

5.0 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

5.1 Promoters

The details of the promoters of the YCB Group and their respective shareholdings after the Public Issue and Offer for Sale are as follows:-

Names	Nationality/ Place of Incorporation	Designation/ Principal Activities	<-After Public Issue and Offer for Sale->			
			<-----Direct----->		<-----Indirect----->	
			No. of Shares	%	No. of Shares	%
PESB	Malaysia	Investment holding	15,660,000	39.15	-	-
Chin Kok On	Malaysian	Managing Director	3,160,000	7.90	15,660,000*	39.15
Chin Poh On	Malaysian	Executive Director	3,160,000	7.90	15,660,000*	39.15

Note :-

* Deemed interest by virtue of them holding more than 15.00% in PESB pursuant to Section 6A of the Companies Act, 1965.

5.2 Substantial Shareholders

The details of the substantial shareholders of the YCB Group and their respective shareholdings after the Public Issue and Offer for Sale are as follows:-

Names	Nationality/ Place of Incorporation	Designation/ Principal Activities	<-After Public Issue and Offer for Sale->			
			<-----Direct----->		<-----Indirect----->	
			No. of Shares	%	No. of Shares	%
PESB	Malaysia	Investment holding company	15,660,000	39.15	-	-
Chin Kok On	Malaysian	Managing Director	3,160,000	7.90	15,660,000*	39.15
Chin Poh On	Malaysian	Executive Director	3,160,000	7.90	15,660,000*	39.15
Wan Mohd. Ismail Bin Wan Hussain	Malaysian	Substantial shareholder	6,040,000	15.10	-	-

Note:-

* Deemed interest by virtue of them holding more than 15.00% in PESB pursuant to Section 6A of the Companies Act, 1965.

Detailed information on the corporate substantial shareholders, i.e. PESB is set out in Section 6.0 of this Prospectus.

5.3 Knowledge and Experience of Promoters

The knowledge and experience of the promoters, who are also Directors of YCB and are fully involved in the management of the Group are as set out in Section 5.5 of this Prospectus.

5.0 **INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT**

5.4 **Changes in Substantial Shareholders/Promoters**

Save as disclosed in this Prospectus, there has been no change in the promoters/substantial shareholders of YCB for the past three (3) financial years ended 31 October 2001.

5.5 **Board of Directors**

The details of the existing Directors of YCB are as follows:-

DATO' NOOR AHMAD MOKHTAR BIN HANIFF, aged 63, was appointed to the Board of YCB as a Chairman/Independent Non-Executive Director on 2 March 2002. He was the General Manager of the Penang Development Corporation ("PDC") until 1997 when he retired from the service. He started working in PDC in 1972 as the Director of the first Free Industrial Zone in the country that he helped plan, developed and managed.

He received a Bachelor of Arts Degree (Hons) in Economics from University Malaya in 1964 and a year later a post-graduate Diploma in Education, from the same university. He also obtained a certificate in Top Management from the Asian Institute of Management in Manila in 1977 and he pursued a course in Development Economics from the World Bank in Tokyo in 1980.

While in the service, he was extensively involved in and sat on numerous councils dealing with economic planning, investment, tourism, education and environmental conservation matters in the state of Penang.

Now, Dato' Noor Ahmad Mokhtar Bin Haniff sits on the Board of a few companies listed on the KLSE and is also the Chairman of the Audit Committee of those companies. He also sits on the Board of several private limited companies.

CHIN KOK ON, aged 40, was appointed to the Board of YCB on 2 March 2002. He is also the Executive Chairman of YJI and Executive Director of YG and YHK. He joined the partnership business, Yik On Goldsmith after completing his secondary education. With more than 20 years experience in the gold jewellery business, coupled with his entrepreneur skills, he has steered the Group from a small-scale goldsmith to become one of the leading gold jewellery manufacturers and exporters in Malaysia. He participates in trade exhibitions to keep himself abreast with the latest development in the gold jewellery business. He is responsible for the overall sales and marketing as well as strategic planning of the Group. He also sits on the Board of several private limited companies.

CHIN POH ON, aged 38, was appointed to the Board of YCB on 2 March 2002. He is also the Managing Director of YJI and Executive Director of YG and YHK. He joined the partnership business, Yik On Goldsmith after completing his lower secondary education. After more than 15 years of involvement in the industry, he has gained valuable experience and knowledge in the gold jewellery business. He participates in trade exhibitions to broaden his knowledge and to keep himself abreast with the latest development in the manufacturing technology in relation to the industry.

His responsibilities include overseeing the production functions and manufacturing technique as well as quality functions of the Group. He also heads the Group's Research and Development team and provides support to new product development and enhancing the manufacturing capabilities of the Group. He also sits on the Board of several private limited companies.

LAI KWANG HOOI @ LAI BAH ENG, aged 70, was appointed to the Board of YCB as an Independent Director on 2 March 2002. He was with the Tax Division of the Inland Revenue Department as an Assistant Examiner and served in Kedah, Perak, Kuala Lumpur and Penang for 22 years. During the course of his work, he took a corresponding course to study Accountancy conducted by Australian Society of Accountants (now known as Certified Public Accountants, Australia ("CPA, Australia")) and obtained his accountancy qualification in 1972. Subsequently, he became an Associate Member of CPA, Australia in 1973, a Member of the Malaysian Institute of Accountants in 1973 and Member of the Malaysian Institute of Certified Public Accountants in 1975.

He set up his own audit firm under the name of Lai Kwang Hooi & Co. and started practising since 1988 until to date. He also sits on the Board of a private limited company.

5.0 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

5.6 Shareholdings of Directors

The details of the Directors of YCB and their respective shareholdings after the Public Issue and Offer for Sale are as follows:-

Names	Designation	<-After Public Issue and Offer for Sale->			
		<-----Direct----->		<-----Indirect----->	
		No. of Shares	%	No. of Shares	%
Dato' Noor Ahmad Mokhtar Bin Haniff	Chairman/Independent Non-Executive Director	10,000*	0.03	-	-
Chin Kok On	Managing Director	3,160,000	7.90	15,660,000 [#]	39.15
Chin Poh On	Executive Director	3,160,000	7.90	15,660,000 [#]	39.15
Lai Kwang Hooi @ Lai Bah Eng	Independent Non-Executive Director	10,000*	0.03	-	-

Notes:-

* Based on their respective entitlement pursuant to the allocation of Public Issue Shares and Offer Shares to eligible Directors and employees of the YCB Group.

[#] Deemed interest by virtue of them holding more than 15.00% in PESB pursuant to Section 6A of the Companies Act, 1965.

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5.0 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

5.7 Directorship and Major Shareholdings in Other Public Corporations

The Directorship and major shareholdings in the other public corporations for the past two (2) years preceding the date of this Prospectus are as follows:-

Name of Directors	Name of Company	Designation	Date Appointed/ Resigned	<--Direct-->		<--Indirect-->		Principal Activities
				No. of Shares	%	No. of Shares	%	
Dato' Noor Ahmad Mokhtar Bin Ilaniff	Texchem Resources Bhd	Non-Executive Director	1993 until to date	-	-	-	-	- Trading in dycestuffs, textile auxiliaries and chemicals used in the electronics, plastics; manufacture and sale of expanded polystyrene products, plastic packaging materials and thermo-vacuum formed plastic tray products, trading in chemical and other products; distribution and marketing of a wide range of consumer products.
	Globetronics Technologies Bhd	Non-Executive Director	1995 until to date	7,157	0.01	-	-	- Manufacture electronic components and related products/ services
	Transcapital Holdings Bhd	Non-Executive Director	1996 until 2001	10,000	0.03	-	-	- Manufacture of electronic components and electrical products
	Amtek Holdings Bhd	Non-Executive Director	1997 until to date	10,000	0.03	-	-	- Manufacture and distribution of jeans and shoes and provision of specialised treatment and finishing for jeanswear
	Eurospan Holdings Berhad	Non-Executive Director	2000 until to date	-	-	-	-	- Manufacture and export of furniture and wood-based products

5.8 Directors' Remuneration and Benefits

For the financial year ended 31 October 2001, the remuneration and fees paid to the Directors for the services rendered to the Company and its subsidiary companies were RM371,168. For the financial year ending 31 October 2002, the remuneration and fees proposed to be paid to the Directors for the services rendered to the Company and its subsidiary companies are estimated to be RM631,000.

