

No. :

Strictly Private & Confidential



POH KONG HOLDINGS BERHAD

(Company No: 586139-K)
(Incorporated in Malaysia under the Companies Act, 1965)

INFORMATION MEMORANDUM

Islamic Commercial Papers/ Islamic Medium Term Notes
("ICP/IMTN") Programme of up to RM150.0 Million in
Nominal Value

JOINT PRINCIPAL ADVISERS, JOINT LEAD ARRANGERS & JOINT LEAD MANAGERS



(Company No.: 15938-H)



(Company No.: 19663-P)

This Information Memorandum is dated 27 October 2011

IMPORTANT NOTICE

RESPONSIBILITY STATEMENT

This Information Memorandum has been approved by the directors of Poh Kong Holdings Berhad (Company No. 586139-K) (the “**Issuer**”) and the Issuer accepts full responsibility for the accuracy of the information contained in this Information Memorandum. The Issuer, after having made all reasonable enquiries, confirms that all information contained in this Information Memorandum is true and correct in all material respects, that there is no omission of a material fact necessary to make the information contained in this Information Memorandum, in the light of the circumstances under which it is provided, not misleading, and that the opinions and intentions expressed in the information contained in this Information Memorandum are honestly held. Enquiries have been made by the Issuer to ascertain that all material facts have been disclosed and to verify the accuracy of all such information and statements. In this context, the Issuer accepts full responsibility for such information contained in this Information Memorandum.

IMPORTANT NOTICE AND GENERAL STATEMENT OF DISCLAIMER

This Information Memorandum is being furnished on a private and confidential basis solely for the purpose of enabling prospective investors to consider the purchase of the Islamic Commercial Papers/ Islamic Medium Term Notes Programme of up to RM150.0 million in nominal value (the “**ICP/IMTN Programme**”).

Maybank Investment Bank Berhad (“**Maybank IB**”) and RHB Investment Bank Berhad (“**RHB Investment Bank**”) as the Joint Principal Advisers, Joint Lead Arrangers and Joint Lead Managers of the ICP/IMTN Programme (“**the JLAs**”) state that none of the information or data contained in this Information Memorandum has been independently verified by them. Accordingly, no representation, warranty or undertaking, express or implied, is given or assumed by the JLAs as to the authenticity, origin, validity, accuracy or completeness of such information and data or that the information or data remains unchanged in any respect after the relevant date shown in this Information Memorandum. The JLAs have not accepted and will not accept any responsibility for the ICP/IMTN Programme and shall not be liable for any consequences of reliance on any of the information or data in this Information Memorandum, except as provided by Malaysian laws.

It is to be noted that although the Issuer has sought the advice of the Shariah Adviser (as hereinafter defined) with regards to the conformity of the ICP/IMTN Programme with Shariah principles, no representation, warranty or undertaking, express or implied, is given by the Issuer as to the status of the ICP/IMTN Programme’s compliance with Shariah principles and the Issuer shall not be liable for any consequences of such reliance and/or assumption of any such compliance. Each recipient should perform and is deemed to have consulted its own professional advisers and obtained independent Shariah advice.

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This Information Memorandum has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia ("**Foreign Jurisdiction**"), and has not been and will not be lodged, registered or approved pursuant to or under any legislation of (or with or by any regulatory authorities or other relevant bodies of) any Foreign Jurisdiction and it does not constitute an issue, offer or sale of, or an invitation to subscribe or purchase the ICPs/IMTNs or any other securities of any kind by any party in any Foreign Jurisdiction.

This Information Memorandum is not and is not intended to be a prospectus. Unless otherwise specified in this Information Memorandum, the information contained in this Information Memorandum is current as at the date hereof.

The distribution or possession of this Information Memorandum in or from certain jurisdictions may be restricted or prohibited by law. Each recipient is required to seek appropriate professional advice regarding, and to observe, any such restriction or prohibition. Neither the Issuer nor the JLAs accepts any responsibility or liability to any person in relation to the distribution or possession of this Information Memorandum in or from any such Foreign Jurisdiction.

By accepting delivery of this Information Memorandum, each recipient agrees to the terms upon which this Information Memorandum is provided to such recipient as set out in this Information Memorandum, and further agrees and confirms that (a) it will keep confidential all of such information and data, (b) it is lawful for the recipient to subscribe for or purchase the Sukuk (defined below) under all jurisdictions to which the recipient is subject, (c) the recipient has complied with all applicable laws in connection with such subscription or purchase of the Sukuk, (d) the Issuer, the JLAs and their respective directors, officers, employees and professional advisers are not and will not be in breach of the laws of any jurisdiction to which the recipient is subject as a result of such subscription or purchase of the Sukuk, and they shall not have any responsibility or liability in the event that such subscription or purchase of the Sukuk is or shall become unlawful, unenforceable, voidable or void, (e) it is aware that the Sukuk can only be offered, sold, transferred or otherwise disposed of directly or indirectly in accordance with the relevant selling restrictions and all applicable laws, (f) it has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Sukuk, and is able and is prepared to bear the economic and financial risks of investing in or holding the Sukuk, (g) it is subscribing or accepting the Sukuk for its own account, and (h) it is a person to whom an issue, offer or invitation to subscribe or purchase the Sukuk would constitute persons falling within any one or more of the categories of persons specified in Schedule 6 or Section 229(1)(b), Schedule 7 or Section 230(1)(b) and Schedule 9 or Section 257(3) of the Capital Markets and Services Act 2007, as amended from time to time and re-enactment thereof (the "CMSA"), and subsequent to the issuance, persons falling within any one or more of the categories of persons specified in Schedule 6 or Section 229(1)(b) or Schedule 9 or Section 257(3) of the CMSA. Each recipient is solely responsible for seeking all appropriate expert advice as to the laws of all jurisdictions to which it is subject. For the avoidance of doubt, this Information Memorandum shall not constitute an offer or invitation to subscribe or purchase the Sukuk in relation to any recipient who does not fall within item (h) above.

This Information Memorandum or any document delivered under or in relation to the issue, offer and sale of the Sukuk is not, and should not be construed as, a recommendation by the Issuer and/or the JLAs to subscribe or purchase the Sukuk. This Information Memorandum is not a substitute for, and should not be regarded as, an independent

evaluation and analysis and does not purport to be all-inclusive. Each recipient should perform and is deemed to have made its own independent investigation and analysis of the Issuer, the Sukuk and all other relevant matters, and each recipient should consult its own professional advisers. All information and statements herein are subject to the detailed provisions of the respective agreements referred to herein and are qualified in their entirety by reference to such documents.

Neither the delivery of this Information Memorandum nor the offering, sale or delivery of any Sukuk shall in any circumstance imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the ICP/IMTN Programme is correct as of any time subsequent to the date indicated in the document containing the same. The JLAs expressly do not undertake to review the financial condition or affairs of the Issuer during the tenor of the ICP/IMTN Programme or to advise any investor of the ICP/IMTN Programme of any information coming to their attention.

Certain statements, information, estimates and reports in this Information Memorandum are based on historical data, which may not be reflective of the future, and others are forward-looking in nature and are subject to risks and uncertainties, including, among others, discussions on the Issuer's business strategy and expectation concerning its position in the Malaysian economy, future operations, growth prospects and industry prospects. While the Board of the Issuer believes that these forward-looking statements are reasonable, these statements are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward looking statements. In light of all this, the inclusion of forward-looking statements in this Information Memorandum should not be regarded as a representation or warranty by the Issuer that the plans and objectives of the Issuer will be achieved.

This Information Memorandum includes certain historical information, estimates, or reports thereon derived from sources mentioned in this Information Memorandum and other parties with respect to the Malaysian economy, the material businesses which the Issuer operates and certain other matters. Such information, estimates, or reports have been included solely for illustrative purposes. No representation or warranty is made as to the accuracy or completeness of any information, estimates and/or reports thereon derived from such sources or from other third party sources.

ACKNOWLEDGEMENT

The Issuer hereby acknowledges that it has authorised the JLAs to circulate or distribute this Information Memorandum on its behalf in respect of or in connection with the proposed offer or invitation to subscribe for and issue of, the ICP/IMTN to prospective investors and that no further evidence of authorisation is required.

STATEMENTS OF DISCLAIMER – SECURITIES COMMISSION

A copy of the Information Memorandum dated 27 October 2011 has been lodged with the SC together with the application for the ICP/IMTN Programme ("ICP/IMTN Programme Submission") and upon such deposit of the Information Memorandum and the ICP/IMTN Programme Submission, the SC is deemed to have granted its approval for the ICP/IMTN Programme.

Each recipient of this Information Memorandum acknowledges and agrees that the approval of the SC (when issued) shall not be taken to indicate that the SC recommends the subscription for or purchase of the ICPs and/or the IMTNs.

The SC shall not be liable for any non-disclosure on the part of the Issuer and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Information Memorandum.

EACH ISSUANCE OF ICPS AND/OR THE IMTNs UNDER THE ICP/IMTN PROGRAMME WILL CARRY DIFFERENT RISKS AND ALL INVESTORS SHOULD EVALUATE EACH ISSUANCE ON THEIR RESPECTIVE MERITS. INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT.

IT IS RECOMMENDED THAT PROSPECTIVE INVESTORS CONSULT THEIR FINANCIAL, LEGAL AND OTHER ADVISERS BEFORE PURCHASING OR ACQUIRING OR SUBSCRIBING FOR THE ICPS AND THE IMTNs.

DOCUMENTS INCORPORATED BY REFERENCE

The documents published or issued from time to time after the date hereof shall be deemed to be incorporated in, and to form part of, this Information Memorandum including all supplements or amendments to this Information Memorandum circulated by the Issuer, if any, save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum.

The Issuer will provide, without charge, to each person to whom a copy of this Information Memorandum has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Requests for such documents should be directed to the Issuer at its registered office set out at the end of this Information Memorandum.

If the terms of the ICP/IMTN Programme are modified or amended in a manner, which would make this Information Memorandum, as so modified or amended, inaccurate or misleading, a new Information Memorandum will be prepared.

CONFIDENTIALITY

This Information Memorandum and its contents are strictly confidential and the information herein contained is given to the recipient strictly on the basis that the recipient shall ensure the same remains confidential. Accordingly, this Information Memorandum and its contents, or any information, which is made available to the recipient in connection with any further enquiries, must be held in complete confidence.

This Information Memorandum is submitted to selected persons specifically in reference to the ICP/IMTN Programme to whom an issue would constitute an excluded issue, excluded offer or excluded invitation as specified or set out in Schedule 6 or Section 229(1)(b), Schedule 7 or Section 230(1)(b) and Schedule 9 or Section 257(3) of CMA.

In the event that there is any contravention of this confidentiality undertaking or there is reasonable likelihood that this confidentiality undertaking may be contravened, the Issuer may, at its discretion, apply for any remedy available to the Issuer whether at law or equity, including without limitation, injunctions. The Issuer is entitled to fully recover from the contravening party all costs, expenses and losses incurred and/or suffered in this regard. For the avoidance of doubt, it is hereby deemed that this confidentiality undertaking shall be imposed upon the recipient, the recipient's professional advisors, directors, employees and any other persons who may receive this Information Memorandum (of any part of it) from the recipient.

The recipient must return this Information Memorandum and all reproductions thereof whether in whole or in part and any other information in connection therewith to the JLAs promptly upon the JLAs' request, unless that recipient provides proof of a written undertaking satisfactory to the JLAs with respect to destroying these documents as soon as reasonably practicable after the said request from the JLAs.

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GLOSSARY OF DEFINITIONS & ABBREVIATIONS

Unless the context otherwise requires, the words and expressions defined in this Information Memorandum (including the appendices attached hereto) shall have the same meanings when used throughout Information Memorandum:-

Act	- Companies Act, 1965
BNM	- Bank Negara Malaysia
Board	- Board of Directors of Poh Kong Holdings Berhad (586139-K)
Bursa Malaysia	- Bursa Malaysia Securities Berhad
CMSA	- Capital Markets and Services Act 2007 (as amended from time to time and re-enactment thereof)
Danajamin	- Danajamin Nasional Berhad
ICPs	- Islamic Commercial Papers
IMTNs	- Islamic Medium Term Notes
JLA(s)/JLM(s)	- Maybank Investment Bank Berhad (15938-H) and RHB Investment Bank Berhad (19663-P)
Maybank IB	- Maybank Investment Bank Berhad (15938-H)
MyClear	- Malaysian Electronic Clearing Corporation Sdn Bhd
ICP/IMTN Programme or the Programme	- Islamic Commercial Papers/ Islamic Medium Term Notes Programme of up to RM150.0 million in Nominal Value
PKHB or the Company or the Issuer	- Poh Kong Holdings Berhad (586139-K)
PKHB Group or Poh Kong	- Poh Kong Holdings Berhad and its subsidiaries.

