director's family and a party to the transaction with ZCSB	Renovation	-	45,806	59	-
Khoo Teng It/ ZCSB	Director of ZCB and a party to the transaction with ZCSB	Renovation	-	-	1,154	-
			526,559	2,474,111	59,548	-

1.3 Transactions entered into that are unusual in their nature or conditions

Save as disclosed in Section 1.1 above, our Group has not entered into any transactions that are unusual in their nature or conditions, involving goods, services, tangible and intangible assets, to which our Company or any part of our subsidiaries was a party, in respect of the past three (3) financial years ended 30 November 2006 immediately preceding the date of this Prospectus.

X. RELATED PARTY TRANSACTIONS/CONFLICT OF INTERESTS (CONT'D)

2. DECLARATION OF THE ADVISERS

CIMB has given its confirmation that there are no existing or potential conflicts of interest in its capacity as the Adviser for the Listing.

Messrs. Teh & Lee has given its confirmation that there are no existing or potential conflicts of interest in its capacity as the Solicitor for the Listing.

Messrs. KPMG has given its confirmation that there are no existing or potential conflicts of interest in its capacity as the Auditors and Reporting Accountants for the Listing.

3. CONFLICT OF INTERESTS

None of our Directors or substantial shareholders has interests, directorships and/or substantial shareholdings in other companies/businesses carrying on a similar trade as our Group.

Although Teoh Beng Seng has substantial shareholding interest in ZTH via his substantial shareholding interest in ZCB, but such interest does not conflict with the business of our Group as ZTH is our appointed master agent for our direct selling business in Thailand.

4. OUTSTANDING LOANS

There are no outstanding loans (including guarantees of any kind) made by us or any of our subsidiaries to or for the benefit of our related parties as at the Latest Practicable Date and in respect of the past three (3) financial years ended 30 November 2006 preceding the date of this Prospectus.

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