The amount of Director's fee, remuneration and benefits received by the Directors for the financial year ended 31 October 2001 are as summarised below:-

(a) Executive Director

	Remuneration (RM Per Annum)	Fee (RM Per Annum)	Benefit (RM Per Annum)
At YCB level	-	-	-
At subsidiary level	351,968	7,200	-

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(b) *Non-Executive Director*

	Remuneration (RM Per Annum)	Fee (RM Per Annum)	Benefit (RM Per Annum)
At YCB level	-	-	-
At subsidiary level	-	12,000	-

5.9 Audit Committee

Details of the members of the Audit Committee are as follows:-

Name	Designation	Directorship
Dato' Noor Ahmad Mokhtar Bin Haniff	Chairman	Chairman/Independent Non-Executive Director
Chin Kok On	Member	Managing Director
Lai Kwang Hooi @ Lai Bah Eng	Member	Independent Non-Executive Director

The main functions of the Audit Committee include:-

- (a) review of audit plan and audit report with the Auditors, review of Auditors' evaluation of the system of internal controls, review of the scope of internal audit procedures, review of balance sheet and income statement and nomination of Auditors;
- (b) monitor the inter-company transactions and any transactions between the company and any related parties outside the group, and the Directors should report annually to the shareholders on such transactions, if any, vide the annual report. Any such transactions must be at arm's length and must not be unfavourable to the Group; and
- (c) continual disclosure to the SC in respect of any management or business arrangements entered into between the company its local or foreign associated and related companies, which may result in a conflict of interest situation.

5.10 Key Management

The Board of Directors of YCB is supported by experienced and professional personnel. The details of the management team are as follows:-

LEW WOO SANG, aged 54, is the General Manager of YJI. He joined YJI in 1996 as Production Manager and was promoted to his current post in 1997. He is primarily responsible for operations covering sales and marketing, production, quality assurance and general administrative functions. He obtained a Diploma in Rubber & Plastic Tech from Singapore Polytechnic in 1970, Licentiate of Rubber Industries (United Kingdom) in 1971 and Chartered Institute of Management Accountant in 1978. He has attended many management courses overseas and has vast working experience. He was a Production Control Manager with Goodyear Malaysia Bhd in 1974 and was promoted to Production Manager in 1978 before leaving in 1990. Subsequently, he was with Silverstone Tyre Sdn Bhd as the Plant Manager from 1990 to 1994. Prior to joining YJI, he was the Vice President of China Tire Holdings from 1994 to 1996, a company listed on the New York Stock Exchange.

5.0 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

LIM CHUN THANG, aged 37, is the Senior Corporate Planning Manager of YJI. He joined YJI in August 2000 as Corporate Planning Manager and was promoted to his current position on 1 March 2002. He is responsible for the company's corporate planning and restructuring functions. He obtained a Bachelor of Accounting and Finance (Hons) from the Middlesex University, London in 1995. His working experience has been in corporate advisory, company restructuring, corporate planning, finance, accounting and administration. He was a Corporate Finance Officer with Arab-Malaysian Merchant Bank Berhad from 1995 to 1997. Subsequently, he joined Pin-Wee Group of Companies, which is involved in the manufacturing of compound animal feeds and poultry farming of broilers as the Finance and Administration Manager from 1997 to 1998. Prior to joining YJI, from 1998 to 2000, he was the Corporate Planning Manager of Eurospan Furniture Sdn Bhd, a subsidiary company of Eurospan Holdings Berhad, a company listed on the Second Board of the KLSE.

HO THIN CHOW, aged 50, is the Senior Office Manager of YJI. He joined YJI in 1995 as Office Manager and was promoted to his current position on 1 March 2002. He is primarily responsible for the office operation of YJI. He has vast experience in handling administration and accounting matters. He commenced his career in 1973 as an Administration/Accounts Assistant with Pelangi Trade & Transport Sdn Bhd, Port Klang after completing his secondary education. In 1976, he moved to Integrated Forwarding & Shipping Sdn Bhd (Penang Branch) as an Accounts Assistant and was promoted to Accounts Manager in 1984. In 1989, when Integrated Freight Services Sdn Bhd was incorporated to take over the Penang Branch operations, he was promoted to Senior Accounts Manager and held the post until 1995.

LOO CHEE HIN, aged 33, is the Senior Finance and Administration Manager of YJI. He joined YJI in 1998 as Accounts Manager and was promoted to Finance and Administration Manager in 2000, and to his current position on 1 March 2002. He is responsible for financial planning, accounting and administration functions of YJI. He obtained a Bachelor of Accounting (Hons) from University of Malaya in 1994. He is also a member of Malaysian Institute of Accountants. He was an Accounts Officer with Chung Rong Spring Sdn Bhd, a company involved in the manufacturing of precision spring from 1994 to 1996 and was an Assistant Finance Manager with MBf Property Services Sdn Bhd, a company involved in property development and management services activities from 1996 to 1998.

NG KOK SENG, aged 32, is the Production Manager. He joined YJI in 1998. He is responsible for production planning, quality and raw materials control as well as overseeing the overall production activities of YJI. He obtained a Bachelor of Economics (Hons) from University Utara Malaysia in 1994. He was a Production Superintendent with Eastern Knitters Sdn Bhd from 1995 to 1996 and a Production Superintendent with Penang Seagate Industries (M) Sdn Bhd in 1997.

OTHMAN BIN DESA, aged 40, is the Human Resource Manager of YJI. He obtained his Certificate in Personnel Management from the Malaysian Institute of Personnel Management in 1991. He joined YJI in 2000 as a Human Resource Assistant Manager and was promoted to the present position in 2001. He is responsible for human resource related functions, which involves training, recruitment and industrial relations of human resource as well as developing human resource policies and programmes.

Prior to joining YJI, he was attached to Oriental Polymers Sdn Bhd ("OPSB") in 1994 as an Administrative Officer and left in 2000 as an Administrative Assistant Manager. In OPSB, he was responsible for the general administrative functions of OPSB, which includes shipping, human resource, warehousing, security and administration.

5.0 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

5.11 Shareholdings of the Key Management

The shareholding of the key management of the YCB Group after the Public Issue and Offer for Sale are as follows:-

Names	Designation/ Nationality	<After Public Issue and Offer for Sale>			
		<-----Direct----->		<-----Indirect----->	
		No. of Shares	%	No. of Shares	%
Lew Woo Sang	General Manager/ Malaysian	480,000*	1.41	-	-
Lim Chun Thang	Senior Corporate Planning Manager/ Malaysian	420,000*	1.24	-	-
Ho Thin Chow	Senior Office Manager/ Malaysian	275,000*	0.81	-	-
Loo Chee Hin	Senior Finance & Administration Manager/ Malaysian	275,000*	0.81	-	-
Ng Kok Seng	Production Manager/ Malaysian	25,000*	0.07	-	-
Othman Bin Desa	Human Resource Manager/ Malaysian	25,000*	0.07	-	-

Note:

* Based on their respective entitlement pursuant to the allocation of Public Issue Shares and Offer Shares to eligible Directors and employees of the YCB Group.

5.12 Employees

5.12.1 As at 16 April 2002 (being the latest practicable date prior to the registration of this Prospectus), the YCB Group has a total of 215 Malaysian employees. There is no foreign employee in the YCB Group. None of the employees belong to any union and all the employees enjoy a cordial relationship with the management. There has been no industrial dispute in the past between the management and the employees of the Group.

The breakdown of the 215 employees into categories and average number of year of services as at 16 April 2002 are as follows:-

Category	<--Average Years of Service-->		Total
	More than 5	Less than 5	
Management	2	6	8
Technical and supervision	10	1	11
Clerical and related services	-	23	23
General workers	25	148	173
Total	37	178	215

5.12.2 The Group recognised that its employees play a major role in contributing to the success of the business. The Group is committed to equip its employees with continuous on-the-job training to gain and develop the necessary knowledge and experience related to their respective responsibility.

5.0 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

5.13 Family Relationships

Save as disclosed below, there are no other family relationship or association between/amongst the Directors, substantial shareholders, promoters and/or the key management team of YCB and its subsidiary companies:-

Name	Nature of Interest	Relationship	<-After Public Issue and Offer for Sale->			
			<-----Direct----->		<-----Indirect----->	
			No. of Shares	%	No. of Shares	%
Lim Tooi Yoke	Substantial shareholder of PESB	Mother of Chin Kok On, Chin Poh On, Chin Kim Gan and Chin Toon On	-	-	-	-
Chin Kok On	Director and substantial shareholder of YCB and PESB respectively	Son of Lim Tooi Yoke	3,160,000	7.90	15,660,000*	39.15
Chin Poh On	Director and substantial shareholder of YCB and PESB respectively	Son of Lim Tooi Yoke	3,160,000	7.90	15,660,000*	39.15
Chin Kim Gan	Director and substantial of shareholder PESB	Daughter of Lim Tooi Yoke	-	-	-	-
Chin Toon On	Shareholder of PESB	Son of Lim Tooi Yoke	-	-	-	-

Note:-

* Deemed interest by virtue of them holding more than 15.00% in PESB pursuant to Section 6A of the Companies Act, 1965.

5.14 Declaration by the Directors and Key Management

No Director, key management team or person nominated to become a Director or key management team is or was involved in any of the following events (whether in or outside Malaysia):-

- a petition under any bankruptcy or insolvency laws was filed (and 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 management team; or
- a conviction in a criminal proceeding or is named subject of a pending criminal proceeding; or
- being the subject of any order, judgement or ruling of any court of competent jurisdiction temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

5.15 Service Agreements

None of the Directors and key management team of the Company has any existing and proposed service agreements with the Company or any of its subsidiary companies.