Collectively Poh Kong Holdings Berhad and its subsidiaries as follows :-

- (1) Poh Kong Jewellers (Ampang Point) Sdn Bhd (281002-V)
- (2) Poh Kong Jewellers (Bandar Utama) Sdn Bhd (317163-M)
- (3) Poh Kong Jewellers (Bangsar) Sdn Bhd (401069-U)
- (4) Poh Kong Jewellers (Banting) Sdn Bhd (236603-H)
- (5) Poh Kong Jewellers (Batu Pahat) Sdn Bhd (401068-K)
- (6) Poh Kong Jewellers (Gold Seremban) Sdn Bhd (220172-P)
- (7) Poh Kong Jewellers (Ipoh) Sdn Bhd (243977-U)
- (8) Poh Kong Jewellers (Jaya) Sdn Bhd (25791-T)
- (9) Poh Kong Jewellers (Jln. Taman Malacca) Sdn Bhd (280657-V)

- (10) Poh Kong Jewellers (Kajang) Sdn Bhd (223579-K)
- (11) Poh Kong Jewellers (Kinta City) Sdn Bhd (321058-U)
- (12) Poh Kong Jewellers (Klang) Sdn Bhd (140619-W)
- (13) Poh Kong Jewellers (Kuantan) Sdn Bhd (243978-V)
- (14) Poh Kong Jewellers (M) Sdn Bhd (401066-X)
- (15) Poh Kong Jewellers (Malacca) Sdn Bhd (223578-W)
- (16) Poh Kong Jewellers (Maluri) Sdn Bhd (112245-A)
- (17) Poh Kong Jewellers (Meru) Sdn Bhd (320816-U)
- (18) Poh Kong Jewellers (Muar) Sdn Bhd (401070-W)
- (19) Poh Kong Jewellers (MV) Sdn Bhd (411210-T)
- (20) Poh Kong Jewellers (Old Klang Road) Sdn Bhd (276434-A)
- (21) Poh Kong Jewellers (Peringgit) Sdn Bhd (320818-D)
- (22) Poh Kong Jewellers (Permas Jaya) Sdn Bhd (280928-W)
- (23) Poh Kong Jewellers (PHT) Sdn Bhd (411717-D)
- (24) Poh Kong Jewellers (Puchong) Sdn Bhd (258417-D)
- (25) Poh Kong Jewellers (Selayang) Sdn Bhd (276428-U)
- (26) Poh Kong Jewellers (Seremban) Sdn Bhd (401065-T)
- (27) Poh Kong Jewellers (Shah Alam) Sdn Bhd (140391-T)
- (28) Poh Kong Jewellers (SS2) Sdn Bhd (93125-K)
- (29) Poh Kong Jewellers (Subang Parade) Sdn Bhd (220509-A)
- (30) Poh Kong Jewellers (Summit) Sdn Bhd (411009-M)
- (31) Poh Kong Jewellers (The Mall) Sdn Bhd (76724-H)
- (32) Poh Kong Jewellers (The Mines) Sdn Bhd (417731-A)
- (33) Poh Kong Jewellers (Tmn Universiti J.B.) Sdn Bhd (390050-M)
- (34) Poh Kong Jewellers (Wangsamaju) Sdn Bhd (220173-M)
- (35) Poh Kong Jewellers Sdn Bhd (256076-X)
- (36) Poh Kong Jewellery Manufacturer Sdn Bhd (85428-K)
- (37) Poh Kong Properties Sdn Bhd (220171-A)
- (38) Precious Jewellery Sdn Bhd (87831-V)
- (39) In Vogue Sdn. Bhd. (220587-D)
- (40) Jungmax Property Sdn Bhd (368957-X)
- (41) Kedai Emas Likwong Sdn Bhd (147588-V)

- (42) Pajak Gadaai Anda Sdn Bhd (392101-U)
- (43) PK Design Sdn Bhd (320817-V)
- (44) PK Jewellery Export Sdn Bhd (348933-H)
- (45) Poh Kong International Sdn Bhd (716787-X)
- (46) Poh Kong Jewellers (Franchise) Sdn Bhd (420187-V)

PKJ	- Poh Kong Jewellers Sdn Bhd
RAM	- RAM Rating Services Berhad (763588-T)
Reporting Accountant	- Messrs. GEP Associates
RM or Ringgit Malaysia	- Ringgit Malaysia
RHB Investment Bank	- RHB Investment Bank Berhad (19663-P)
SC	- Securities Commission
Solicitors	- Messrs. Soo Thien Ming & Nashrah
Sukuk	- Collectively, the ICPs and/or the IMTNs
Shariah Adviser	- Shariah Committee of Maybank Islamic Berhad
Trustee	- Mayban Trustees Berhad
USD	- United States Dollar

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1 EXECUTIVE SUMMARY

This summary highlights information contained elsewhere in this Information Memorandum. This summary is qualified by, and must be read in conjunction with, the more detailed information and financial statements appearing elsewhere in this Information Memorandum. Prospective investors should read this entire Information Memorandum carefully, including the section titled “Investment Considerations” and the audited consolidated financial statements and related notes of PKHB Group.

1.1 Information on PKHB Group

PKHB was incorporated in Malaysia on 12 July 2002 under the Act and is a public company listed on the Main Market of Bursa Malaysia on 9 March 2004. PKHB is an investment holding company and provides management services whilst the core activities of its subsidiaries are as manufacturers, dealers, suppliers, retailers and exporter of jewellery, precious stones and gold ornaments. PKHB and its subsidiaries are collectively known as PKHB Group.

Although PKHB was incorporated in 2002, the Poh Kong brand has been in existence for the past 35 years; the first outlet was set-up in 1976. Over the years, Poh Kong and its brand name has continued to grow via the establishment of new outlets. As at end September 2011, PKHB Group has a total of 98 outlets nationwide.

Retailing of gold jewellery remains Poh Kong’s key revenue contributor. In addition to retailing gold jewellery, PKHB Group has persistently stepped up sales of its range of non-yellow gold items via retail concept stores such as Diamond & Gold, Oro Bianco, Jade Gallery, Diamond Boutique and Poh Kong Gallery.

Besides retailing, PKHB Group also has manufacturing and franchise businesses. The manufacturing arm was set-up in 2001 and manufactures majority of Poh Kong’s finished gold jewellery. As for the franchise scheme, it is primarily targeted for the East Malaysian market as part of its retail expansion into East Malaysia and in line with PKHB Group’s intention to own all outlets in Peninsular Malaysia. In 2006, Poh Kong opened its first franchise outlet in Kompleks Karamuning, Sabah.

Strategically, PKHB Group has initiated various tie ups with international brand names to strengthen its position in the market. In 2007, Poh Kong was appointed the sole distributor and agent in Malaysia for Schoeffel, a German-based pearl jeweller. Subsequently in 2009, Poh Kong was also appointed the sole distributor in Malaysia for Luca Carati, one of Italy’s oldest and most prestigious jeweller.

PKHB’s growth strategies include expanding the Group’s network outlets, the diversification of its products (vis-a-vis design and materials) and continuous brand development. PKHB Group has set its focus on expansion and growth by opening larger outlets in key locations such as Klang Valley, Malacca and Penang, instead of greater number of smaller outlets.

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1.2 Summary of Key Financial Data

The following summarises the key financial data of the Issuer for the past five (5) financial years ended 31 July and the latest unaudited results of financial year ended 31 July 2011:-

RM in '000	2006	2007	2008	2009	2010	Unaudited financial year ended 31 July 2011
Revenue	372,124	414,239	509,354	541,636	561,244	692,495
Profit before taxation	35,140	25,365	39,956	38,558	44,799	57,486
Profit after taxation	26,089	18,416	28,766	28,420	32,517	41,638

For further financial information of the Issuer, kindly refer to Appendix II for the audited financial statements of the Issuer for financial years ended 31 July 2010 and 2009.

1.3 Brief Description of the Programme

The ICP/IMTN Programme has a programme limit of up to RM150.0 million in nominal value. Pending perfection of the relevant security under the Al-Kafalah Facility, the Issuer shall only issue the Sukuk up to the maximum of RM100.0 million for purpose of financing the group wide restructuring programme of PKHB Group.

The ICPs and IMTNs when issued will be guaranteed by the Al-Kafalah Facility to be issued by Danajamin to guarantee the principal of up to RM150.0 million and one (1) profit payment of up to RM5.0 million, except for payment obligation on compensation ("Ta'widh") and other charges in relation to the Sukuk under the ICP/IMTN Programme.

Proceeds from the ICP/IMTN Programme shall be utilized as follows:

- 1) Up to RM100.0 million to finance group wide restructuring programme, which involves refinancing of existing borrowings and restructuring costs of PKHB Group; and
- 2) Up to RM50.0 million to finance capital expenditure which includes opening of new branches and purchase of manufacturing equipment.

The tenor for the ICP/IMTN Programme shall be up to seven (7) years from the date of the first issue under the ICP/IMTN Programme, provided that the first issue of the ICPs/IMTNs shall not be later than two (2) years from the date of the SC's approval. The Issuer may issue ICPs with maturities between one (1) to twelve (12) months and IMTNs with maturities of more than one (1) year and up to seven (7) years from the issuance date, provided that no ICPs and/or IMTNs shall mature beyond the expiry of the ICP/IMTN Programme.

RAM has assigned an indicative long term rating of AAA(fg) for the IMTNs and an indicative short term rating of P1 for the ICPs on 8 July 2011.

The ICP/IMTN Programme shall be issued under the Islamic financing principle of Commodity Murabahah, a Shariah principle and concept approved by the SC Shariah Advisory Council.

The ICPs will be issued on a “zero-coupon” basis whilst the IMTNs will bear a profit at a rate to be determined prior to the issuance thereof. However, the profit for ICPs, which forms part of the deferred sale price will be paid on a one-off basis on the respective maturity date or event of default date.

Issuance of the ICPs and IMTNs under the ICP/IMTN Programme shall be in accordance with the (1) Operational Procedures for Securities issued by MyClear dated 6 May 2011 and (2) Participation and Operation Rules for Payment and Securities Services issued by MyClear dated 6 May 2011, as amended from time to time.

1.4 Al-Kafalah Facility by Danajamin

1.4.1 Guarantor

Danajamin Nasional Berhad

1.4.2 Danajamin Kafalah

Pursuant to the Al-Kafalah Facility, Danajamin shall provide an unconditional and irrevocable guarantee under the principle of Al-Kafalah (“Danajamin Kafalah”), as a continuing obligation, in favour of the Trustee to guarantee the payment obligations of up to nominal value of RM150.0 million and one (1) profit payment obligation of up to RM5.0 million (where applicable) of the Issuer (except payment obligation on compensation (“Ta’widh”) and other charges in relation to the Sukuk) under each of the Murabahah Arrangement relating to and corresponding with the ICPs/IMTNs belonging to the same series.

1.4.3 Tenure

Up to seven (7) years from the date of first issuance of the ICP/IMTN Programme together with a claim period of 30 days thereafter.

1.4.4 Claim

Each Danajamin Kafalah shall only allow one (1) demand to be made against the Guarantor. For the avoidance of doubt the Al-Kafalah Facility is a separate arrangement from the ICP/IMTN Programme and is entered or to be entered into separately between the Issuer and the Guarantor.

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2 PRINCIPAL TERMS AND CONDITIONS OF THE PROGRAMME

The principal terms and conditions of the Programme are as follows:-

- (a) Name of parties involved in the proposed transaction (where applicable)
- | | |
|---|---|
| (i) Joint Principal adviser(s) | Maybank Investment Bank Berhad (" Maybank IB ") and RHB Investment Bank Berhad (" RHB Investment Bank ") (" JPA ") |
| (ii) Joint Lead Arranger(s) | Maybank IB and RHB Investment Bank (" JLA ") |
| (iii) Co-arranger(s) | Not applicable |
| (iv) Solicitors | Messrs. Soo Thien Ming & Nashrah |
| (v) Financial adviser | Not applicable |
| (vi) Technical adviser | Not applicable |
| (vii) Trustee | Mayban Trustees Berhad |
| (viii) Guarantor | Danajamin Nasional Berhad (" Danajamin ") via the Al-Kafalah Facility (see clause 2(v)(i) below) to be entered into between PKHB and Danajamin. |
| (ix) Valuers | Not applicable |
| (x) Facility Agent | Maybank IB |
| (xi) Primary Subscriber (under a bought-deal arrangement) and amount subscribed (where applicable) | The primary subscribers will be determined prior to the issuance in the event of a bought-deal issue. |
| (xii) Underwriter(s) and amount underwritten | <p><u>Islamic Medium Term Notes ("IMTNs")</u></p> <p>The IMTNs will not be underwritten.</p> <p><u>Islamic Commercial Papers ("ICPs")</u></p> <p>The ICPs may be underwritten if the Issuer and the JLA mutually agree based on terms and conditions, including those relating to the underwritten rate and the participation and underwriting fees, to be agreed.</p> <p>In the event underwriting (either partial or full) is required, the ICPs shall be underwritten by a consortium of eligible financial institutions ("Underwriters") to be arranged by the JLA on a best effort basis.</p> <p>The Underwriters severally commit themselves to purchase the ICPs not taken up by the Tender Panel</p> |

Members (“**TPMs**”) at the underwritten rate, pro-rated to their underwriting commitment in respect of each Underwriter that shall be reduced by the nominal value of the ICPs subscribed by that particular Underwriter, in its capacity as a TPM.

- | | |
|--|---|
| (xiii) Shariah adviser | Shariah Committee of Maybank Islamic Berhad (“ MIB ”) |
| (xiv) Central depository | Bank Negara Malaysia (“ BNM ”) |
| (xv) Paying agent | BNM |
| (xvi) Reporting accountant | GEP Associates |
| (xvii) Calculation agent | Not applicable |
| (xviii) Others
(please specify) | <u>Joint Lead Managers (“JLM”)</u>

Maybank IB and RHB Investment Bank |

TPMs

Financial institutions licensed under the Banking and Financial Institutions Act, 1989 (“**BAFIA**”) and/or Islamic Banking Act, 1983, insurance companies licensed under the Insurance Act, 1996 and/or Takaful Act, 1984, approved corporations and such other persons falling within Schedule 6 (or Section 229(1)(b)), Schedule 7 (or Section 230(1)(b)) and Schedule 9 (or Section 257(3)) of the Capital Markets and Services Act, 2007 (“**CMSA**”), as amended from time to time. The composition of the tender panel may be varied from time to time by the JLM subject to agreement of the Issuer.

Commodity Trading Participant (“**CTP**”)

MIB or such other CTP as may be designated by PKHB and acceptable to JLA.

Commodity Trustee

PKHB

Seller

Commodity producers via Bursa Commodity House platform known as *Bursa Suq Al-Sila’* or such other supplier as may be designated by PKHB and acceptable to JLA.

Ultimate Buyer

Bursa Malaysia Islamic Services Sdn Bhd or such other buyer as may be designated by PKHB and acceptable to JLA.