6.0 INFORMATION ON THE OFFERORS

6.1 Shareholdings of the Offerors

Set out below are the Offerors and their respective shareholdings in YCB before and after the Public Issue and Offer for Sale:-

Shareholders	Before Public Issue and ←Offer for Sale→		After Public Issue and ←Offer for Sale→	
	No. of Shares	% (i)	No. of Shares	% (ii)
PESB	17,000,000	50.00	15,660,000	39.15
Chin Kok On	4,500,000	13.24	3,160,000	7.90
Chin Poh On	4,500,000	13.24	3,160,000	7.90
	<u>26,000,000</u>	<u>76.48</u>	<u>21,980,000</u>	<u>54.95</u>

Notes:

- (i) Based on the issued and paid-up share capital of 34,000,000 shares (after the Acquisitions and Rights Issue).
- (ii) Based on the issued and paid-up share capital of 40,000,000 shares (after the Public Issue).

6.2 Brief Information on Corporate Offeror, i.e. PESB

PESB was incorporated in Malaysia under the Companies Act, 1965 on 15 December 1994. Its registered office is at Suite 2-1, 2nd Floor, Menara Penang Garden, 42A, Jalan Sultan Ahmad Shah, 10050 Penang.

The authorised share capital of PESB is RM100,000 comprising of 100,000 shares. The present issued and paid-up share capital of PESB is RM100,000 comprising of 100,000 shares.

The principal activity of PESB is investment holding.

The present Directors and substantial shareholders of PESB and their respective shareholdings are as follows:-

(a) **Directors of PESB**

Based on the Register of Directors as at 16 April 2002, the Directors of PESB and their respective shareholdings are set out below :-

Name	Designation/ Nationality	←Direct→		←Indirect→	
		No. of Share	%	No. of Share	%
Chin Kok On	Director/ Malaysian	41,250	41.25	-	-
Chin Poh On	Director/ Malaysian	41,249	41.25	-	-
Chin Kim Gan	Director/ Malaysian	7,501	7.50	-	-

6.0 INFORMATION ON THE OFFERORS

(b) *Substantial Shareholders of PESB*

Based on the Register of Substantial Shareholders as at 16 April 2002, the substantial shareholders of PESB and their respective shareholdings (not less than 5%) are set out below :-

Name	Designation Nationality	<-----Direct----->		<-----Indirect----->	
		No. of Share	%	No. of Share	%
Chin Kok On	Director/ Malaysian	41,250	41.25	-	-
Chin Poh On	Director/ Malaysian	41,249	41.25	-	-
Chin Kim Gan	Director/ Malaysian	7,501	7.50	-	-
Lim Tooi Yoke	Shareholder/ Malaysian	7,500	7.50	-	-

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7.0 MORATORIUM AND OTHER CONDITIONS

In approving the application for the listing of YCB on the Second Board of the KLSE, the SC via its letter dated 2 July 2001, has imposed a moratorium on the disposal of shares by promoters of YCB.

Under the terms of the moratorium, the promoters will not be allowed to sell, transfer or assign their shareholdings in YCB amounting to RM18,000,000 shares representing 45% of the issued and paid-up share capital of YCB of 40,000,000 shares for a period of one (1) year from the date of admission of YCB to the Official List of the Second Board of the KLSE. Thereafter, the promoters are permitted to sell, transfer or assign up to a maximum of one-third per annum (on a straight-line basis) of their respective shareholdings under moratorium. The restriction is specifically endorsed on the share certificates representing the respective shareholdings of YCB which are under moratorium, as follows:-

“The shares comprised herein are not capable of being sold, transferred or assigned for a period as determined by the Securities Commission (“the moratorium period”). Accordingly, the shares comprised therein will not constitute good delivery pursuant to the Rules of the Kuala Lumpur Stock Exchange during the moratorium period. No share certificate or certificates will be issued to replace this certificate during the moratorium period unless the same shall be endorsed with this restriction.”

The shareholding of the promoters which are under moratorium as imposed by the SC and KLSE are as follows:-

Shareholders	After Public	Percentage of	No. of Shares in	Percentage of
	Issue and Offer for Sale <i>No. of Shares</i>	Enlarged Share Capital %	YCB Under Moratorium <i>No. of Shares</i>	Enlarged Share Capital %
PESB	15,660,000	39.15	12,824,386	32.06
Chin Kok On	3,160,000	7.90	2,587,807	6.47
Chin Poh On	3,160,000	7.90	2,587,807	6.47
	<u>21,980,000</u>	<u>54.95</u>	<u>18,000,000</u>	<u>45.00</u>

By their letters dated 16 April 2002, PESB, Mr Chin Kok On and Mr Chin Poh On have given their undertaking to the SC to comply with the abovementioned terms relating to the sale of their shares under moratorium as outlined above. The shareholders of PESB have also given their undertakings to the SC, vide their letters dated 16 April 2002, that they will not sell, assign or transfer their shareholdings in PESB from the date of admission of YCB to the Official List of the Second Board of the KLSE to the expiry of the moratorium period imposed by the SC on the sale of shares in YCB.

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8.0 APPROVALS AND OTHER CONDITIONS

In conjunction with and as an integral part of the listing of and quotation for the entire issued and paid-up shares of YCB on the Second Board of the KLSE, the Company undertook a restructuring exercise, which was approved by the FIC on 19 February 2001 and 26 February 2002, MITI on 16 April 2001 and 13 December 2001 and SC on 2 July 2001 and 14 December 2001. The conditions imposed by all the authorities and the status of compliance are as follows:-

Authority/ (Date of Approval)	Details of Conditions Imposed	Status of Compliance															
FIC/ (19 February 2001)	To obtain MITI's approval.	Obtained on 16 April 2001.															
MITI/ (16 April 2001)	<p>(a) To obtain SC's approval.</p> <p>(b) To obtain FIC's approval.</p> <p>(c) The allocation of 4,000,000 YCB shares representing 10% of YCB's enlarged issued and paid-up share capital to Bumiputera investors are to be allocated as special shares and their allocations will be decided by MITI separately after SC's approvals have been obtained for all the proposals.</p> <p>(d) MITI recognises the existing Bumiputera shareholdings for the listing purpose as follows:-</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Name</th> <th>No. of Shares</th> <th>Percentage of Enlarged Share Capital %</th> </tr> </thead> <tbody> <tr> <td>Wan Mohd. Ismail Bin Wan Hussain</td> <td>6,040,000</td> <td>15.10</td> </tr> <tr> <td>Abdol Rahaman Bin Mahmud</td> <td>980,000</td> <td>2.45</td> </tr> <tr> <td>Ramlah Bte Jamaludin</td> <td>980,000</td> <td>2.45</td> </tr> <tr> <td></td> <td style="border-top: 1px solid black; border-bottom: 3px double black;">8,000,000</td> <td style="border-top: 1px solid black; border-bottom: 3px double black;">20.00</td> </tr> </tbody> </table> <p>subject to the condition that all the shares recognised by MITI representing 20% of the enlarged issued and paid-up share capital (held by the Company's existing Bumiputera shareholders for the listing) are not allowed to be sold or transferred without prior written approval from MITI.</p> <p>(e) YJI's equity condition is to be amended to that at least 70% of the YJI's shares must be purchased and held by Malaysian citizen including at least 30% to be reserved.</p>	Name	No. of Shares	Percentage of Enlarged Share Capital %	Wan Mohd. Ismail Bin Wan Hussain	6,040,000	15.10	Abdol Rahaman Bin Mahmud	980,000	2.45	Ramlah Bte Jamaludin	980,000	2.45		8,000,000	20.00	<p>Obtained on 2 July 2001.</p> <p>Obtained on 19 Februar 2001.</p> <p>MITI decided on the allocation via MITI's letter dated 21 January 2002.</p> <p>To be complied with if there is any selling or transfer of shares.</p> <p>Upon listing and quotation of YCB shares on the Second Board of the KLSE, YCB will have at least 30% Bumiputera equity participation. By virtue that YJI is wholly-owned by YCB, this condition will be met.</p>
Name	No. of Shares	Percentage of Enlarged Share Capital %															
Wan Mohd. Ismail Bin Wan Hussain	6,040,000	15.10															
Abdol Rahaman Bin Mahmud	980,000	2.45															
Ramlah Bte Jamaludin	980,000	2.45															
	8,000,000	20.00															