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| (b) Facility description | Islamic Commercial Papers/ Islamic Medium Term Notes Programme of up to RM150.0 million in nominal value (“ ICP/IMTN Programme ”). Collectively, the ICPs and IMTNs shall be referred to as the “ Sukuk ”. |
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Islamic Principle

The ICP/IMTN Programme shall use the Islamic principle of Murabahah utilising commodities as underlying assets ("**Commodity Murabahah**"), which is one of the Shariah principles and concepts approved by the Securities Commission's ("**SC**") Shariah Advisory Council.

Each issuance of the ICPs/IMTNs under the proposed ICP/IMTN Programme shall be effected by way of discrete Commodity Murabahah transactions as follows:

- a) PKHB, will, as the Issuer of the ICPs/IMTNs, be appointed as Agent (*wakeel*) for the Sukukholders to purchase Shariah compliant commodities which would exclude ribawi items in the category of medium of exchange such as currency, gold and silver ("**Commodities**") from the Seller; and
- b) PKHB will, acting for itself (in such capacity, PKHB), buy the Commodities from the Seller ("**Seller**") through the Commodity Trustee, who will be appointed by the investors to act as their agent in the Bursa Suq Al Sila or such other supplier as may be designated by PKHB and acceptable to JLA.

Identified Assets

Shariah-compliant commodities (excluding ribawi items in the category of medium of exchange such as currency, gold and silver) which will be identified, from time to time, at or around the time of issuance of the Sukuk.

Purchase and Selling price

The purchase price will be the amount to be disbursed to purchase the Commodities (the "**Purchase Price**").

The Deferred Sale Price will represent the Purchase Price and the profit margin which is equivalent to yield to maturity under the relevant ICPs and IMTNs (the "**Deferred Sale Price**").

Underlying Transaction

1. Upon receiving a purchase order (the "**Purchase Order**") from PKHB (as itself), PKHB (as the Agent) shall appoint MIB as the CTP (if applicable) to purchase the Commodities (from the Seller at the Purchase Price) on the issue date on a spot basis ("**Purchase Transaction**"). In the Purchase Order, PKHB will irrevocably undertake to purchase the Commodities from the Sukukholders through the Commodity Trustee at a price equivalent to the Deferred Sale Price payable on a deferred payment basis (in

instalment).

- 2.& 3. Upon purchasing the Commodities from the Seller, the Agent shall pay the Purchase Price from the Sukuk proceeds received from the Sukukholders arising from the issuance of the ICPs/IMTNs. Under the terms of the ICPs/IMTNs, PKHB as Commodity Trustee will declare a trust in favour of the Sukukholders over the Commodities (so long as title thereto is vested in the Issuer) and all rights against PKHB under the Purchase Order (including the right to, and to be paid, the Deferred Sale Price). The ICPs/IMTNs shall evidence the Sukukholders' ownership of the Commodities and all such rights.
4. The Commodity Trustee shall sell the Commodities to PKHB at the Deferred Sale Price. For the avoidance of doubt, the Deferred Sale Price will be paid by PKHB to the Sukukholders through the Trustee on an instalment payment basis during the tenure of the Sukuk.
5. Thereafter, PKHB will appoint MIB as the CTP (if applicable) to sell the Commodities to the Ultimate Buyer on a spot basis for cash consideration, equivalent to the Purchase Price ("**Sale Transaction**") which shall be utilized by the Issuer for the intended utilization as per clause 2(j).

Note:

To deal with Bursa Suq Al Sila' for the Commodity Murabahah transaction, the CTP (if applicable) will act as the Agent and PKHB's agent to perform and execute all acts with respect to the relevant trade transaction through purchase and sale agreements, certificates and other instruments.

Pursuant to the Al-Kafalah Facility, Danajamin shall provide an unconditional and irrevocable guarantee under the principle of Al-Kafalah ("**Danajamin Kafalah**"), as a continuing obligation, in favour of the Trustee for and on behalf of the Sukukholders under which Danajamin shall agree to guarantee the payment of the Purchase Price and/or profit margin, which is due and payable on the relevant instalment basis for each respective ICPs/IMTNs issued excluding any payment obligation on compensation ("**Ta'widh**") and other charges in relation to the Sukuk ("**Guaranteed Amount**").

For the avoidance of doubt, the Al-Kafalah Facility is a separate arrangement from the ICP/IMTN Programme and is entered or to be entered into separately between the Issuer and Danajamin.

The transaction structure is illustrated in Appendix 1.

- (c) **Issue/ programme size (RM)** Up to RM150.0 million in nominal value
- The aggregate nominal value of ICPs and IMTNs outstanding shall not exceed RM150.0 million, and subject to the following reduction schedule:

At end of year from 1st Issuance	Facility Reduction (RM'million)	Balance Limit (RM'million)
5	50.0	100.0
6	50.0	50.0
7	50.0	-
Total	150.0	

Note :

- 1) *Pending perfection of the relevant security under the Al-Kafalah Facility, the Issuer shall only issue the Sukuk up to the maximum amount of RM100.0 million in nominal value for purpose under clause 2(j)(1).*
- 2) *The Issuer may issue new ICPs/IMTNs to redeem any maturing ICPs/IMTNs and/or for the purposes as set out under clause 2(j).*

- (d) **Tenor of the issue/sukuk programme (or facility)** ICP/IMTN Programme
Seven (7) years from the date of the first issue under the ICP/IMTN Programme, provided that the first issue of the ICPs/IMTNs shall not be later than two (2) years from the date of the SC approval.

ICPs

One (1) to twelve (12) months as may be determined by the Issuer and the JLA provided always that the maturity of the ICPs shall not exceed the tenor of the ICP/IMTN Programme.

IMTNs

More than one (1) year and up to seven (7) years or such other periods as may be determined by the Issuer and the JLA provided always that the maturity of the IMTNs do not exceed the tenor of the ICP/IMTN Programme.

- (e) **Availability period of sukuk programme (or facility)** The period commencing from the first issuance of the ICPs/IMTNs under the ICP/IMTN Programme and ending on the date falling seven (7) years thereafter.

- (f) **Profit/ coupon/ rental rate (%)** ICPs
Not applicable. However, the profit amount refers to the difference between its nominal value and discount value.

IMTNs

The IMTNs will be issued at par or at a premium or at a discount. The profit rate shall be determined and agreed prior to each issuance of the IMTNs.

(g)	Profit /coupon/ rental payment frequency	<p><u>ICPs</u></p> <p>Not applicable. However, the profit, which forms part of the Deferred Sale Price will be paid on an one-off basis on the respective maturity date or Event of Default date.</p> <p><u>IMTNs</u></p> <p>The profits are payable at semi-annual intervals in arrears with the first payment commencing six (6) months from the issue date of the IMTNs and the last ending on the date falling on the maturity of the IMTNs.</p>
(h)	Profit /coupon/ rental payment basis	<p><u>ICPs</u></p> <p>Not applicable.</p> <p><u>IMTNs</u></p> <p>The profit payments shall be calculated on an actual number of days based on 365-day basis.</p>
(i)	Security/collateral (if any)	<p>Clean. (Please see clause 2(v)(i) on the Al-Kafalah Facility)</p>
(j)	Details on utilisation of proceeds by issuer	<p>Proceeds from the ICP/IMTN Programme shall be utilized as follows:</p> <ol style="list-style-type: none"> 3) Up to RM100.0 million to finance group wide restructuring programme, which involves refinancing of existing borrowings and restructuring costs of PKHB and its subsidiaries (collectively, “PKHB Group”); and 4) Up to RM50.0 million to finance capital expenditure of PKHB Group which includes opening of new branches and purchase of manufacturing equipments. <p>In any case, all utilization of funds under the ICP/IMTN Programme shall be Shariah-compliant.</p> <p>For the avoidance of doubt, the Issuer may issue new ICPs/IMTNs to redeem any maturing ICPs/IMTNs under the ICP/IMTN Programme.</p>
(k)	Sinking fund and designated accounts(if any)	<p>None.</p>
(l)	Rating Credit rating(s) assigned (please specify if this is an indicative rating)	<p>The ICPs and IMTNs have been accorded with an indicative rating of P1 and AAA(fg) respectively.</p>

Name of rating agency	RAM Rating Services Berhad (" RAM ")
(m) Mode of issue	<p>Via competitive tender by the TPMs or direct placement on a best efforts basis or a bought deal basis or book-building / bookrunning on a best efforts basis.</p> <p>The JLM shall invite a selection of financial institutions and investors to participate as TPMs to bid for the ICPs. The composition of the tender panel may be varied from time to time by the JLM subject to agreement of the Issuer.</p> <p>The allocation of the ICPs to the bidders shall be based on ascending order of yield or descending order of price, as the case may be. The Issuer shall have the right to reject any or all bids or accept additional bids received from a TPM without assigning any reasons thereof.</p> <p>Alternatively, the ICPs or IMTNs could be placed privately via the JLM on a best efforts basis or a bought deal basis or book-building / bookrunning on a best efforts basis to selected investors at a yield to be agreed between the Issuer and the investors.</p> <p>Such private placements, bought deal, book-building / bookrunning arrangements shall be subject to terms and conditions to be agreed between the Issuer and the JLM.</p> <p>Issuance of the ICPs and IMTNs under the ICP/IMTN Programme shall be in accordance with the (1) Operational Procedures for Securities issued by Malaysian Electronic Clearing Corporation Sdn Bhd ("MyClear") dated 6 May 2011 and (2) Participation and Operation Rules for Payment and Securities Services issued by MyClear dated 6 May 2011, as amended and substituted from time to time.</p>
(n) Selling restriction including tradability	<p>The ICPs/MTNs are tradable subject to the selling restrictions below</p> <p><u>Selling Restrictions at Issuance</u></p> <p>The ICPs and/or IMTNs shall not be offered, sold, transferred or otherwise disposed, directly or indirectly other than to persons falling within any of the categories of persons or in the circumstances specified under:</p> <ul style="list-style-type: none"> (i) Schedule 6 (or Section 229(1)(b)); (ii) Schedule 7 (or Section 230(1)(b)); and (iii) Schedule 9 (or Section 257(3)) <p>of the CMSA, as amended from time to time.</p> <p><u>Selling Restrictions after Issuance</u></p> <p>The ICPs and/or IMTNs shall not be offered, sold,</p>

transferred or otherwise disposed of, directly or indirectly, other than to persons falling within any of the categories of persons or in the circumstances specified under:

- (i) Schedule 6 (or Section 229(1)(b)); and
- (ii) Schedule 9 (or Section 257(3))

of the CMSA, as amended from time to time.

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| (o) | Listing status and types of listing | The Sukuk will not be listed on Bursa Malaysia Securities Berhad or any other stock exchanges. |
| (p) | Other regulatory approvals required in relation to the issue, offer or invitation and whether or not obtained (please specify) | None. |
| (q) | Conditions precedent | <p>(i)</p> <p>Conditions precedent for the first issue under the ICP/IMTN Programme to include but not limited to the following, all of which have to be in form and substance reasonably acceptable to the JPA/JLA/JLM/Facility Agent, as the case may be:</p> |

A. Main Documentation

- (i) The consents from all existing financiers, chargees or assignees (where applicable) shall have been obtained for the Issuer to undertake the ICP/IMTN Programme, including issuance of Sukuk thereunder;
- (i) The Transaction Documents (as defined under paragraph 2(v)(v)) have been executed and, where applicable, stamped and presented for registration; and
- (ii) All relevant notices and acknowledgements (where applicable) shall have been made or received as the case may be.

B. The Issuer

- (i) Certified true copies of the Certificate of Incorporation, and the Memorandum and Articles of Association, of the Issuer;
- (ii) Certified true copies of the latest Forms 24 and 49 of the Issuer;
- (iii) A certified true copy of a board resolution of the Issuer, authorising, among others, the execution of the Transaction Documents;
- (iv) A list of the Issuer's authorised signatories and their respective specimen signatures;

- (v) A report of the relevant company search of the Issuer; and
- (vi) A report of the relevant winding up search or the relevant statutory declaration of the Issuer.

C. General

- (i) The approval from the SC and, where applicable, all other regulatory authorities;
- (ii) Evidence that the ICP/IMTN Programme has received the approval of the Shariah adviser;
- (iii) Evidence that the Danajamin Kafalah has been or will be in effect so as to be effective on the relevant issue date and issue amount of the ICP/IMTN Programme;
- (iv) Evidence that the rating of the ICP/IMTN Programme is not below the ratings stated in clause (l) above;
- (v) The JLA/ Facility Agent has received from its legal counsel a favourable legal opinion addressed to it and the Trustee advising with respect to, among others, the legality, validity and enforceability of the Transaction Documents and a confirmation addressed to the JLA/ Facility Agent that all the conditions precedent have been fulfilled or waived.
- (vi) Receipt of the relevant redemption statements from the existing lenders;
- (vii) Evidence that all transaction fees, costs and expenses have been paid in full or other arrangement to be mutually agreed by the Issuer and the JLA and the relevant parties;
- (viii) The Issuer shall have obtained all the necessary approvals/consents from the relevant parties in relation to the issuance of the Sukuk (if applicable); and
- (ix) Such other conditions precedent as advised by the Solicitors of the JPA/JLA.

Conditions precedent to subsequent issuances of the Sukuk to include but not limited to the following (all to be in the form and substance reasonably acceptable to the Facility Agent):

- (i) Evidence that the Danajamin Kafalah has been or will be in effect so as to be effective on the relevant issue date and issue amount of the ICP/IMTN Programme;
- (ii) Confirmation from the Issuer that all

representations and warranties remain true and correct in all material respects;

- (iii) Receipt of the Issuer's certification that there is no Event of Default has occurred; and
- (iv) Such other conditions precedent as advised by the Solicitors of the JPA/JLA and agreed by the Issuer.

(r) Representations and warranties

To include but not limited to the following:

- (i) The Issuer is a company with limited liability duly incorporated and validly existing under the laws of Malaysia, has power to carry on its business and to own its property and assets;
- (ii) The memorandum and articles of association of the Issuer incorporate provisions which authorise, and all necessary corporate and other relevant actions have been taken to authorise, and all relevant consents and approvals of any administrative, governmental or other authority or body in Malaysia have been duly obtained and are in full force and effect which are required to authorise, the Issuer to execute and deliver and perform the transactions contemplated in the Transaction Documents in accordance with their terms;
- (iii) Neither the execution and delivery of any of the Transaction Documents nor the performance of any of the transactions contemplated by the Transaction Documents did or does as at the date this representation and warranty is made or repeated (a) contravene or constitute a default under any provision contained in any agreement, instrument, law, ordinance, decree, judgment, order, rule, regulation, licence, permit or consent by which the Issuer or any of its assets is bound or which is applicable to the Issuer or any of its assets, (b) cause any limitation on the Issuer or the powers of its directors, whether imposed by or contained in its memorandum and articles of association or in any agreement, instrument, law, ordinance, decree, order, rule, regulation, judgment or otherwise, to be exceeded, or (c) cause the creation or imposition of any Security Interest (as defined under paragraph 2(v)(vi) or restriction of any nature on any of the Issuer's assets;
- (iv) Each of the Transaction Documents is or will when executed and/or issued, as the case may be, be in full force and effect and constitutes, or will when executed or issued, as the case may be, constitute, valid and legally binding obligations of the Issuer enforceable in accordance with its terms;

- (v) The audited financial statements (including the income statement and balance sheet) of the Issuer have been prepared on a basis consistently applied and in accordance with generally accepted accounting principles in Malaysia and give a true and fair view of the results of their operations and the state of their affairs and in particular disclose all material liabilities (actual or contingent) of the Issuer;
- (vi) The Issuer is unaware and has no reason to believe that an event has occurred which constitutes, or which with the giving of notice and/or the lapse of time and/or a relevant determination would constitute, a contravention of, or default under, any agreement or instrument by which the Issuer or any of its assets are bound or affected, being a contravention or default which might either have a material adverse effect on the financial condition of the Issuer or materially and adversely affect the Issuer's ability to perform its obligations under the Transaction Documents in accordance with their terms;
- (vii) There is no litigation or arbitration which is current or threatened, which if adversely determined, would have a Material Adverse Effect;
- (viii) No event has occurred or is continuing which constitutes, or which, with the giving of notice and/or lapse of time, would constitute an Event of Default under the Transaction Documents;
- (ix) The Issuer is in compliance and will comply with any applicable laws and regulations; and
- (x) Any other representations and warranties as advised by the Solicitor of the JLA and mutually agreed between the JLA and the Issuer.

(s) Events of Default (or enforcement event, where applicable)

Shall be as follows:

- (i) The Issuer fails to pay any amount due from it under any series/tranche of the ICPs/IMTNs. For the purposes of this clause 2(s)(i), failure by the Issuer to pay any amount due from it under a series/tranche of the ICPs/IMTNs shall not constitute an Event of Default in respect of the other series/tranche of ICPs/IMTNs issued under the ICP/IMTN Programme unless the Issuer has also failed to pay any amount due from it under the other series/tranche of ICPs/IMTNs;
- (ii) The Issuer fails to pay any amount due from it

under any of the Transaction Documents to which it is a party (other than under clause 2(s)(i)) on the due date or date of demand, if so payable;

- (iii) The Issuer breaches any of its obligations or terms and conditions under any of the Transaction Documents to which it is a party (other than 2(s)(i) and 2(s)(ii) above) which has a Material Adverse Effect and, if such breach in the reasonable opinion of the Trustee is capable of being remedied, the Issuer does not remedy the breach within a period of thirty (30) days after the Issuer became aware or having been notified by the Trustee of the breach, whichever is the earlier;
- (iv) Any representation, warranty or statement which is made by the Issuer in the Transaction Documents is or proves to be incorrect or misleading in any material respect, which will in the reasonable opinion of the Trustee have a Material Adverse Effect;
- (v) Any provision of the Transaction Documents is or becomes, for any reason, invalid, illegal, void or unenforceable which would prevent the Issuer from or entitle the Issuer to refrain from performing any of its obligations thereunder;
- (vi) The Issuer ceases to carry on all or a substantial part of its business operations, which will in the reasonable opinion of the Trustee have a Material Adverse Effect;
- (vii) An encumbrancer takes possession of, or a trustee, liquidator, receiver or similar officer is appointed in respect of, all or a substantial part of the business, assets or undertaking of the Issuer and is not paid out, withdrawn or discharged within thirty (30) days of such appointment, and which will have a Material Adverse Effect;
- (viii) The Issuer is unable to pay its debts within Section 218(2) of the Companies Act or becomes unable to pay any of its debts as they become due or stops or suspends or threatens to suspend payment with respect to all or any class of its debts;
- (ix) The Issuer makes a general assignment or enters into an arrangement or composition with or for the benefit of its creditors in respect of all or a material part of (or a particular type of) its indebtedness;
- (x) a resolution being passed or an order of court is made that the Issuer be wound up or similar

proceedings which are reasonably determined by the Trustee to be analogous in effect being instituted (other than for the purposes of an intra PKHB Group reorganisation or an amalgamation, merger or reconstruction the terms whereof have previously been approved by the Trustee unless during or following such reconstruction, the Issuer becomes or is declared to be insolvent) or a bona fide petition (which for the avoidance of doubt, excludes frivolous or vexatious petition) is presented for the winding-up or dissolution of the Issuer by an order of a court of competent jurisdiction unless such petition is stayed, withdrawn or dismissed within sixty (60) days (or such extended period as the Trustee may consent, such consent not to be unreasonably withheld) of its presentation; or the Issuer undergoes any scheme of reconstruction, arrangement or compromise pursuant to Section 176 of the Companies Act or the same has been instituted against it.

- (xi) Any indebtedness of any member of the PKHB Group for monies borrowed becomes due or payable or capable of being declared due or payable prior to its stated maturity by reason of a default by any member of the Group in its obligations in respect of the same, or any member of the PKHB Group fails to make any payment in respect thereof on the due date for such payment or if due on demand when demanded or the security for any such indebtedness becomes enforceable or any guarantee or similar obligations of any member of the PKHB Group for any such indebtedness is not discharged at maturity or when called provided that no Event of Default under this sub-paragraph 2(s)(xi) shall occur in the event that the Issuer is able to furnish or cause to furnish to the Trustee within twenty-one (21) days from the occurrence of such event described in this subparagraph, documentary evidence to the satisfaction of the Trustee that the relevant member of the PKHB Group has paid or discharged such indebtedness or successfully secured such creditor's agreement to waive the relevant member of the PKHB Group's default or, if a demand for repayment has already been made by such creditor, the creditor has agreed to withdraw such demand and not to take any further action thereunder, or if the aggregate amount of indebtedness for monies borrowed is less than fifty per centum (50.0%) of the PKHB Group's total borrowed monies (including Islamic financing but excluding the ICPs/IMTNs) or RM100.0 million, whichever is the higher;

- (xii) all or a material part of the property or assets of the Issuer shall be condemned, seized or otherwise appropriated, nationalised or compulsorily acquired by any person acting under the authority of the governmental body, which will in the reasonable opinion of the Trustee have a Material Adverse Effect;
- (xiii) the Issuer repudiates any of the Transaction Documents or the Issuer does or causes to be done any act or thing evidencing an intention to repudiate any of the Transaction Documents;
- (xiv) The Guarantor has served a notice to require the Trustee to make a demand or claim on any Danajamin Kafalah pursuant to and in accordance with the terms of the Al-Kafalah Facility. For the purpose of this sub-clause 2(s)(xiv), such notice by the Guarantor requiring the Trustee to demand or claim on the Danajamin Kafalah issued in relation to a series/tranche of the ICPs/IMTNs shall not constitute an Event of Default in respect of the other series/tranche of the ICPs/IMTNs unless the Guarantor has also served a notice to the Trustee to make a demand or claim on the Danajamin Kafalah issued in relation to other series/tranche of the ICPs/IMTNs;
- (xv) PKHB fails to satisfy any judgment which has a Material Adverse Effect passed against it by any court of competent jurisdiction and no appeal against such judgment has been made to the appropriate appellate court within the time prescribed by law or such appeal has been dismissed;
- (xvi) the occurrence of any of the following events in respect of the Guarantor:
 - (a) any Danajamin Kafalah ceases to be, or is claimed by the Guarantor not to be, in full force and effect;
 - (b) it is or will become unlawful for the Guarantor to perform or comply with any one or more of its obligations under the Danajamin Kafalah;
 - (c) a resolution being passed or an order of court is made that the Guarantor be wound up or similar proceedings which are reasonably determined by the Trustee to be analogous in effect being instituted or a bona fide petition (which for the avoidance of doubt, excludes frivolous or vexatious petition) is

presented for the winding-up or dissolution of the Guarantor by an order of a court of competent jurisdiction unless an application to stay, withdraw or dismiss such petition has been filed by the Guarantor with the relevant authority within thirty (30) days of its presentation and such petition is stayed, withdrawn or dismissed within seventy five (75) days of its presentation;

- (d) other than such failure by the Guarantor as described in sub-clause (2)(s)(xvi)(m), the Guarantor stops or threatens to stop payment in respect of its obligations generally or any other debenture of or monies borrowed or any guarantee or indemnity given by the Guarantor is not honoured when due and called upon or any indebtedness of the Guarantor for monies borrowed becomes due or payable or capable of being declared due or payable prior to its stated maturity by reason of a default by the Guarantor in its obligations in respect of the same, or the Guarantor fails to make any payment in respect thereof on the due date for such payment or if due on demand when demanded or the security for any such indebtedness becomes enforceable or any guarantee or similar obligations of the Guarantor is not discharged at maturity or when called provided that the aggregate amount of the Guarantor's obligations in respect of which one or more of the events set out in this subclause 2(s)(xvi)(d) has occurred equals or exceeds RM100.0 million;
- (e) the Guarantor ceases to carry on its business operation;
- (f) the Guarantor shall default in the performance of any covenant (other than the covenant to pay) in any Danajamin Kafalah and if such default is in the reasonable opinion of the Trustee capable of remedy, such default shall continue for a period of thirty (30) days after written notice thereof shall have been given to the Guarantor by the Trustee and such event is materially prejudicial to the interests of the Sukukholders;
- (g) any representation, warranty or statement which is made by the Guarantor in any Danajamin Kafalah is or proves to be incorrect or misleading in

any material respect;

- (h) the Guarantor repudiates any Danajamin Kafalah or does or causes to be done any act or thing evidencing an intention to repudiate any Danajamin Kafalah;
- (i) the Guarantor declares a moratorium on the payment of the principal or profit/interest on its indebtedness;
- (j) the Guarantor is unable to pay its debts within Section 218(2) of the Companies Act, 1965 or becomes unable to pay any of its debts as they become due or stops or suspends or threatens to suspend payment with respect to all or any class of its debts;
- (k) an encumbrancer takes possession of, or a trustee, liquidator, receiver or similar officer is appointed in respect of, all or a substantial part of the business, assets or undertaking of the Guarantor and is not paid out, withdrawn or discharged within thirty (30) days of such appointment, and which will in the reasonable opinion of the Trustee have a Material Adverse Effect;
- (l) the Guarantor makes a general assignment or enters into an arrangement or composition with or for the benefit of its creditors in respect of all or a material part of (or a particular type of) its indebtedness;
- (m) the Guarantor fails to pay any amount due from it under any Danajamin Kafalah issued by the Guarantor in relation to the ICP/IMTN Programme when due and called upon;

In relation to the consequences of the occurrence of an Event of Default under any of the four (4) scenarios below, for the avoidance of doubt, submission of a claim by the Trustee on the relevant Danajamin Kafalah(s) shall only be made upon the Obligor's failure to pay the Deferred Sale Price less any profit margin already paid (if any) of the Identified Assets under all the series/tranches of Sukuk subject to clause 2 (u).

Upon the occurrence of any of the events above (other than the Events of Default referred to in sub-clauses 2(s)(i), 2(s)(ii), 2(s)(xiv) and 2(s)(xvi)(m)), the Trustee may, or shall, if directed to do so by the holders of ICPs/IMTNs of all series/tranche pursuant to a

special resolution, declare that an Event of Default (other than the Events of Default referred to in sub-clauses 2(s)(i), 2(s)(ii), 2(s)(xiv) and 2(s)(xvi)(m)) has occurred in respect of the ICPs/IMTNs of all series/tranche, whereupon :-

- (1) the respective Deferred Sale Price less any profit margin already paid (if any) of the Identified Assets under all the series/tranches of Sukuk subject to clause 2 (u) shall become immediately due and payable; and
- (2) if so directed by the Sukukholders pursuant to a special resolution, the Trustee shall submit a claim on all the Danajamin Kafalah(s).

Upon the occurrence of the Event of Default referred to in sub-clauses 2(s)(i) and 2(s)(ii) in relation to a series/tranche of Sukuk ("**Affected Series/Tranche**"), the Trustee shall without the need to seek further instructions or directions from the holders of the ICPs/IMTNs of the Affected Series/Tranche, declare that such Event of Default has occurred in respect of the Affected Series/Tranche, whereupon:

- (1) the Deferred Sale Price less any profit margin already paid (if any) of the respective Identified Asset under the Murabahah arrangement in respect of the Affected Series, subject to clause 2 (u). shall become immediately due and payable; and
- (2) the Trustee shall submit a claim on the Danajamin Kafalah in respect of the Affected Series/Tranche.

For the avoidance of doubt, apart from the Affected Series/Tranche, all other series/tranches of the ICPs/IMTNs will continue unaffected and all payments obligation of the Issuer in respect of the Deferred Sale Price under each of the Commodity Murabahah transaction relating to and corresponding with the ICPs/IMTNs belonging to the same series/tranche will continue to be guaranteed under the respective Danajamin Kafalah(s).