8.0 APPROVALS AND OTHER CONDITIONS

Authority/ (Date of Approval)	Details of Conditions Imposed	Status of Compliance
SC/ (2 July 2001)	<p>(a) The conditions to be complied in respect of the utilisation of proceeds from the Rights Issue and Public Issue, as disclosed in Section 2.7 of this Prospectus, are as follows:-</p> <p>(i) The approval of the SC must be obtained for any variation to the utilisation of proceeds if such variation is made for any other purposes apart for the core business activities of the YCB Group;</p> <p>(ii) The purpose and time frame for the utilisation of proceed are to be disclosed in the Prospectus of YCB. Subsequently, the approval of the shareholders of YCB is required for the utilisation of the proceeds and also for any variation amounting to 25% or more in the utilisation of proceeds. If the proposed variation is less than 25%, appropriate disclosures must be made to the shareholders of YCB;</p> <p>(iii) Any extension to the proposed time frame for the utilisation of the proceeds must be approved by the Board of Directors of YCB through a conclusive resolution and must be fully disclosed to the KLSE; and</p> <p>(iv) Appropriate disclosures on the status of the utilisation of the proceeds must be made in the quarterly reports and annual reports of YCB until the proceeds have been fully utilised.</p> <p>(b) Moratorium on the sale of shares to be imposed on 18,000,000 shares of YCB which represents 45% of the enlarged issued and paid-up share capital of YCB, held by the promoters of YCB, namely PESB, Mr Chin Kok On and Mr Chin Poh On, whereby they are not allowed to sell, transfer or assigned part of their shareholdings within one (1) year from the date of admission of YCB to the Official List of the Second Board of the KLSE, and thereafter are only to divest or transfer up to a maximum of one third (1/3) of their shareholdings annually subsequently.</p> <p>(c) Promoters of YCB are required to be involved in the management of the YCB Group throughout the moratorium period on the sale of YCB's shares.</p>	<p>To be complied.</p> <p>To be complied.</p> <p>To be complied.</p> <p>To be complied.</p> <p>Complied, as detailed in Section 7.0 of this Prospectus.</p> <p>The promoters had, on 16 April 2002, provided an undertaking to comply with the requirement.</p>

8.0 APPROVALS AND OTHER CONDITIONS

Authority/ (Date of Approval)	Details of Conditions Imposed	Status of Compliance
SC/ (2 July 2001)	<p>(d) YCB is required to plan and implement an effective management succession plan to ensure the smooth continuation on the management of YCB.</p> <p>(e) YCB is required to make appropriate disclosures in the Prospectus on the following:-</p> <p>(i) Management succession plan as mentioned in paragraph (d) above; and</p> <p>(ii) The risks associated with the business and industry that YCB is involved in, including:-</p> <ul style="list-style-type: none"> - risk associated with the non-existence of long term contracts with the customers and suppliers; - risk associated with the ability of the company to employ a group of skilled craftsmen; and - risk associated with the threat of substitute products. <p>(f) Full compliance to the relevant requirements in relation to the listing of the company as set out in the SC Guidelines especially as set out in Chapters 7, 10 and 25 of the said SC Guidelines.</p>	<p>Details are disclosed in Section 4.5.9 of this Prospectus.</p> <p>Complied as disclosed in Section 4.5.9 of this Prospectus.</p> <p>Complied, as disclosed in Section 3.0 of this Prospectus as follows:-</p> <p>Section 3.6</p> <p>Section 3.9.</p> <p>Section 3.14.</p> <p>To be complied</p>
MITI/ (13 December 2001)	<p>(a) To obtain SC's approval; and</p> <p>(b) To obtain FIC's approval.</p> <p>The conditions stated in the MITI's letter dated 16 April 2001 remain.</p>	<p>Obtained on 14 July 2001.</p> <p>Obtained on 26 February 2002.</p> <p>Status of compliance as disclosed above.</p>
SC/ (14 December 2001)	The conditions stated in the SC's letter dated 2 July 2001 remain.	Status of compliance as disclosed above.
FIC/ (26 February 2002)	To obtain MITI's approval.	Obtained on 13 December 2001.

9.0 RELATED PARTY TRANSACTION**9.1 Related Party Transaction****9.1.1 Promotion of Assets**

Save as disclosed below, none of the Directors and/or substantial shareholders and/or key management team of the Company and its subsidiary companies, and persons connected to them has any interest, directly or indirectly, in the promotion of or in any assets which has been acquired or proposed to be acquired or disposed of or proposed to be disposed of by or leased or proposed to be leased to the Company and its subsidiaries, within two (2) years preceding the date of this Prospectus.

	Nature of Interest	Name of Interested Party	Nature of Relationship
(i)	YJI had on 20 October 2000 sold to Chin Kok On and Chin Poh On 162,500 shares representing 62.50% equity interest in Chee Hong Development Sdn Bhd for the cash consideration of RM485,133.	(a) Chin Kok On (b) Chin Poh On	Director and substantial shareholder of YJI. Director and substantial shareholder of YJI.
(ii)	YJI had on 20 October 2000 sold to Chin Kok On and Chin Poh On 49,999 shares representing 99.99% equity interest of Jaya Metric Builders Sdn Bhd for the cash consideration of RM7,761.	(a) Chin Kok On (b) Chin Poh On	Director and substantial shareholder of YJI. Director and substantial shareholder of YJI.
(iii)	YJI had on 20 October 2000 sold to Chin Kok On and Chin Poh On the entire issued and paid-up capital of Jaya Metric Sdn Bhd for the cash consideration of RM403,096.	(a) Chin Kok On (b) Chin Poh On	Director and substantial shareholder of YJI. Director and substantial shareholder of YJI.
(iv)	YJI had on 1 May 2001 entered into a Tenancy Agreement with Chin Kok On to rent a premise for a duration of one (1) year commencing on 1 May 2001 to 30 April 2002 for a monthly rental of RM2,500.	Chin Kok On	Director of YCB and YJI and substantial shareholder of YCB.
(v)	YJI had on 22 March 2002 disposed of a motor vehicle to Ms Chin Kim Gan for a cash consideration of RM16,000.	Chin Kim Gan	Director and substantial shareholder of PESB.

9.1.2 Material Interest in Contracts or Arrangements

None of the Directors and/or the substantial shareholders and/or key management staff of the Company and its subsidiary companies, and persons connected to them has any material interest, directly and indirectly, in any contract or arrangement which is significant in relation to the business of the Group and subsisting at the date of this Prospectus.

9.1.3 Interest in Similar Business

Save as disclosed below, none of the Directors and/or the substantial shareholders and/or key management staff of the Company and its subsidiary companies, and persons connected to them are interested, directly or indirectly, in any business carrying on a similar trade as the Company and its subsidiary companies.

Mr Chin Kok On and Mr Chin Poh On's sister, i.e. Madam Chin Kim Siew and her spouse are goldsmiths operating in a small scale "cottage industry" from home. For the financial year ended 31 October 2001, YJI subcontracted some of its fabrication works to them amounting to approximately RM17,114.

9.1.4 Other Related Party Transaction

There are no transactions between YCB and its promoters, Directors and/or their related parties/companies.

9.0 **RELATED PARTY TRANSACTION**

9.2 **Declaration of the Advisers**

- (a) MIMB hereby confirms that there are no existing or potential conflict of interest in its capacity as the Adviser and Managing Underwriter for the Public Issue and Offer for Sale;
- (b) Messrs Ong and Manecksha has given its confirmation that there are no existing or potential conflict of interest in its capacity as the Solicitors for the Public Issue and Offer for Sale;
- (c) Messrs KPMG has given its confirmation that there are no existing or potential conflict of interest in its capacity as Auditors and Reporting Accountants;
- (d) Pakatan Property Consultancy Sdn Bhd has given its confirmation that there is no existing or potential conflict of interest in its capacity as the Valuers for the Public Issue and Offer for Sale; and
- (e) MIDF Sisma Securities Sdn Bhd has given its confirmation that there is no existing or potential conflict of interest in its capacity as the Independent Expert Opinion Consultant in relation to the Public Issue and Offer for Sale.

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10.0 **OTHER INFORMATION ON THE YCB GROUP**

10.1 **Approvals, Major Licences and Permits Obtained**

(i) **Ministry of International Trade and Industry Malaysia**

YJI has been granted a licence for manufacturing of gold jewellery products pursuant to the Industrial Co-ordination Act, 1975 on 27 October 1992.

(ii) **Ministry of Health**

A permit has been granted to YJI for the purchase, storage and usage of Sodium Hydroxide for the purpose of cleaning gold materials on 1 January 2002 on annual renewal basis.

The permit is subject to the provisions of the Poisons Ordinance, 1952, and the Poisons (Sodium Hydroxide) Regulations, 1962.

(iii) **Royal Malaysian Customs**

A manufacturing warehouse licence and warehouse licence have been granted to YJI for a period of two (2) years effective from 13 October 2000 to 12 October 2002 by the Royal Malaysian Customs. The said licence is renewable.

These licences are subject to the provisions (Section 65/65A) of the Customs Act 1967.