Upon the occurrence of the Event of Default referred to in sub-clause (2)(s)(xiv) in relation to a series/tranche of ICPs/IMTNs ("**Invited Series/Tranche**"), the Trustee shall without the need to seek further instructions or directions from the holders of the ICPs/IMTNs of the

Invited Series/Tranche, declare that such Event of Default has occurred in respect of the Invited Series/Tranche, whereupon:-

- (1) the Deferred Sale Price less any profit margin already paid (if any) of the respective Identified Asset under the Commodity Murabahah in respect of the Invited Series/Tranche, subject to clause 2 (u), shall become immediately due and payable; and
- (2) the Trustee shall submit a claim on the Danajamin Kafalah in respect of the Invited Series/Tranche.

For the avoidance of doubt, apart from the Invited Series/Tranche, all other series/tranches of the ICPs/IMTNs will continue unaffected and all payment obligation of the Issuer in respect of the Deferred Sale Price under each of the Commodity Murabahah transaction relating to and corresponding with the ICPs/IMTNs belonging to the same series/tranche will continue to be guaranteed under the respective Danajamin Kafalah(s).

Upon the occurrence of the Event of Default referred to in sub-clause (2)(s)(xvi)(m), the Trustee shall without the need to seek further instructions or directions from all the holders of the ICPs/IMTNs of all other series/tranche other than the Affected Series which the Guarantor has failed to pay such amount that is due and called upon it (such other series/tranche is hereinafter referred to as “**Unaffected Series/Tranche**”), declare that such Event of Default has occurred in respect of all the Unaffected Series/Tranche, whereupon:-

- (1) the respective Deferred Sale Price less any profit margin already paid (if any) of the respective Identified Asset under the Commodity Murabahah in respect of all the Unaffected Series/Tranche, subject to clause 2 (u), shall become immediately due and payable; and
- (2) the Trustee shall submit a claim on the Danajamin Kafalah(s) in respect of the Unaffected Series/Tranche.

(t) **Covenants**
(i) **Positive Covenants**

The Issuer hereby covenants with the Trustee that until all its liabilities and obligations in respect of the Sukuk have been discharged in full, it shall:

- (i) comply in all material respects with all

applicable laws, regulations and guidelines;

- (ii) perform all its obligations under and comply with the provisions of the Transaction Documents to which it is a party and the terms and conditions of the ICP/IMTN Programme;
- (iii) maintain its corporate legal existence;
- (iv) obtain, preserve, keep in force and effect and promptly renew from time to time all licences, rights, authorisations, approvals, consents and exemptions, registrations, recordings, filings or notarisations which are required under the applicable law or regulation including those necessary for the Issuer to own its assets, the carrying out of the businesses of the Issuer or to ensure the validity, enforceability or priority of its liabilities and obligations or the rights of the Trustee, the Sukukholders or any other party under the Transaction Documents and shall comply with the terms and conditions of the same;
- (v) keep and maintain proper books and accounts at all times in accordance with generally accepted accounting principles and standards in Malaysia and the financial statements prepared (including income statement and balance sheet) shall give a true and fair view of the results of the operations of the Issuer and to provide the Trustee and any person appointed by it (e.g. auditors) access to such books and accounts to the extent permitted by law and upon written notice from the Trustee requesting the same provided always that the Trustee undertakes to keep such information to which it has access on a confidential basis;
- (vi) promptly notify the Trustee on any litigation or other proceedings of any nature whatsoever being threatened or initiated against the Issuer before any court or tribunal or administrative agency which may have a Material Adverse Effect;
- (vii) preserve and maintain good and valid title to its properties and assets;
- (viii) pay and discharge all taxes imposed upon it or its assets within the time period allowed (including, without limitation, any penalty payable in connection with any failure to pay or any delay in paying any of the same) save to the extent that (a) payment is being contested in good faith, and for which adequate reserves are being maintained for those taxes, or (b) payment can be lawfully withheld;

- (ix) to the extent required by law, punctually pay and discharge all indebtedness payable by it;
- (x) deliver to the Trustee as soon as they become available (and in any event within 180 days of the end of each financial year) its audited financial statements, and within 90 days of the expiration of each half year period its unaudited financial statements for that period;
- (xi) utilise the issue proceeds for the purpose as represented herein;
- (xii) deliver to the Trustee any information which the Trustee may reasonably require in order to discharge its duties and obligations under the Transaction Documents relating to the Issuer's affairs to the extent permitted by law;
- (xiii) appoint from time to time such auditor or firm of auditors duly licensed by its respective governing bodies;
- (xiv) exercise reasonable diligence in carrying out its business in a proper and efficient manner which should ensure, amongst others, that all necessary approvals or relevant licences are obtained and maintained;
- (xv) ensure that the terms in any of the Transaction Documents do not contain any matter which is inconsistent with the provisions of the information memorandum issued in relation to the ICP/IMTN Programme;
- (xvi) maintain a paying agent or its equivalent, who is based in Malaysia;
- (xvii) procure that the paying agent shall notify the Trustee in the event that the paying agent does not receive payment from the Issuer on the due dates as required under the Transaction Documents and the terms and conditions of the ICPs/IMTNs;
- (xviii) inform the Trustee in the event that the Issuer becomes aware of the following:-
 - (a) any Event of Default or that such other right or remedy under the terms, provisions and covenants of the Transaction Documents and the Danajamin Kafalah have become immediately enforceable;
 - (b) any circumstance that has occurred that would materially prejudice the Issuer or the Guarantor;
 - (c) any substantial change in the nature of the

business of the Issuer or the Guarantor;

- (d) a change in the name of the Guarantor;
- (e) any cessation of liability of the Guarantor for the payment of the whole or part of the moneys for which the Guarantor is liable under the Danajamin Kafalah;
- (f) any change in withholding tax position or taxing jurisdiction of the Issuer (where applicable);
- (g) any litigation or other proceedings of any nature whatsoever being threatened or initiated against PKHB or its subsidiaries before any court or tribunal or administrative agency which may have a Material Adverse Effect;
- (h) any other matter that may materially prejudice the interests of the Sukukholders;
- (xix) deliver to the Trustee any other accounts, report, notice, statement or circular issued to shareholders;
- (xx) deliver to the Trustee at least annually a certificate that the Issuer has complied with its obligations under the Transaction Documents and the terms and conditions of the ICP/IMTN Programme and that there did not exist or had not existed, from the date the ICPs/IMTNs were first issued or date of the previous certificate as the case may be, any Event of Default or enforcement, where applicable and if such is not the case, to specify the same; and
- (xxi) such other positive covenants as may be advised by the Solicitors.

(ii) Negative Covenants

Including but not limited to the following:

The Issuer shall not unless with the consent of the Trustee:

- (i) Share Capital: reduce or alter or to reduce or alter in any way whatsoever except increase, the authorised or issued and paid-up capital;
- (ii) Dissolution: dissolve its affairs or consolidate with or merge with any other person or into another entity or otherwise, which would have a Material Adverse Effect;
- (iii) Surrender rights etc.: cancel, surrender, transfer, assign, relinquish or otherwise dispose of any of

its rights and interest under the Transaction Documents (except as permitted under the Transaction Documents), which would have a Material Adverse Effect;

- (iv) No Change in Business: change or cause or permit to change the nature or scope of its existing business or operations or suspend its existing business operations which would have a Material Adverse Effect;
- (v) Constitutional Documents: add to, delete, vary, amend or substitute its memorandum and articles of association in any manner that may adversely affect the ability of the Issuer to perform any of its obligations under any of the Transaction Documents whatsoever or will be inconsistent with the provisions of any of the Transaction Documents unless such addition, deletion, variation, amendment or substitution is required in compliance with regulatory requirements;
- (vi) Licences: cancel, surrender, abandon or otherwise amend or permit to be cancelled, surrendered, abandoned or otherwise amended, any licences, grant, consents, approvals or authorisations in any way which could have a Material Adverse Effect, unless imposed by any applicable law or authorities;
- (vii) Related Party Transaction: the Issuer will not enter into a transaction, whether directly or indirectly with interested persons (including a director, substantial shareholder or persons connected with them) unless:
 - (a) such transaction shall be on terms that are no less favourable to the Issuer than those which could have been obtained in a comparable transaction from persons who are not interested persons; and
 - (b) with respect to transactions involving an aggregate payment or value equal to or greater than the amount equivalent to five per centum (5%) of the percentage ratios prescribed under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad adopted by the Issuer, the Issuer obtains certification from an independent adviser that the transaction is carried out on fair and reasonable terms;

PROVIDED That the Issuer certifies to the Trustee that the transaction complies with paragraph (a) above, that the Issuer has received the certification referred to in paragraph (b) (where applicable) and that the transaction has

been approved by the majority of the board of directors or shareholders in a general meeting as the case may require; and

- (viii) On-lending: to enter into any agreement with the subsidiaries in relation to on-lending to its subsidiaries as per clause 2(j)(2), unless such agreement is in compliance with Shariah principles,
- (ix) Disposal: The Issuer shall not dispose of assets in excess of 5% of its net tangible assets save for stock in trade (as reflected in the PKHB's latest annual audited consolidated financial statement) in any financial year;
- (x) Indebtedness: The Issuer shall not obtain or permit to exist any loans or advances from its directors or shareholders unless these loans and advances are subordinated to the Sukuk; and
- (xi) Others: such other negative covenants as may be advised by the Solicitors.

(u) Provisions on buy-back and early redemption of sukuk

Redemption on maturity

Unless previously redeemed or purchased and cancelled, the Sukuk will be redeemed by the Issuer at 100% of their nominal value on their respective maturity dates.

Early redemption

Subject to the consent of the Sukukholders by an extraordinary resolution in accordance with the terms of the Trust Deed, the Issuer may redeem the Sukuk (in whole or in part) prior to their maturity by giving the requisite notice period set out in the Trust Deed at a redemption price to be mutually agreed between the Issuer and the Sukukholders by an extraordinary resolution. The Sukukholders may have the discretionary to give an *ibra'* (rebate) to the Issuer for such early redemption based on a formula which is mutually agreed by the both parties.

For the avoidance of doubt, the *ibra'* (rebate) is also applicable for calculation of the Deferred Sale Price when the Event of Default for the Sukuk is declared before the maturity date of each tranche/series.

(v) Other principal terms and conditions for the issue

(i) Al-Kafalah Facility

Pursuant to the Al-Kafalah Facility Agreement entered or to be entered into between the Issuer and the Guarantor, the Guarantor shall issue an irrevocable and unconditional Danajamin Kafalah in respect of each series of the ICPs/IMTNs in favour of the Trustee to

guarantee the payment obligations of up to nominal value of RM150 million and one (1) profit payment obligation of up to RM5 million (where applicable) of the Issuer (except payment obligation on compensation (“**Ta’widh**”) and other charges in relation to the Sukuk) under each of the Murabahah arrangement relating to and corresponding with the ICPs/IMTNs belonging to the same series.

Each Danajamin Kafalah shall only allow one (1) demand to be made against the Guarantor. For the avoidance of doubt the Al-Kafalah Facility is a separate arrangement from the ICP/IMTN Programme and is entered or to be entered into separately between the Issuer and the Guarantor.

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|-------|--|--|
| (ii) | Purchase and Cancellation | The Issuer or its subsidiaries or its agent(s) may at any time purchase the Sukuk at any price in the open market or by private treaty, but these purchased Sukuk shall be cancelled and cannot be reissued. |
| (iii) | Status | The Sukuk will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and shall at all times rank pari passu, without discrimination, preference or priority amongst themselves and at least pari passu with all other present and future unsecured and unsubordinated obligations of the Issuer, subject to those preferred by law and the Transaction Documents. |
| (iv) | Compensation for Late Payment (“Ta’widh”) | In the event of any overdue payments of any amounts due under the agreement under Murabahah principle and/or the ICP/IMTN Programme, the Issuer shall pay to the Sukukholders compensation on such overdue amounts at an amount and manner prescribed by the SC's Syariah Advisory Council. |
| (v) | Transaction Documents | <p>The ICP/IMTN Programme shall be subject to the negotiation and execution of documentation satisfactory to all parties incorporating clauses customary for transactions of this nature as advised by the JLA's Solicitors and agreed by the Issuer. Such documentation shall include, but not be limited to, the following:</p> <ul style="list-style-type: none"> (i) Programme Agreement(s); (ii) Trust Deed(s); (iii) Murabahah Agreement(s); (iv) Transaction Agency Agreement; (v) Securities Lodgement Form for Central Securities Depository and Paying Agency Services; and (vi) Any other relevant documents agreed between the parties that may be required to complete the ICP/IMTN Programme as advised by the |

JLA's Solicitors and agreed by the Issuer.

(vi) Definitions

"Security Interest" means any mortgage, charge, pledge, lien, caveat, right of set-off, sale with the right of retention (other than arising by operation of law and in the ordinary course of business of the Issuer and/or PKHB Group), charge (whether legal or equitable, fixed or floating), assignment, hypothecation, deposit or other security interest of any kind (including without prejudice any "hold-back" or "flawed asset" arrangement, title retention, assignment or transfer by way of security, sale and lease-back, sale and repurchase on credit terms) or any other arrangement having substantially the same legal or economical effect as any of the foregoing.

"Material Adverse Effect" means in relation to any event or circumstances the occurrence of which has resulted in, or will be likely to result in a material adverse effect on:

- (a) the assets, business or condition (financial or otherwise) of the Issuer or the Guarantor (as the case may be); or
- (b) the Issuer's or Guarantor's ability to perform or comply with any of its obligations under the Transaction Agreements or the Danajamin Kafalah (as the case may be); or
- (c) the rights and benefits available to the Sukukholders under any provisions of the Transaction Agreements or the Danajamin Kafalah.

Any reference in the Transaction Documents to any event or circumstance which "has" or which "would have" a Material Adverse Effect shall be construed accordingly.

(vii) Taxation

All payments by the Issuer shall be made without withholding or deductions for or on account of any present or future tax, duty or charge of whatsoever nature imposed or levied or on behalf of Malaysia or other applicable jurisdictions, or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law, in which event the payer shall be required to make such additional amount so that the payee would receive the full amount which the payee would have received if no such withholding or deductions are made.

(viii) Cost and Expenses

All legal fees, stamp duties and reasonable expenses incurred in connection with the Sukuk, including professional due diligence fees and fees payable to the rating agency, if any, shall be for the account of the Issuer or be reimbursable by the Issuer.

(ix) Governing Law and Jurisdiction

Laws of Malaysia and submission to the exclusive jurisdiction of the courts of Malaysia.

3 BACKGROUND INFORMATION ON THE ISSUER

3.1 Corporate History and Principal Activities

The Issuer was incorporated in Malaysia on 12 July 2002 under the Act and is a public company listed on the Main Market of Bursa Malaysia on 9 March 2004. Its registered office is located at Unit 07-02, Level 7, Persoft Tower, 6B, Persiaran Tropicana 47410 Petaling Jaya, Selangor Darul Ehsan.

The Issuer is an investment holding company and provides management services whilst the core activities of its subsidiaries are as manufacturers, dealers, supplier, retailer and exporter of jewellery, precious stones and gold ornaments.

The history of the Issuer started on 26 March 1976, trading from a mere total area of 55 square feet with a total stock value of RM200,000.00. In 1982, expansion started with the first branch being set up in SS2, Petaling Jaya, Selangor Darul Ehsan, occupying a floor space area of 1,500 square feet with staff force of 20 people. The expansion pace in the 1980's was gradual. Rapid growth came about after 1990 and as at end September 2011, PKHB Group has 98 outlets nationwide with a retail space area of approximately 122,000 square feet and a total staff force of approximately 1,230 people. Over the past 35 years, the Poh Kong brand has become synonymous with the jewellery industry in Malaysia. Poh Kong leverages on the image differentiation of its specialty brands and retail concept stores to attract new customers.

Poh Kong's retailing business is the key revenue driver. PKHB Group has broaden its range of gold jewellery via alternate brands, namely Tranz, the contemporary gold jewellery for the younger generation; the legendary Walt Disney Collections for children, the Anggun collection, which incorporates traditional Malay motifs in the design, Oro Bianco white gold jewellery for the young and trendy. It also operates specialty concept stores such as Diamond Boutique, Diamond & Gold, Jade Gallery, and Poh Kong Gallery, the quintessential brand store among its premium portfolio and concept stores.

PKHB Group has also established its own manufacturing facility in Shah Alam, Selangor Darul Ehsan in 2001 which currently manufactures majority of PKHB Group's finished gold jewellery.

3.2 Share Capital Structure

The capital structure of the Issuer as at 30 September 2011 is as follows:-

Authorised Share Capital	: RM500,000,000.00
Paid-up & Issued Share Capital	: RM205,175,876.00
Class of Share	: Ordinary Shares of RM0.50 each

3.3 Shareholding Structure

The list of substantial shareholders of the Issuer as at 30 September 2011 is set out in Appendix III.

3.4 Profile of the Board of Directors

The Board of Directors of the Issuer as at 30 September 2011 comprises of the following:-

- (a) Dato' Choon Yee Seiong – Executive Chairman and Group Managing Director
- (b) Cheong Teck Chong – Executive Director
- (c) Choon Nee Siew – Executive Director
- (d) Choon Yoke Ying – Executive Director
- (e) Choon Wan Joo – Executive Director
- (f) Dr Choong Tuck Yew – Senior Independent Non-Executive Director
- (g) Fazrin Azwar Bin Md Nor – Independent Non-Executive Director
- (h) Datin Yue Shou How, Shirley – Independent Non-Executive Director

The profiles of the directors of the Issuer are as follows:

YG BHG DATO' CHOON YEE SEIONG **Executive Chairman and Group Managing Director**

Yg Bhg Dato' Choon Yee Seiong, aged 57, a Malaysian, was appointed to the Board of Directors of PKHB as the Executive Chairman & Group Managing Director on 13 January 2004. As one of the founders of the Company in 1976, he is a visionary entrepreneur, and has helmed PKHB Group since its inception as Poh Kong Jewellers Sdn Bhd.

He is responsible for the overall strategic and marketing directions, management policies and expansion of PKHB. Over the years, he has been instrumental in the acquisition of companies, the successful development of a portfolio of international and specialty brands, and retail concept stores. He has proven that jewellery retailing is a serious business which requires resilience, mettle, a good head for numbers and, most of all, dedication and passion. Under his leadership, direction and supervision, a manufacturing facility in Shah Alam was established and he has expanded Poh Kong's retail stores to 98 outlets to-date, making it the largest jewellery chain store nationwide.

In 2007, he collaborated with Schoeffel, a German-based pearl jeweller, in making Poh Kong the exclusive distributor with territorial rights to promote and expand the Schoeffel brand in Malaysia and Southeast Asia. In 2009, he led Poh Kong in collaborating with Luca Carati, one of Italy's oldest and prestigious jewellers, to launch the exclusive brand in Malaysia. In 2010, he was instrumental in refurbishing the Schoeffel boutique to uplift its image into a Poh Kong Gallery flagship store in the upscale Pavilion Kuala Lumpur shopping mall.

He has won prestigious awards for his outstanding achievements as an entrepreneurial jeweller and Executive Chairman & Group Managing Director of Malaysia's leading jewellery chain group. Recognitions and awards that he has received include the "19 Years At The Top Award" given by Malaysia Tatler in 2008, "Super Star Of The Year 2008" by the Malaysian Retailer-Chains Association (MRCA), and "MRCA Achievers Book 2010" for being one of the outstanding and leading entrepreneurs in the development of the retail chains industry and in pioneering a successful business model for Poh Kong.

Yg Bhg Dato' Choon is also actively involved in various business fraternity groups. Yg Bhg Dato' Choon founded the MRCA in 1992 and is acclaimed as the Founder President who provided an avenue for retail businesses networking among members to promote the healthy expansion of the retail industry, both locally and internationally. He holds numerous directorships in the companies within PKHB

Group. He is a substantial shareholder and director of Choon Yee Seiong Sdn Bhd, an investment holding company. He is also a member of the Remuneration Committee of PKHB.

Yg Bhg Dato' Choon is the spouse of Datin Hon Wee Fong. His siblings Madam Choon Nee Siew, Madam Choon Yoke Ying, Encik Mohd Annuar Choon Bin Abdullah, Madam Choon Wan Joo, Mr Choon Yee Fook, Mr Choon Yee Bin, Madam Choon Ching Yih and Madam Choong Bee Chu are shareholders of the Company. His brother-in-law(s) Mr Siow Der Ming and Mr Chang Kwong Him are also shareholders of the Company.

CHEONG TECK CHONG
Executive Director

Mr Cheong Teck Chong, aged 62, a Malaysian, was appointed to the Board of Directors of PKHB as an Executive Director on 13 January 2004.

A veteran in the jewellery industry, he was a co-founder of Poh Kong Jewellers Sdn Bhd ("PKJ") in 1976. Mr Cheong began his career in the gold jewellery industry in 1967 and rose to the rank of General Manager in Lian Sin Pawnshop. He became a Partner of Lian Yik Goldsmith in 1972 until 1980. In 1982, he was appointed as the Managing Director of Poh Kong Jewellers (SS2) Sdn Bhd, Petaling Jaya. Mr Cheong assists in the growth, development and expansion of PKHB Group.

He also sits as a director of other companies within PKHB Group and is a director and shareholder of Lian Sin Tang Sdn Bhd, Heng Seng Sdn Bhd and a director of Pajak Gadaai Rakyat Sdn Bhd.

Mr Cheong is the spouse of Madam Pang Cheow Moi. Mr Cheong's sibling Madam Cheong Siew Loi @ Chong Kim Looi is also a shareholder of the Company. His children are Ms Cheong Poh See, Mr Cheong Chee Khoo and Mr Cheong Chee Kong. Ms Cheong Poh See and Mr Cheong Chee Kong are also shareholders of the Company.

CHOON NEE SIEW
Executive Director

Madam Choon Nee Siew, aged 56, a Malaysian, was appointed to the Board of Directors of PKHB as an Executive Director on 13 January 2004.

She brings with her more than 30 years of experience in the jewellery industry having held several portfolios over the years. She started her career in 1972 as a Sales Representative in Lian Yik Jewellery. In 1980, she left the company to join PKJ as a Sales Manager. Two years later, she was appointed as the Director of Poh Kong Jewellers (SS2) Sdn Bhd and in 1991 was promoted to Managing Director of Poh Kong Jewellers (Subang Parade) Sdn Bhd.

Her main responsibility is overseeing the daily retail operations and development of PKHB Group. She also holds directorships of several other companies within PKHB Group and with her vast experience in the jewellery retail trade has contributed invaluable to PKHB Group's growth and development.

Madam Choon Nee Siew's siblings Dato' Choon Yee Seiong, Madam Choon Yoke Ying, Encik Mohd Annuar Choon Bin Abdullah, Madam Choon Wan Joo, Mr Choon Yee Fook, Mr Choon Yee Bin, Madam Choon Ching Yih and Madam Choong Bee Chu are shareholders of the Company. Her brothers-in-law, Mr Siow Der Ming and Mr Chang Kwong Him are also the shareholders of the Company. Ms Cheong Poh

See and Mr Cheong Chee Kong are Madam Choon's children and are the shareholders of the Company.

CHOON YOKE YING
Executive Director

Madam Choon Yoke Ying, aged 54, a Malaysian, was appointed to the Board of Directors of PKHB as an Executive Director on 22 January 2008.

She is the Assistant Managing Director of PKJ. She began her career in the gold jewellery industry in 1977 when she joined PKJ as retail Sales Representative. In 1979, she became a Partner in PKJ, and subsequently in 1993 was appointed as a Director.

Her current responsibilities are marketing and merchandising for PKHB Group. In addition, she is also in charge of research and development of PKHB Group. She attends trade fairs regularly to constantly keep up-to-date on the latest technology, development, designs and trends in the jewellery industry. She is also a Designer for Poh Kong's exclusive jewellery and a Director of various companies within PKHB Group.

Madam Choon Yoke Ying is the spouse of Mr Chang Kwong Him. Her siblings Dato' Choon Yee Seiong, Madam Choon Nee Siew, Encik Mohd Annuar Choon Bin Abdullah, Madam Choon Wan Joo, Mr Choon Yee Fook, Mr Choon Yee Bin, Madam Choon Ching Yih and Madam Choon Bee Chu are shareholders of the Company. Her brother-in-law Mr Siow Der Ming is also a shareholder of the Company.

CHOON WAN JOO
Executive Director

Madam Choon Wan Joo, aged 50, a Malaysian, was appointed to the Board of Directors of PKHB as an Executive Director on 22 January 2008.

She was appointed as Managing Director of Poh Kong Jewellery Manufacturer Sdn Bhd ("PKJM") since 1991. Her main responsibilities are in overseeing the daily operations and decision making policies of PKJM.

Madam Choon Wan Joo's career in the gold jewellery industry started in 1980 when she joined Precious Jewellery Sdn Bhd as a Retail Representative. In 1981, she was promoted to Production Supervisor cum Designer and was with Precious Jewellery Sdn Bhd until 1990. She was responsible for the initial set-up of the manufacturing plant and has successfully steered the plant to become fully operational with work force strength of about 160.

She participates in trade exhibitions to keep abreast of the latest trends in product designs and development, and advanced manufacturing technologies. She oversees in the production, quality control, manufacturing techniques, marketing, design and administration. In addition, her responsibilities also cover human resources, accounts and finance functions of the manufacturing facility. She heads PKHB Group's research and development team and provides support in new products development and enhance the manufacturing capabilities of PKHB Group. She is also a Director of several other companies within PKHB Group.

Madam Choon Wan Joo is the spouse of Mr Siow Der Ming. Her siblings Dato' Choon Yee Seiong, Madam Choon Nee Siew, Madam Choon Yoke Ying, Encik Mohd Annuar Choon Bin Abdullah, Mr Choon Yee Fook, Mr Choon Yee Bin, Madam Choon Ching Yih and Madam Choong Bee Chu are shareholders of the Company. Her brother-in-law Mr Chang Kwong Him, is a shareholder of the Company.

DR CHOONG TUCK YEW
Senior Independent Non-Executive Director

Dr Choong Tuck Yew, aged 73, a Malaysian, was appointed to the Board of Directors of PKHB as an Independent Non-Executive Director on 13 January 2004. He was promoted to Senior Independent Non-Executive Director in 2005.

He possesses a Doctorate in Commercial Science, a Master in Business Administration and is a Member of the Malaysian Institute of Accountants (MIA), and Malaysian Institute of Certified Public Accountants. He is also a Fellow of the CPA Australia, a Fellow of the Malaysian Association of the Institute of Chartered Secretaries and Administrators, a Fellow of the Chartered Taxation Institute of Malaysia, and a Chartered Fellow, as well as a Chartered Audit Committee Director of the Institute of Internal Auditors, Malaysia.

In the early years of his career, Dr Choong worked as an accountant in several companies. In 1968, he joined BNM and, in 1987, he was appointed as the Chief Manager of the Central Bank. In 1990, he was seconded as the Managing Director of Visia Finance Berhad, a licensed finance company. Currently, Dr Choong is the Chairman of OSK Investment Bank Berhad. He is also the Deputy Chairman of C & C Investigation Services Sdn Bhd, a licensed private investigation company.

His other business interests include directorships at OSK-UOB Unit Trust Management Berhad and SCC Holdings Bhd.

Presently, Dr Choong is the Vice President of the Malaysian Institute of Directors and an Ambassador representing the World Association of Detectives in Malaysia. He has been a guest speaker at various conferences in Malaysia as well as abroad. Dr Choong is the Chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee of PKHB.

ENCIK FAZRIN AZWAR BIN MD NOR
Independent Non-Executive Director

Encik Fazrin Azwar Bin Md Nor, aged 45, a Malaysian, was appointed to the Board of Directors of PKHB as a Non-Independent Non-Executive Director on 13 January 2004. He was later re-designated as an Independent Non-Executive Director in 2005.

An advocate and solicitor by profession, Encik Fazrin was called to the Malaysian Bar in 1991 following his graduation with a Bachelor of Laws (LLB) Honours from University of Malaya in 1990. He is currently the Managing Partner of a legal firm Messrs Rashidah Muzafar and Azwar.