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10.0 OTHER INFORMATION ON THE YCB GROUP**10.2 Landed Properties**

Details of the landed properties of the YCB Group as at 31 October 2001 are as follows:-

Registered Owner/ Location	Description/ Existing Use	Land/ Area Built-up (sq. ft.)	Age of Build- ing* Tenure	31.10.2001 Audited NBV @ (RM)	Market Value (RM)	Date of Valuation	Revaluation Surplus/ (Deficit) based on NBV @ 31.10.2001 (RM)
<u>YJI</u>							
<u>Land and building</u>							
H.S.(D) 8657, Lot P.T. No. 2848, Mukim of 12, District of Barat Daya, State of Penang (No.36, Hilir Sungai Keluang 2, Bayan Lepas Industrial Estate, Phase IV, 11900 Bayan Lepas, Penang)	A single storey detached factory with a single storey office annexed/ Corporate head office	66,447/ 22,130	8 Leasehold for 60 years expiring on 31 October 2053	4,112,259	4,130,000	20.10.2000	17,741
Geran 23972, Lot No. 1360, Seksyen 3, George Town, District of Timur Laut, State of Penang (No. 1-C, Vermont Road, 11460 Penang)	An extended 2 ½-storey semi-detached house/ Currently rented out	3,154/ 3,121	15 Freehold	717,204	730,000	20.10.2000	12,796
<u>Flatted factory unit</u>							
Developer's unit No. 1, 4 th Floor, the Penang Gold and Jewellery Exchange Centre erected on Lot Nos. 735, 736 and part of Lot 952, Section 9W North-East District, State of Penang (No. 122-4-1, 4 th Floor, The Penang Gold and Jewellery Exchange Centre, Jalan Sungai, 10150 Penang)	A flatted factory unit/ Currently rented out	1,500	6 Freehold	370,312	370,000	20.10.2000	(312)
Total				<u>5,199,775</u>	<u>5,230,000</u>		<u>30,225</u>

* As at the date of valuation.

In 1997, YJI undertook a revaluation of all its land and buildings. On 1 November 1997, the revaluation surplus of RM2,608,791 was incorporated in the financial statements of YJI for the financial year ended 31 October 1998 after taking into consideration the market value of the said properties appraised by an independent firm of valuers on 25 October 1997.

YJI had commissioned Pakatan Property Consultancy, a firm of independent professional registered valuers to undertake a valuation on all its landed properties. Based on the valuation reports from Pakatan Property Consultancy dated 20 October 2000, the market values of the land and buildings of YJI amounted to approximately RM5,230,000. Compared to the net book values of the said properties as at 31 October 2001 of RM5,199,775, there is a surplus of RM30,225, which mainly arises from the market value of its factory in Bayan Lepas, Penang. YJI does not propose to incorporate the said surplus into its financial statements as the Directors of YJI consider the amount to be insignificant. Furthermore, the said factory houses the manufacturing operations of YJI and therefore, will be held by YJI for long-term purposes.

The above valuations do not require the approval of the SC.

The Valuation Certificate on the above properties is set out in Section 13.0 of this Prospectus.

10.0 OTHER INFORMATION ON THE YCB GROUP**10.3 Acquisitions of Properties**

Saved as disclosed below, there are no transactions in the acquisition of property during the past two (2) years prior to the date of this Prospectus.

Description	Registered Owner	Tenure	Date of Agreement	Purchase Price RM	Stage of Completion/ Progress Certificate Date
Double storey semi-detached house situated on land held under Plot No. 30 of Mukim Grant (1st Grade) Registration No. GM 65, 66 712 and 715, Lots No. 816, 824, 1518 and 1521, Mukim 12 of South West District, Jalan Permatang Damar Laut, Penang	YJI	Freehold	18.10.2001	402,000	55.0% / 6 November 2001
Double storey semi-detached house situated on land held under Plot No. 32 of Mukim Grant (1st Grade) Registration No. GM 65, 66 712 and 715, Lots No. 816, 824, 1518 and 1521, Mukim 12 of South West District, Jalan Permatang Damar Laut, Penang	YJI	Freehold	18.10.2001	418,000	65.0% / 8 March 2001
Double storey semi-detached house situated on land held under Plot No. 44 of Mukim Grant (1st Grade) Registration No. GM 65, 66 712 and 715, Lots No. 816, 824, 1518 and 1521, Mukim 12 of South West District, Jalan Permatang Damar Laut, Penang	YJI	Freehold	18.10.2001	508,000	55.0% / 6 November 2001
Double storey semi-detached house situated on land held under Plot No. 38 of Mukim Grant (1st Grade) Registration No. GM 65, 66 712 and 715, Lots No. 816, 824, 1518 and 1521, Mukim 12 of South West District, Jalan Permatang Damar Laut, Penang	YJI	Freehold	18.10.2001	376,000	55.0% / 4 January 2002
Double storey semi-detached house situated on land held under Plot No. 39 of Mukim Grant (1st Grade) Registration No. GM 65, 66 712 and 715, Lots No. 816, 824, 1518 and 1521, Mukim 12 of South West District, Jalan Permatang Damar Laut, Penang	YJI	Freehold	18.10.2001	406,000	55.0% / 4 January 2002
Total				<u>2,110,000</u>	

The audited financial statements of YJI for the financial year ended 31 October 2001 states that *“Included in capital work-in-progress is an amount of RM2,110,000 representing 5 units of double storey semi-detached houses which will be used for the purpose of providing accommodation to employees.”*

The above semi-detached houses are located within close proximity of YJI’s factory and are for the accommodation of the eligible management team and senior skilled craftsmen of the Group after taking into consideration their grading, length of service and contribution to the Group. The semi-detached houses are purchased to provide accommodation to the management team and senior skilled craftsmen of the Group as the said houses will provide better comfort and reflective of the status and importance of the role of the management team and senior skilled craftsmen to the Group. It is also to enable the Group to provide an attractive incentive package with the aims to motivate, reward and retain them to ensure management continuity in line with the management succession plan as mentioned in Section 4.5.9 of the Prospectus.

The above transactions are disclosed in paragraphs (l) to (m) in Section 16.5 of this Prospectus.

11.0 FINANCIAL INFORMATION

Profit and Dividend Records of the YCB Group

A summary of the proforma consolidated turnover and profit records of the YCB Group for the past five (5) financial years ended 31 October 1997 to 31 October 2001, which were prepared based on the audited financial statements of the Company and its subsidiary companies after making adjustments considered necessary and on the assumption that the Group has been in existence since 1 November 1996. The proforma consolidated profit records of the YCB Group are prepared for illustrative purposes only and should be read in conjunction with the accompanying notes and assumption included in the Reporting Accountants' Report set out in Section 12.0 of this Prospectus.

	←-----Proforma Group-----→				
	←-----Financial Year Ended 31 October-----→				
	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000
Turnover					
- Sales of gold	24,320	8,876	11,376	21,876	36,590
- Workmanship charges	11,094	9,877	8,821	15,819	21,148
	<u>35,414</u>	<u>18,753</u>	<u>20,197</u>	<u>37,695</u>	<u>57,738</u>
Profit before interest, depreciation, amortisation and taxation	6,395	2,934	3,005	7,371	10,823
Less: Interest expenses	(313)	(354)	(375)	(588)	(619)
Less: Depreciation	(679)	(758)	(809)	(883)	(830)
PBT	<u>5,403</u>	<u>1,822</u>	<u>1,821</u>	<u>5,900</u>	<u>9,374</u>
Less: Taxation	(394)	(198)	(136)	(1,753)	(2,663)
PAT	<u>5,009</u>	<u>1,624</u>	<u>1,685</u>	<u>4,147</u>	<u>6,711</u>
Number of shares in issue ⁽ⁱ⁾	('000)	34,000	34,000	34,000	34,000
Gross EPS ^(vii)	(sen)	15.89	5.36	5.36	17.35
Net EPS ^(viii)	(sen)	14.73	4.78	4.96	12.20
Fully diluted gross EPS ^(ix)	(sen)	13.51	4.56	4.55	14.75
Fully diluted net EPS ^(x)	(sen)	12.52	4.06	4.21	10.37
Gross dividend rate	(%)	-	-	-	-

Notes:-

- (i) Based on the issued and paid-up share capital of YCB of 34,000,000 shares after the Acquisitions and Rights Issue.
- (ii) The proforma consolidated results of the YCB Group are prepared for illustrative purposes only and are based on the audited financial statements of YCB, YJI, YG and YHK.
- (iii) There was no extraordinary or exceptional item for all the years under review.
- (iv) In 1997, the turnover increased approximately 55.19% from RM22.82 million in 1996 due to a subsidiary company's expansion of its export market in the Middle East. The increase is also attributable to the depreciation of Ringgit Malaysia.

11.0 FINANCIAL INFORMATION

In 1998 and 1999, the decrease in turnover was mainly due to the decrease in sales of gold. The banking facilities enjoyed by a subsidiary company had been reduced due to the economic crisis. Consequently, the business activities of the said subsidiary company has been reduced due to the lower working capital. In addition, the Group had been prudent by selling only to selective good customers.

In 2000, the increase in turnover of approximately 86.64% was mainly due to the expansion of the Group's export market to other countries and the Group's new product mix and designs.

In the year 2001, the Group achieved approximately 53.17% increase in turnover. The increase was mainly attributable to the Group's improved design concept for its gold jewellery products and also increase of sales to its existing as well as new customers.