He holds position as an Independent Non- Executive Director in public listed companies namely Tong Herr Resources Berhad, Mercury Industries Berhad, Ire-Tex Corporation Berhad and Daya Materials Berhad. He was also previously an Independent Non-Executive Director of EngloTechs Holding Berhad ("EngloTechs"), Tek Seng Holdings Berhad and DPS Resources Berhad.

At EngloTechs, he was also the Audit Committee Chairman of the company until November 2008. In March 2009, the Bursa Malaysia had publicly reprimanded EngloTechs for breach of paragraph 9.16(1)(a) of the Listing Requirements in respect of the company's announcement dated 29 February 2008 on the fourth quarterly report for the financial year ended 31 December 2007. EngloTechs had failed to take into account the adjustments as stated in the company's announcement dated 30 April 2008 which had caused the difference between the unaudited results and audited results to deviate substantially. Concurrently, the Bursa Malaysia had also

publicly reprimanded 5 directors of Englotechs including En Fazrin. However, there was no penalty imposed on En Fazrin arising from the said reprimand. Although En Fazrin has tendered his resignation in November 2008, he was held liable as it is the role and liabilities of each director in the company to ensure that its announcement is factual, clear, unambiguous, and accurate and contains sufficient information.

In non-listed companies, he holds position as an Independent Non- Executive Director of DK Corporation Berhad and Times Offset (M) Sdn Bhd. He is also a Non-Independent Non- Executive Director of Omega Simfoni Sdn Bhd, Kuchinta Tenaga Hijau Sdn Bhd, Agni Power Sdn Bhd, Nirzaf Holdings Sdn Bhd and the Kuchinta Group of Companies.

He is also a member of the Malaysian Institute of Directors and the Internal Auditors Institute of Malaysia.

Encik Fazrin is the Chairman of the Nomination Committee, a member of the Remuneration Committee and a member of the Audit Committee of PKHB.

DATIN YUE SHOU HOW, SHIRLEY
Independent Non-Executive Director

Datin Yue Shou How, aged 62, a Malaysian, was appointed to the Board of Directors of PKHB as an Independent Non-Executive Director on 23 January 2009.

Datin Yue has 24 years of experience in the local and foreign luxury fashion retail, business development and consulting, and investment banking industry.

Datin Yue was the Managing Director/General Manager of Fine Lines, a company dealing with imported lady apparels and high-end bespoke orders from 1985 to 1993. Subsequently, she served as Investment Advisor at Credit Lyonnais Securities (Asia) Ltd from 1993 to 1998 and was an investment banker at Solomon Smith Barney, Citibank Singapore from 2000 to 2003. She has been a Director of Oilvest Engineering (M) Sdn Bhd & Elbex Holdings Sdn Bhd since 2004. She served as Boutique Manager at Chopard, Pavilion, Kuala Lumpur from 2007 to 2008.

Datin Yue holds a Graduate Diploma in Business Administration (post graduate degree) from the University of Western Sydney, Australia, a member of the Malaysian Institute of Management and a Chartered Audit Committee Director of the Institute of Internal Auditors, Malaysia.

She is also the Chairperson of the Remuneration Committee, and a Member of the Nomination Committee and the Audit Committee of PKHB.

Save as disclosed above, none of the Directors has:

- ***any family relationship with any Directors and/or major shareholders of the Issuer; or***
- ***any conflict of interest with the Issuer; or***
- ***any conviction for offences within the past 5 years other than traffic offences, if any.***

3.5 Profile of Key Management

Datin Hon Wee Fong, aged 51, is the Head of Finance & Treasury of the Issuer. She joined PKJ in 1980 as a partner before being appointed as Finance Director of PKJ in 1993. Her main responsibilities are in finance, treasury and administrative matters for PKHB. She is also a Director of other companies within PKHB Group. She is also a substantial shareholder and a director of Choon Yee Seiong Sdn Bhd.

Mohd Annuar Choon Bin Abdullah, aged 53, joined PKJ in 1977 and in 1984, he was a sales representative in Poh Kong Jewellers (SS2) Sdn. Bhd. In 1985, he was appointed as the Managing Director of Poh Kong Jewellers (Shah Alam) Sdn. Bhd. in Klang.

His main responsibility is managing daily operations of several retail outlets including those in Alam Sentral, Tesco Hypermarket Klang, Tesco Hypermarket Shah Alam, Tesco Hypermarket Extra Shah Alam, AEON Bukit Tinggi, Sungai Buloh Complex, AEON Bukit Mertajam, Queensbay Mall, Bukit Jambul and Mydin Bukit Jambul. He also holds directorships in several other companies within PKHB Group.

Chang Kwong Him, aged 61, started his career with Poh Kong Jewellers (SS2) Sdn. Bhd as a Director in 1982. He was appointed as the Managing Director of Poh Kong Jewellers (The Mall) Sdn. Bhd. in 1987. Prior to joining Poh Kong Jewellers (The Mall) Sdn Bhd, he was a factory manager at Chang Kam Yee Sawmill. .

His main responsibility is managing the daily operations of several retail outlets namely The Mall, Sogo and AEON Cheras Selatan. He holds directorships in other companies within PKHB Group.

Choon Yee Fook, aged 47, is a Qualified Gemologist and has received qualifications in Diamond Grading, Pearl Grading and Coloured Stone Grading from the Gemological Institute of America in 1993. He also has qualifications from Hoge Raad Voor Diamond Grading and Identification, which he received in 1993, and in Identification Classification and Grading of Jadeite from Hong Kong Institute of Gemmology in 1994. His career began in 1980 when he joined PKJ as a sales representative and shareholder. He was appointed as the Managing Director of Poh Kong Jewellers (Klang) Sdn Bhd. in 1985. He oversees the daily operations at outlets at Bukit Raja and Shaw Centre Point, both in Klang and in addition. He also holds directorship in Jungmax Property Sdn Bhd.

Siow Der Ming, aged 54, graduated with a Bachelor of Science (Hons) degree majoring in chemistry from the University of Malaya in 1981. He started his career as a Chemist and Quality Control Executive with Keat Huat Industry Sdn. Bhd. in Shah Alam, a manufacturer of gas cookers and washing machines. In 1983, he left the company to join Metatrade Sdn. Bhd. as a sales marketing executive in charge of the marketing of speciality and industrial chemicals. In 1986, he was promoted to Technical Manager of Metachem Sdn. Bhd. and was responsible for quality control, research and development of rubber chemicals.

In 1989, he was appointed as the Managing Director of Poh Kong Jewellers (Maluri) Sdn. Bhd, and in 2002, he was also appointed as the Director of Poh Kong Jewellers (Franchise) Sdn. Bhd. His main responsibility is managing daily operations at several retails such as Jusco Maluri, Leisure Mall, Axis Atrium, Tesco Extra Cheras and Giant Kinrara. He is also in charge of the overall strategic management and operation of the franchise division. Mr Siow also holds directorships in other companies within PKHB Group.

Choon Yee Bin, aged 43, is an Assistant Managing Director of Poh Kong Jewellery Manufacturer Sdn Bhd, appointed since 1991. His career started as a goldsmith with Precious Jewellery Sdn Bhd in 1984 and a year later, he was promoted to Production Supervisor until 1991. In 1994, he set-up the wholesale division that source a wide range of products to all the retail outlets under PKHB Group. He had made significant contributions to the techniques used in the production of gold ornaments and the setting of precious and semi-precious stones. He oversees the marketing, wholesale, production and human resources departments of PKJM. He also holds directorship in several other companies within PKHB Group.

Hon Wei Sun, aged 47, Head of Corporate Affairs, Admin & HR of PKHB. She graduated from the Oklahoma State University, USA, in 1988 with a Bachelor of Science Degree in Business Administration majoring in Accounting. Her career in the gold jewellery industry began in May 1988 when she joined PKJ as an Administrative Executive. In 1995, she was appointed as Head of Accounts and Administrative Department. Her main responsibilities are in all corporate, financial, human resource and administrative matters of PKHB Group. She also holds directorships and shareholdings of several other companies within PKHB Group.

Ong Han Woon, aged 46, is a Technical Director of Poh Kong Jewellery Manufacturer Sdn Bhd. He began his career in 1985 as a designer with Precious Jewellery Sdn Bhd. In 1988, he was promoted to Technical Supervisor and was the person in charge for the window and showcase display for PKHB Group. He joined Poh Kong Jewellers Sdn Bhd in 1991 and was appointed as the Technical Manager and was promoted to Technical Director in 1998. His responsibilities include overseeing the technical aspects of production, design development and gold refinery.

Koh Sze Haw, aged 37, graduated with The Association of Certified Chartered Accountant (ACCA). He is also a member of Malaysian Institute of Accountants (MIA). He joined PKJ in 1995 as an Account Assistant and in 2000 he was promoted to Assistant Account Manager. In 2005, he was promoted to Group Accountant of PKHB overseeing the daily financial and accounting matters of PKHB Group.

Lee Swee Foon, aged 39, joined PKJ as an Assistant MIS Manager in year 1996 and is currently acting as an IT Manager of PKHB. He graduated from ICL Training Centre in 1992 of which he started his career as a Programmer at SHL Construction Sdn Bhd and Analyst Programmer at Datascan Sdn Bhd. With his exposure mainly in retail software, he is actively involved in IT planning and software development of PKHB Group.

Cheong Poh See, aged 37, graduated from University of Sheffield (UK) with a Bachelor of Hons in Business Studies in 1998. In 2000, she joined F&N Dairies as brand executive. In 2002 she joined PKJ as merchandising executive. Currently, she is a Senior Merchandising Manager of PKJ's wholesale division. Her main responsibility is managing the daily operation of the wholesale division and also assisting Merchandising and Marketing Director in procurement processes.

Chua Hooi Beng, age 38, graduated from Tunku Abdul Rahman College in 1996 with Diploma in Financial Accounting. In 1998, she obtained The Association of Certified Chartered Accountant (ACCA) qualification. In 1998, she joined Ernst & Young as audit junior and subsequently in 2002 she was promoted as a Senior Associate 1. In 2002, she acquired her membership in the Malaysian Institute of Accountants. In 2004, she joined PKHB as a Senior Internal Audit Executive and in 2006 she was promoted to Assistant Internal Audit Manager. In 2008, she was promoted as an Internal Audit Manager with her main responsibilities in carrying out compliance audit on branches within PKHB Group to ensure adherence to statutory

regulatory requirements and internal standard operating policies and procedures. In 2009 she joined as a member of the Institute of Internal Auditor (IIA) and she obtained her Certified Internal Auditor qualification in 2011.

Arnold Cheong Chee Kong, aged 34, graduated with a Bachelor Degree in Design from Auckland University of Technology in New Zealand and further pursued in Accredited Jewellery Professional (AJP), Pearl and Pearl Grading, and he is a Graduate Gemologist (GG) from the Gemological Institute of America (GIA). He obtained his Master of Business Administration (MBA) from Victoria University in 2009. Mr. Cheong began his career as a designer and developer in e-commerce industry and joined Poh Kong Jewellers (SS2) Sdn. Bhd. as sales, gemologist and designer in 2002. In 2003, he was promoted to Assistant Branch Manager and subsequently promoted to Branch Manager in the following year. In 2007, he was designated as ERP project manager of PKHB Group to oversee business processes, evaluate the system and manage the implementation.

Ruby Lee Lay Bee, aged 50, joined Poh Kong Jewellers since 1984 as Data Entry clerk and in 1987, she was being promoted as Advertising & Promotion Executive, where her main responsibilities areas are corporate sales, new outlet set-up and all advertising and promotion activities for Poh Kong. Thereafter, in 1996, she was appointed as Promotion Manager of PKHB Group, primarily responsible for the advertising and promotion activities, retail expansion and corporate sales of PKHB Group.

Melissa Tham Wen Li, aged 42, graduated from Malaysia Institute of Art 1989 in Jewellery Design. She is the Advertising Manager & Chief Designer of PKHB Group. Her career in the gold jewellery industry began in 1988 as a designer for PKJ and thereafter was appointed as Advertising Manager & Chief Designer in 1993 for PKJ.

In early 1995 she was invited by World Gold Council Europe to join the commission design workshop and her findings and recommendations on jewellery design are published in the complete design book entitled “Evocative Gold-an Asian Renaissance”. A year later, she won a Best Design Golden Award for the “Golden Design Awards’ 96” organized by the World Gold Council Europe, which was held in Italy and been invited by World Gold Council Europe to attended the Vicenza Trade Fair, media interviews and the Awards Presentation in Vicenza, Italy. Subsequently, in 1999 to 2000 she was invited to represent the Malaysia Jewellery Industry to design gold jewellery pieces “The Millennium Collection” in the Malaysia Jewellery Exhibition.

She is also involved in visual merchandising, media planning and creative supervision of advertising materials of PKHB Group.

Edison Choon King Han, aged 25, graduated with a Master of Financial Analysts in University of New South Wales, Sydney, Australia. His career began in 2010 as a business development manager in Poh Kong Holdings upon his graduation. He assists the Group Managing Director in planning and execution of business strategies for PKHB Group.

Eve Chang Hwa Yeng, aged 29, joined Poh Kong Jewellers in 2010 as a Customer Relation cum Merchandising Manager. She also assists the Group Managing Director in overseeing branch operations and financials of the headquarters. She coordinates annual major events for the several large international brands carried by Poh Kong and extends her support in retail aspects. Her previous work experiences include Project Management in financial services sector and development of SOX framework for outsourcing services offered by Symphony BPO Solutions. Having experiences in Business Process Outsourcing (“BPO”) environment, she was recruited by IBM Malaysia as an Expense Planner to manage expense budget for its

Accounting Centre in the Asia Pacific region. Soon after, she was offered the role as a Key Account Contract Financial Analyst to set up financial operational structure and processes as well as providing financial support focusing on contract management and financial management for the largest and most complex outsourcing deal won by IBM Malaysia. Eve graduated with a Master degree in Applied Finance at the University of Adelaide in Year 2005.