- (v) *The low effective tax rate in 1997, 1998 and 1999 was due to the following:-*
- (a) *The Pioneer Status enjoyed by a subsidiary under which 70% of the statutory income was exempted from income tax in 1997 and 1998. The Pioneer Status available to the subsidiary expired on 30 October 1998; and*
 - (b) *There was no tax charge in relation to 1999 results mainly due to the tax waiver on profit earned in 1999.*
- (vi) *In view of the higher sales achieved in 1997, a subsidiary company benefited from economies of scale in its business operation which resulted in improved PBT for the year.*
- PBT dropped to RM1.82 million in 1998 and 1999 respectively mainly because of the decrease in turnover and the increase in the cost of imported raw materials.*
- PBT improved to RM5.90 million and RM9.37 million in 2000 and 2001 respectively mainly due to increase in turnover and higher workmanship charges for white gold and cubic zirconia gold products.*
- (vii) *The gross EPS has been calculated based on PBT and on the assumption that the issued and paid-up share capital of the Group of 34,000,000 shares (after Acquisitions and Rights Issue but before Public Issue) had been in issue throughout the years under review.*
- (viii) *The net EPS has been calculated based on the PAT and on the assumption that the issued and paid-up share capital of the Group of 34,000,000 shares (after Acquisitions and Rights Issue but before Public Issue) had been in issue throughout the years under review.*
- (ix) *The fully diluted gross EPS has been calculated based on PBT and on the assumption that the issued and paid-up share capital of the Group of 40,000,000 shares (after Public Issue) had been in issue throughout the years under review.*
- (x) *The fully diluted net EPS has been calculated based on the PAT and on the assumption that the issued and paid-up share capital of the Group of 40,000,000 shares (after Public Issue) had been in issue throughout the years under review.*
- (xi) *An interim tax exempt dividend totalling RM3.80 million in respect of the financial year ended 31 October 2001 was paid to the existing shareholders of YJI on 21 August 2001 prior to the acquisition of YJI by YCB.*

11.1 Segmental Analysis of Workmanship Charges and PBT

Sales of gold only occurs when customers settle by cash rather than reimburse the Group with physical gold bullion. The Group is not involve in the trading of gold bullion and the sale of gold does not contribute to the profit margin of the Group. An analysis of the Group profitability is better reflected in the contribution from the workmanship charges.

11.0 FINANCIAL INFORMATION

11.1.1 Analysis of Workmanship Charges

A detailed analysis on the workmanship charges of the YCB Group after making adjustments considered necessary and on the assumption that the Group has been in existence since 1 November 1996 prepared for illustrative purposes are set out below:-

(a) Analysis by Markets

	Total Workmanship Charges									
	Financial Year Ended 31 October									
	1997		1998		1999		2000		2001	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Export Market	11,094	100.00	9,606	97.26	8,636	97.90	15,751	99.57	21,138	99.95
Local Market	-	-	271	2.74	185	2.10	68	0.43	10	0.05
	<u>11,094</u>	<u>100.00</u>	<u>9,877</u>	<u>100.00</u>	<u>8,821</u>	<u>100.00</u>	<u>15,819</u>	<u>100.00</u>	<u>21,148</u>	<u>100.00</u>

(b) Analysis by Company

Company	Total Workmanship Charges				
	Financial Year Ended 31 October				
	1997	1998	1999	2000	2001
	RM'000	RM'000	RM'000	RM'000	RM'000
YJI	11,126	9,606	8,636	15,751	21,138
YG	-	292	185	68	10
YHK	115	182	-	-	-
Consolidation adjustments	(147)	(203)	-	-	-
	<u>11,094</u>	<u>9,877</u>	<u>8,821</u>	<u>15,819</u>	<u>21,148</u>

11.1.2 Analysis of PBT

A detailed analysis on the PBT of the YCB Group for the past five (5) financial years ended 31 October 2001 after making adjustments considered necessary and on the assumption that the Group has been in existence since 1 November 1996 prepared for illustrative purposes are set out below:-

Analysis by Company

Company	Total PBT				
	Financial Year Ended 31 October				
	1997	1998	1999	2000	2001
	RM'000	RM'000	RM'000	RM'000	RM'000
YCB	-	-	-	-	(16)
YJI	5,425	1,857	1,815	5,963	9,384
YG	-	3	10	5	16
YHK	(22)	(38)	(4)	(5)	(6)
Consolidation adjustments	-	-	-	(63)	(4)
Total	<u>5,403</u>	<u>1,822</u>	<u>1,821</u>	<u>5,900</u>	<u>9,374</u>

11.0 FINANCIAL INFORMATION**11.1.3 Impact of Foreign Exchange on the PBT**

Impact of foreign exchange on operating profits is minimal especially with the introduction of the currency control regulations by Malaysian Government on 1 September 1998. The following table sets out the foreign exchange gain/(loss) for the past five (5) financial years ended 31 October:-

	← Financial Year Ended 31 October →				
	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000
Foreign exchange gain/(loss)	1,189	552	(36)	(35)	(42)

11.1.4 Tax Consideration

YJI was granted Pioneer Status commencing 1 November 1993 by MITI for the manufacture of gold jewellery under which 70% of the statutory income is exempted from income tax. The Pioneer Status expired on 30 October 1998.

11.1.5 Exceptional and Extraordinary Items

There were no any exceptional and extraordinary items for the YCB Group for past five (5) financial years ended 31 October 2001.

11.2 Directors' Declaration on the Financial Performance

As at 16 April 2002 (being the latest practicable date prior to the registration of this Prospectus), to the best of the knowledge of the Directors of the Company, the financial performance, position and operations of the Company and its subsidiary companies are not likely to be affected by the following:-

- (a) known trends, demands, commitments, events or uncertainties that have had or that the Group reasonably expects to have, a material favourable or unfavourable impact on financial performance, position and operations of the Group;
- (b) material commitments for capital expenditure;
- (c) unusual, infrequent events or transactions or any significant economic changes that materially affected the financial performance, position and operations of the Group; and
- (d) known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make historical financial statements not indicative of future financial performance and position.

11.3 Working Capital, Borrowings, Contingent Liabilities and Material Commitments**11.3.1 Working Capital**

The Directors of YCB are of the opinion that, barring any unforeseen circumstances and after taking into account the proforma consolidated cashflow forecast, the banking facilities available and gross proceeds from the Rights Issue and Public Issue, the YCB Group will have adequate working capital for its present and foreseeable requirements.

11.0 FINANCIAL INFORMATION**11.3.2 Borrowings**

As at 16 April 2002 (being the latest practicable date prior to the registration of this Prospectus), the Group's total bank borrowings amounted to RM17.5 million as set out below:-

Outstanding borrowings	Short-term RM'000	Long-term RM'000	Total RM'000
Non-interest-bearing	-	-	-
Interest-bearing			
- Overdraft	1,668	-	1,668
- Banker acceptance	15,835	-	15,835
- Hire purchase	13	-	13
	<u>17,516</u>	<u>-</u>	<u>17,516</u>

Save as disclosed above, the YCB Group does not have any borrowings and indebtedness in the form of borrowings, including bank overdrafts and liabilities under acceptances, hire purchase or commitments or guarantees.

11.3.3 Contingent Liabilities

As at 16 April 2002 (being the latest practicable date prior to the registration of this Prospectus), the Directors of YCB are not aware of any material contingent liabilities incurred by the Group.

11.3.4 Material Commitments

Save as disclosed below, as at 16 April 2002 (being the latest practicable date prior to the registration of this Prospectus), the Directors of YCB are not aware of any material commitments for capital expenditure incurred or known to be incurred by YCB, which may have a substantial impact on the results or the financial position of the Group:-

	Approved But Not Contracted For RM	Contracted But Not Provided For RM	Total RM
In respect of balance payment on capital work in-progress	5,600,000	63,000	5,663,000
In respect of purchase of machinery	3,200,000	391,000	3,591,000
Total	<u>8,800,000</u>	<u>454,000</u>	<u>9,254,000</u>

11.3.5 Save as disclosed in this Prospectus, the YCB Group does not have any loan capital or convertible debt securities outstanding or created but unissued nor any mortgages or charges or contingent liabilities outstanding.

11.3.6 Material Litigation

Save as disclosed below, as at 16 April 2002 (being the latest practicable date prior to the registration of this Prospectus), neither YCB nor any of its subsidiary companies are engaged in any material litigation, either as plaintiff or defendant and the Directors of YCB are not aware of any proceedings pending or threatened against the Company and its subsidiary companies or of any facts likely to give rise to any proceedings which might materially or adversely affect the position or business of the YCB Group.

On 30 October 1997, YJI filed a suit against Malaysian Airline System Berhad ("Defendant") claiming a sum of USD99,172 plus interest for inter-alia, the failure by the Defendant to exercise proper and reasonable care in carrying out its duty to ensure that proper procedures and instructions by YJI are carried out before the Defendant released a shipment of gold jewellery to a customer.

The case is still pending and the case has been fixed for decision on 26 April 2002.

11.0 FINANCIAL INFORMATION**11.4 Consolidated Profit Forecast and Assumptions for the Financial Year Ending 31 October 2002**

The Directors of the YCB Group forecast that, barring unforeseen circumstances, the consolidated profit forecast of the YCB Group for the financial year ending 31 October 2002 will be as follows:-

Financial Year Ending 31 October	Forecast 2002 RM'000
Turnover	<u>61,693</u>
Consolidated PBT	10,602
Less: Taxation	<u>(1,676)</u>
Consolidated PAT	8,926
Less: Pre-acquisition profits	<u>(3,116)</u>
Profit attributable to shareholders	<u>5,810</u>

Based on the weighted average number of shares in issue

Weighted average number of shares in issue	('000)	24,200
Gross EPS	(sen)	43.81
Net EPS (before pre-acquisition profits)	(sen)	36.88
Net EPS (after pre-acquisition profits)	(sen)	24.01
Gross PE multiple*	(sen)	4.11
Net PE multiple (before pre-acquisition profits)*	(sen)	4.88
Net PE multiple (after pre-acquisition profits)*	(sen)	7.50

Based on the enlarged issued share capital

Enlarged number of shares in issue	('000)	40,000
Fully diluted gross EPS	(sen)	26.51
Fully diluted net EPS (before pre-acquisition profits)	(sen)	22.32
Fully diluted net EPS (after pre-acquisition profits)	(sen)	14.53
Gross PE multiple*	(sen)	6.79
Net PE multiple (before pre-acquisition profits)*	(sen)	8.06
Net PE multiple (after pre-acquisition profits)*	(sen)	12.39

Note:

* *Based on the Public Issue/Offer for Sale price of RM1.80 per share.*

The principal bases and assumptions upon which the consolidated profit forecast have been arrived at are set out in the accompanying notes and assumptions in Section 11.5 of this Prospectus.

11.0 **FINANCIAL INFORMATION**

11.5 **Reporting Accountants' Letter on the Consolidated Profit Forecast**

(Prepared for the inclusion in this Prospectus)



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The Board of Directors
Yikon Corporation Bhd
Suite 2-1, 2nd Floor
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19 APRIL 2002

Dear Sirs,

**YIKON CORPORATION BHD
CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 31 OCTOBER 2002**

We have reviewed the accounting policies and calculations for the consolidated profit forecast of Yikon Corporation Bhd ("YCB" or "the Company") and its subsidiary companies ("YCB Group" or "the Group") for the financial year ending 31 October 2002, for which the Directors are solely responsible, as set out in the Prospectus to be dated **24 APR 2002** in connection with the public issue of 6,000,000 new ordinary shares of RM1.00 each ("shares") and offer for sale of 4,020,000 shares at a public issue/offer for sale price of RM1.80 per share and the listing of and quotation for the entire issued and paid-up share capital of YCB on the Second Board of the Kuala Lumpur Stock Exchange.

In our opinion, the consolidated profit forecast, so far as the accounting policies and calculations are concerned, has been properly compiled on the basis of the assumptions made by the Directors as set out in the abovementioned Prospectus and is presented on a basis consistent with the accounting policies normally adopted by the Group.

Yours faithfully

KPMG
Firm Number : AF 0758
Chartered Accountants

Ng Swee Weng
Partner
Approval Number : 1414/03/04 (J/PH)



KPMG, KPMG, a partnership established under Malaysian Law, is a member of KPMG International, a Swiss association.



**YIKON CORPORATION BHD
AND ITS SUBSIDIARY COMPANIES**

**CONSOLIDATED PROFIT FORECAST FOR THE YEAR ENDING
31 OCTOBER 2002**

Barring unforeseen circumstances, the directors forecast that the results for the year ending 31 October 2002 will be as follows :-

	Forecast	
	2002	
	RM'000	
Consolidated profit before taxation	10,602	
Taxation	(1,676)	
Consolidated profit after taxation	<u>8,926</u>	
Less : Pre-acquisition profit	(3,116)	
Consolidated profit after taxation and pre-acquisition profit	<u><u>5,810</u></u>	
Weighted average number of ordinary shares of RM1.00 each ('000)	24,200	
Enlarged issued and paid-up share capital ('000)	40,000	
	<u>Before Pre-acquisition Profit</u>	<u>After Pre-acquisition Profit</u>
<i>Based on the weighted average number of shares in issue</i>		
Gross EPS (sen)	43.81	28.52
Net EPS (sen)	36.88	24.01
<i>Based on the enlarged number of shares in issue</i>		
Fully diluted gross EPS (sen)	26.51	17.25
Fully diluted net EPS (sen)	22.32	14.53



BASES AND ASSUMPTIONS

The principal bases and assumptions upon which the consolidated profit forecast has been arrived at are set out below:

- a) There will be no significant changes in the principal activities, management structure, accounting and business policies adopted by the Group.
- b) The existing terms and conditions of contracts and agreements entered into by the Group will remain in force.
- c) There will be no adverse changes to the legislation and regulations which will adversely affect the operations of the Group.
- d) There will be no material setback in the growth of the economy and political conditions which will adversely affect the operations of the Group or the markets in which it operates.
- e) There will be no major industrial disputes or any abnormal circumstances which will adversely affect the operations of the Group.
- f) There will be no significant changes to the current pricing of the Group's products.
- g) The turnover projections and related costs are based on estimates of the directors after taking into consideration the present conditions of selling prices and related costs of the Group.
- h) Production/processing cost will not be adversely affected by any abnormal circumstances or events. Raw material cost will not fluctuate significantly.
- i) Selling price of gold will not change significantly. For the purpose of the forecast, selling price per kilogram of gold is RM35,000.
- j) There will be no significant changes in current demand and in the prevailing market conditions which will adversely affect the performance of the Group.
- k) The rates and bases of taxation including the tax incentives and government duties applicable to the Group will be consistent at their present levels.
- l) There will be no major breakdown or disruption in the manufacturing facilities nor will there be any disruption in the sourcing of suppliers and materials by the Group.
- m) There will be no material fluctuations in manufacturing costs (including labour, cost of materials and other production overheads).
- n) There will be no unexpected problems that may affect the Group's various manufacturing programmes.



BASES AND ASSUMPTIONS (Cont'd)

- o) There will be no major capital and revenue cost item variations that are beyond the control of the Group.
- p) Inflation rates will remain at present levels.
- q) There will be no adverse movements in foreign currency exchange rates which will materially affect the Group's operation. The Group assumes the exchange rate of US\$1.00 : RM3.80 in the profit forecast.
- r) There will be no significant incidence of bad debts.
- s) There will be no material acquisition or disposals of fixed assets other than those that have been budgeted for.
- t) Interest rate for deposits will not change significantly and for the purpose of the forecast, the rate used is 3.50% per annum.
- u) The estimated listing expenses amounting to RM1.35 million will be set-off against the share premium account.

11.0 FINANCIAL INFORMATION**11.6 Directors' Comments and Analysis on the Consolidated Profit Forecast for the Financial Year Ending 31 October 2002**

The Group is expected to achieve a consolidated turnover of RM61.69 million in the financial year ending 31 October 2002 (31.10.2001: RM57.74 million) representing an increase of RM3.95 million or approximately 6.84% and the consolidated PAT is expected to increase to RM8.93 million (31.10.2001: 6.71 million).

The expected increase in the Group's turnover as well as the PAT is mainly due to the expected increase in demand for the Group's products as the Group plans to introduce new product mix to serve its existing and potential customers. The proceeds from the Public Listing will be used to construct a factory building and purchase plant and machinery which are expected to increase the production capacity to meet the expected increase in demand.

The Board of Directors of YCB confirms that the consolidated profit forecast for the financial year ending 31 October 2002 and the principal bases and assumptions stated therein have been reviewed by the Directors after due and careful enquiry, and that the Directors, having taken into account the future prospects of the industry, future plans and strategies to be adopted by the YCB Group and its level of gearing, liquidity and working capital requirements, are of the opinion that the consolidated profit forecast of the YCB Group is achievable and the assumptions made are reasonable, barring unforeseen circumstances.

Nevertheless, in the light of the current economic environment in Malaysia, certain assumptions, including interest and exchange rates, may differ significantly from the actual should the economic situation differ significantly from the date of this Prospectus and this may have an impact on the YCB Group's profit forecast.

11.7 Dividend Forecast

In the absence of unforeseen circumstances, the Company will be in a position to propose a tax-exempt dividend of 8.00% for the financial year ending 31 October 2002, based on the enlarged issued and paid-up share capital of 40,000,000 shares.

The consolidated PAT for the financial year ending 31 October 2002 is as follows:-

For the Year Ending 31 October	Forecast 2002 RM'000
Consolidated PBT	10,602
Less: Taxation	(1,676)
Consolidated PAT	<u>8,926</u>
Less: Pre-acquisition profits	(3,116)
Profit attributable to shareholders	<u>5,810</u>
Proposed tax-exempt dividend	(3,200)
Retained profit for the year	<u>2,610</u>
Tax-exempt dividend per share	(%) 8.00
Effective gross dividend per share	(sen) 11.11
Effective gross dividend yield (based on the Public Issue/Offer for Sale price of RM1.80 per share)	(%) 6.17
Net dividend cover (based on tax-exempt dividend of 8% per share on the forecast consolidated PAT after pre-acquisition profits for the financial year ending 31 October 2002)	(times) 1.82

11.0 FINANCIAL INFORMATION

The declaration, amount and payment of dividends are subject to the approval by the shareholders of YCB on recommendation of the Board of Directors. YCB currently expects to pay dividends on an annual basis but has not established (and does not expect to establish) any fixed percentage of earnings allocated for the payment of dividends. Any variation from the forecast dividend would depend on YCB's results of operations, financial conditions, cash requirements and other factors deemed relevant by the Board of Directors.

Investors should note that future dividends may be waived if:-

- (a) the Group records a loss instead of the forecast profits; or
- (b) the payment of the dividends would adversely affect the Group's cashflows and operations.

11.8 Sensitivity Analysis

The analysis below shows only the direct impact on the PBT and PAT with the variation of one (1) single factor in isolation without any qualification of measures which the Group will invariably institute to arrest any perceived deviation from the forecast figures to ensure that the forecast PBT and PAT would be achieved.

We summarise below the sensitivity analysis on the PAT against the forecast results.

Year Ending 31 October	Forecast 2002 RM'000
Consolidated PBT	<u>10,602</u>
Consolidated PAT (before pre-acquisition profits)	<u>8,926</u>

Changes in Turnover Prices and Direct Labour Cost

The sensitivity analysis is prepared on the assumptions as set out in Section 11.5 above and that all other factors remain unchanged except for the 5% to 10% upward or downward variations in the turnover prices and direct labour cost.

		←----- PBT ----->					←----- PAT ----->				
		+10%	+5%	0%	-5%	-10%	+10%	+5%	0%	-5%	-10%
Turnover prices	(RM'000) (%)	13,289 25.34	11,946 12.68	10,602	9,259 (12.67)	7,916 (25.33)	10,861 21.68	9,893 10.83	8,926	7,959 (10.83)	6,99 (21.67)
Direct labour cost	(RM'000) (%)	9,493 (10.46)	10,061 (5.10)	-	11,118 4.87	11,607 9.48	8,127 (8.95)	8,536 (4.37)	-	9,297 4.16	9,64 8.1

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11.0 FINANCIAL INFORMATION

11.9 Reporting Accountants' Letter on Proforma Consolidated Balance Sheets as at 31 October 2001

(Prepared for inclusion in this Prospectus)



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19 APRIL 2002

Dear Sirs,

**YIKON CORPORATION BHD
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 OCTOBER 2001**

We have reviewed the presentation of the proforma consolidated balance sheets of Yikon Corporation Bhd ("YCB" or "the Company") and its subsidiary companies ("YCB Group" or "the Group") as at 31 October 2001 together with the notes and assumptions thereon, for which the Directors are solely responsible, as set out in the Prospectus to be dated **24 APR 2002** in connection with the public issue of 6,000,000 new ordinary shares of RM1.00 each ("shares") and offer for sale of 4,020,000 shares at a public issue/offer for sale price of RM1.80 per share and the listing of and quotation for the entire issued and paid-up share capital of YCB on the Second Board of the Kuala Lumpur Stock Exchange.

In our opinion, the abovementioned proforma consolidated balance sheets together with the accompanying notes which are provided for illustrative purposes only, have been prepared on the accounting principles and basis consistent with the accounting policies normally adopted by YCB Group and are presented in a form suitable for inclusion in the said Prospectus.

Yours faithfully

KPMG
Firm No : AF 0758
Chartered Accountants

Ng Swee Weng
Partner

Approval Number : 1414/03/04 (J/PH)



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**YIKON CORPORATION BHD
AND ITS SUBSIDIARY COMPANIES**

PROFORMA CONSOLIDATED BALANCE SHEETS AT 31 OCTOBER 2001

	Company Audited RM'000	Proforma (I) After Acquisition RM'000	Proforma (II) After Proforma (I) and Rights Issue RM'000	Proforma (III) After Proforma (II) and Public Issue and Estimated Listing Expenses RM'000
PROPERTY, PLANT AND EQUIPMENT	-	10,101	10,101	10,101
CURRENT ASSETS				
Inventories	-	102	102	102
Trade and other receivables	-	28,395	28,395	28,395
Cash and cash equivalents	*	1,634	4,943	14,393
	*	30,131	33,440	42,890
CURRENT LIABILITIES				
Sundry payables	16	1,529	1,529	1,529
Borrowings	-	9,684	-	-
Provision for taxation	-	3,290	3,290	3,290
	16	14,503	4,819	4,819
NET CURRENT (LIABILITIES)/ASSETS	(16)	15,628	28,621	38,071
	(16)	25,729	38,722	48,172
Financed by:				
SHARE CAPITAL	*	22,399	34,000	40,000
ACCUMULATED LOSS	(16)	-	-	-
RESERVE ON CONSOLIDATION	-	2,912	2,912	2,912
SHARE PREMIUM	-	-	1,393	4,843
	(16)	25,311	38,305	47,755
BORROWINGS	-	1	-	-
DEFERRED TAXATION	-	417	417	417
	(16)	25,729	38,722	48,172
Net Tangible (Liabilities)/Assets per share (RM)	<u>(8,000.00)</u>	<u>1.13</u>	<u>1.13</u>	<u>1.19</u>

* These denote cash in hand and share capital of RM2.00 each respectively.



NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS OF YCB AS AT 31 OCTOBER 2001

1. Basis of Preparation

The Proforma Consolidated Balance Sheets have been prepared based on the accounting principles and bases consistent with those normally adopted by the Group and are presented in a form suitable for inclusion in the Submission Document.

1.1 These definitions are used:

YJI	-	Yikon Jewellery Industry Sdn. Bhd.
YG	-	Yikoni Gold Sdn. Bhd.
YHK	-	Yikon (H.K.) Limited

1.2 The Proforma Consolidated Balance Sheets of YCB and its subsidiary companies have been prepared for illustrative purposes only and are based on the audited accounts of YCB, YJI, YG and YHK as at 31 October 2001.

1.3 In conjunction with the listing of and quotation for the entire issued and paid-up share capital of YCB on the Second Board of the KLSE, the Company undertook the following restructuring scheme and the Proforma Consolidated Balance Sheets have been prepared based on the assumption that the restructuring scheme was effected as at 31 October 2001 :

(i) Proforma (I)

Proforma (I) incorporates on a proforma basis the acquisition of YJI, YG and YHK, the details of which are set out below:

(a) Acquisition of YJI

Acquisition of the entire issued and fully paid-up share capital in YJI by YCB comprising 1 million ordinary shares of RM1.00 each for a total consideration of RM22,398,620 satisfied by the issue of 22,398,620 new ordinary shares of RM1.00 each, at RM1.00 per share in YCB. The purchase consideration is based on the audited consolidated net tangible assets of YJI as at 31 October 2000.

(b) Acquisition of YG

Acquisition of the entire issued and fully paid-up share capital in YG by YCB comprising 2 ordinary shares of RM1.00 each for a total consideration of RM2 satisfied by cash.

(c) Acquisition of YHK

Acquisition of the entire issued and fully paid-up share capital in YHK by YCB comprising 2 ordinary shares of HK1.00 each for a total consideration of RM1 satisfied by cash.



(ii) **Proforma (II)**

Proforma (II) incorporates on a proforma basis the transactions in Proforma (I), the renounceable Rights Issue of 11,601,378 new ordinary shares of RM1.00 each at an issue price of RM1.12 per share, for cash on the basis of 51.80 new ordinary shares for every 100 existing ordinary shares held, based on the enlarged share capital of 22,398,622 ordinary shares of RM 1.00 each held in YCB (after the acquisition of YJI) and the proposed repayment of bank borrowings of RM9,685,000.

(iii) **Proforma (III)**

Proforma (III) incorporates on a proforma basis the transactions in Proforma (II), the public issue of 6,000,000 new ordinary shares of RM1.00 each (“shares”) and offer for sale of 4,020,000 shares at a public issue/offer for sale price of RM1.80 per share and proposed payment of listing expenses of RM1,350,000.

The rights issue, public issue and listing exercise are estimated to generate the following net cash flow:

	RM'000
Proceeds from the rights issue of 11,601,378 new ordinary shares of RM1.00 each at an issue price of RM1.12 per share	12,994
Proceeds from the public issue of 6,000,000 new ordinary shares of RM1.00 each at an issue price of RM1.80 per share	10,800
Estimated listing expenses	(1,350)
	22,444

11.0 FINANCIAL INFORMATION



2. The movements of the issued and paid up share capital and the share premium account of YCB after taking into account the above transactions are as follows :

	Share capital RM'000	Share premium RM'000
Balance as at 31 October 2001	*	-
Issued as consideration for the Acquisition of YJI	22,399	-
After Acquisitions	<u>22,399</u>	<u>-</u>
Rights Issue	11,601	1,393
After Acquisition and Rights Issue	<u>34,000</u>	<u>1,393</u>
Public Issue	6,000	4,800
Estimated listing expenses	-	(1,350)
	<u><u>40,000</u></u>	<u><u>4,843</u></u>

* Denotes 2 ordinary shares of RM1 each