Elizabeth Choon Ee Ling, aged 30, heads the Marketing in Poh Kong Holdings Berhad. She is responsible for developing the Corporate Communications & Marketing strategies and Brand Management of Poh Kong. She joined Poh Kong in March 2011. Prior to that, she has 7 years of marketing experience with two MNCs in Malaysia, involved in consumer electronics and FMCG. Her previous experience includes managing sales, distribution & inventory control, developing Pan-Asian brands in both marketing and financial aspects and also project management for premium beauty brand categories. These international and diverse industry exposures had expanded her perspective of various business environments with the business systems and structures of MNCs and large international retail outlet and advanced marketing infrastructure. She graduated with an Honours B. Eng. Mechanical Engineering degree from Imperial College of Science, Technology and Medicine, London in 2003. She then obtained a Professional Post-Graduate Diploma in Marketing from The Chartered Institute of Marketing (CIM) in 2008.

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3.6 Information on Subsidiaries and Associated Companies

The subsidiaries of the Issuer as at 30 September 2011 are as follows:-

No.	Name of Company	Effective Equity Interest (%)	Principal Activities
1.	Poh Kong Jewellers (Ampang Point) Sdn Bhd	100	Supplier and retailer of jewellery precious stones and gold ornaments.
2.	Poh Kong Jewellers (Bandar Utama) Sdn Bhd	100	Supplier and retailer of jewellery, precious stones and gold ornaments.
3.	Poh Kong Jewellers (Bangsar) Sdn Bhd	100	Supplier and retailer of jewellery, precious stones and gold ornaments.
4.	Poh Kong Jewellers (Banting) Sdn Bhd	100	Supplier and retailer of jewellery, precious stones and gold ornaments.
5.	Poh Kong Jewellers (Batu Pahat) Sdn Bhd	100	Supplier and retailer of jewellery, precious stones and gold ornaments.
6.	Poh Kong Jewellers (Gold Seremban) Sdn Bhd	100	Supplier and retailer of jewellery, precious stones and gold ornaments.
7.	Poh Kong Jewellers (Ipoh) Sdn Bhd	100	Supplier and retailer of jewellery, precious stones and gold ornaments.
8.	Poh Kong Jewellers (Jaya) Sdn Bhd	100	Supplier and retailer of jewellery, precious stones and gold ornaments.
9.	Poh Kong Jewellers (Jln. Taman Malacca) Sdn Bhd	100	Supplier and retailer of jewellery, precious stones and gold ornaments.
10.	Poh Kong Jewellers (Kajang) Sdn Bhd	100	Supplier and retailer of jewellery, precious stones and gold ornaments.
11.	Poh Kong Jewellers (Kinta City) Sdn Bhd	100	Supplier and retailer of jewellery, precious stones and gold ornaments.
12.	Poh Kong Jewellers (Klang) Sdn Bhd	100	Supplier and retailer of jewellery, precious stones and gold ornaments.
13.	Poh Kong Jewellers (Kuantan) Sdn Bhd	100	Supplier and retailer of jewellery, precious stones and gold ornaments.
14.	Poh Kong Jewellers (M) Sdn Bhd	100	Supplier and retailer of jewellery, precious stones and gold ornaments.
15.	Poh Kong Jewellers (Malacca) Sdn Bhd	100	Supplier and retailer of jewellery, precious stones and gold ornaments.
16.	Poh Kong Jewellers (Maluri) Sdn Bhd	100	Supplier and retailer of jewellery, precious stones and gold ornaments.
17.	Poh Kong Jewellers (Meru) Sdn Bhd	100	Supplier and retailer of jewellery, precious stones and gold ornaments.

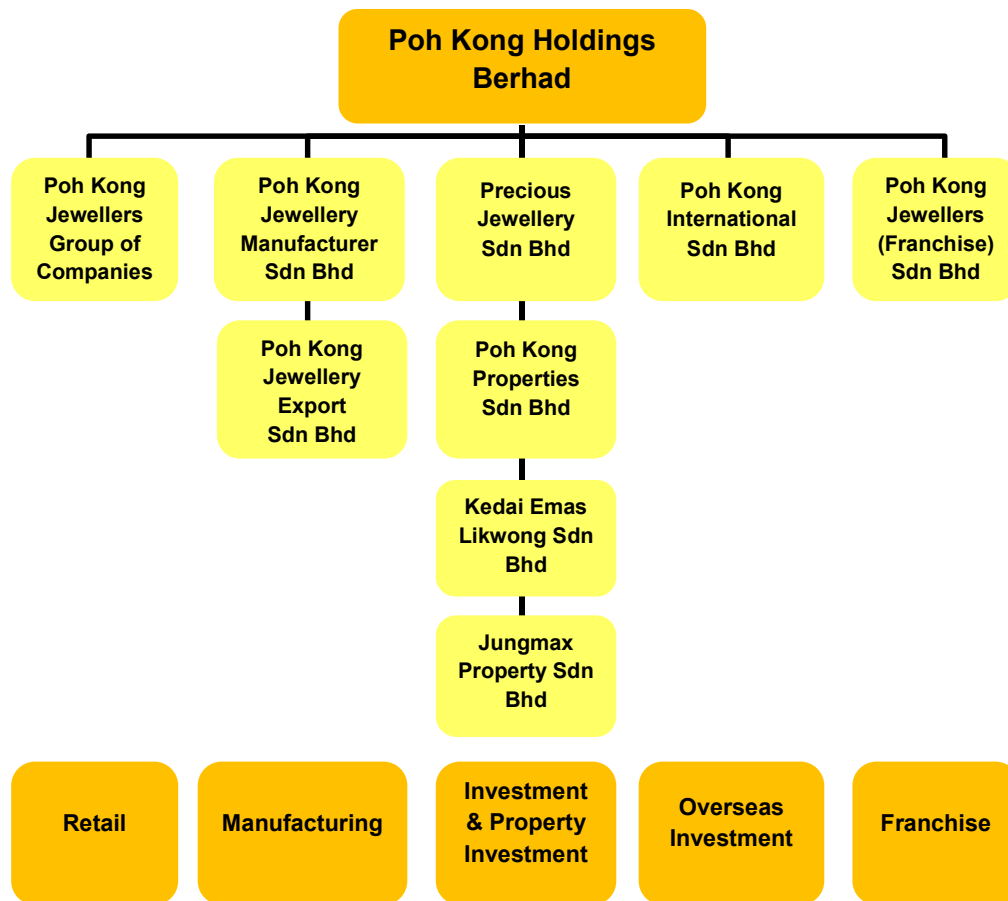
No.	Name of Company	Effective Equity Interest (%)	Principal Activities
18.	Poh Kong Jewellers (Muar) Sdn Bhd	100	Supplier and retailer of jewellery, precious stones and gold ornaments.
19.	Poh Kong Jewellers (MV) Sdn Bhd	100	Supplier and retailer of jewellery, precious stones and gold ornaments.
20.	Poh Kong Jewellers (Old Klang Road) Sdn Bhd	100	Supplier and retailer of jewellery, precious stones and gold ornaments.
21.	Poh Kong Jewellers (Peringgit) Sdn Bhd	100	Supplier and retailer of jewellery, precious stones and gold ornaments.
22.	Poh Kong Jewellers (Permas Jaya) Sdn Bhd	100	Supplier and retailer of jewellery, precious stones and gold ornaments.
23.	Poh Kong Jewellers (PHT) Sdn Bhd	100	Supplier and retailer of jewellery, precious stones and gold ornaments.
24.	Poh Kong Jewellers (Puchong) Sdn Bhd	100	Supplier and retailer of jewellery, precious stones and gold ornaments.
25.	Poh Kong Jewellers (Selayang) Sdn Bhd	100	Supplier and retailer of jewellery, precious stones and gold ornaments.
26.	Poh Kong Jewellers (Seremban) Sdn Bhd	100	Supplier and retailer of jewellery, precious stones and gold ornaments.
27.	Poh Kong Jewellers (Shah Alam) Sdn Bhd	100	Supplier and retailer of jewellery, precious stones and gold ornaments.
28.	Poh Kong Jewellers (SS2) Sdn Bhd	100	Supplier and retailer of jewellery, precious stones and gold ornaments.
29.	Poh Kong Jewellers (Subang Parade) Sdn Bhd	100	Supplier and retailer of jewellery, precious stones and gold ornaments.
30.	Poh Kong Jewellers (Summit) Sdn Bhd	100	Supplier and retailer of jewellery, precious stones and gold ornaments.
31.	Poh Kong Jewellers (The Mall) Sdn Bhd	100	Supplier and retailer of jewellery, precious stones and gold ornaments.
32.	Poh Kong Jewellers (The Mines) Sdn Bhd	100	Supplier and retailer of jewellery, precious stones and gold ornaments.
33.	Poh Kong Jewellers (Tmn Universiti J.B.) Sdn Bhd	100	Supplier and retailer of jewellery, precious stones and gold ornaments.
34.	Poh Kong Jewellers (Wangsamaju) Sdn Bhd	100	Supplier and retailer of jewellery, precious stones and gold ornaments.
35.	Poh Kong Jewellers Sdn Bhd	100	Suppliers and retailers of jewellery, precious stones and gold ornaments.

No.	Name of Company	Effective Equity Interest (%)	Principal Activities
36.	Poh Kong Jewellery Manufacturer Sdn Bhd	100	Manufacturer and dealer of jewellery, precious stones and gold ornaments.
37.	Poh Kong Properties Sdn Bhd	100	Property investment.
38.	Precious Jewellery Sdn Bhd	100	Investment holding.
39.	In Vogue Sdn Bhd	100	Dormant.
40.	Jungmax Property Sdn Bhd	100	Property investment.
41.	Kedai Emas Likwong Sdn Bhd	100	Dormant.
42.	Pajak Gadai Anda Sdn Bhd	100	Dormant.
43.	PK Design Sdn Bhd	100	Supplier and retailer of packing and utility products.
44.	PK Jewellery Export Sdn Bhd	100	Exporter of jewellery, precious stones and gold ornaments
45.	Poh Kong International Sdn Bhd	100	Overseas Investment Holding.
46.	Poh Kong Jewellers (Franchise) Sdn Bhd	100	Franchise management service

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4 CORE BUSINESS AND OVERVIEW OF PKHB GROUP

4.1 Corporate Structure



4.2 Main Business Activities of PKHB Group

PKHB Group's main business activities include the following:

- Retail;
- Manufacturing;
- Investment and property investment;
- Overseas investment; and
- Franchise.

4.3 Retail

PKHB is the largest jewellery retail chain of gold and gemset in Malaysia, with 98 outlets nationwide and occupying a total retail space of approximately 122,000 square feet. Besides its market reach and economies of scale, PKHB Group's large and extensive network further enforces its branding and presence in the jewellery industry in Malaysia.

The Poh Kong brand has been in existence for the past 35 years; the first outlet was set-up in 1976. Over the years, Poh Kong's brand name has continued to grow via the establishment of new outlets and the Poh Kong brand name has become synonymous with the jewellery industry in Malaysia.

PKHB Group blends both mass and exclusive markets by producing fine and affordable jewellery which are available to the general consumer from all walks of life via its wide distribution network. PKHB Group also leverages on the image differentiation of its specialty brands and retail concept through new product designs, product lines and enhance customer service.

The major thrust of PKHB Group's strategies is to strengthen its position as a leader in the retailing of gold and gemset jewellery. The key success parameters of PKHB Group as a leader in jewellery industry are comprehensive range of products, exclusively designed products, extensive retail coverage, reputation and products branding and retail promotions. This is elaborated as below:-

i. Comprehensive range of products

PKHB Group offers an extensive range of jewellery to cater to consumers' diverse preferences. To set itself apart from its competitors, PKHB Group has its own team of researchers, designers and craftsmen whose task is to keep abreast of industry trends. These observations are then translated and created into jewellery at PKHB Group's own manufacturing plant in Shah Alam which currently manufactures and supplies the majority of the finished gold jewellery sold by PKHB Group. The remainder are sourced from external suppliers. As a result of the two-prong supply approach, PKHB Group will be able to provide a more comprehensive and wider range of gold and gemset jewellery.

ii. Exclusively designed products

In-house designed jewellery manufactured by PKHB Group's own manufacturing plant in Shah Alam, are exclusive for sale at PKHB Group's own retail outlets. The availability of exclusively designed gold jewellery in PKHB Group's retail outlets would provide a competitive advantage and additional reason for consumers to shop at PKHB Group's retail outlets.

iii. Extensive retail coverage

As at 30 September 2011, PKHB Group has 98 retail jewellery outlets across 9 states and territories within Malaysia under the retail concept of "**Poh Kong**", "**Diamond Boutique**", "**Tranz**", "**Diamond & Gold**", "**Jade Gallery**", "**Oro Bianco**" and "**Poh Kong Gallery**".

PKHB's retail network and extensive coverage is larger than most of its other prominent competitors in the market including Tomei, Lazo Diamond, Wah Chan, Habib Jewels and DeGem.

PKHB Group intends to maintain its market leadership and continue leveraging on its established foothold within the industry.

Number of outlets by state or territory as at 30 September 2011:

Location	Number of outlets
Selangor / Kuala Lumpur	57
Malacca	6
Johor	11
Negeri Sembilan	8
Perak	5
Kedah	3
Pahang	2
Kelantan	1

Location	Number of outlets
Penang	5
Total	98

Retail outlets located within Selangor and Kuala Lumpur contributes the highest revenue to PKHB Group with approximately 74% of the total revenue of PKHB Group for the financial year ended 31 July 2010.

PKHB Group's outlets are mostly located in shopping malls which are not only facilitate accessibility but also enhance the visibility of PKHB Group's brands and products. PKHB Group also set up the Poh Kong Gallery, a high end showroom with Italian ambience, in Petaling Jaya, Newtown and Pavilion Kuala Lumpur, to offer an extensive collection of jewellery created by world-renowned designers which specially cater to the more discerning customer.

iv. Reputation, Branding and Diversified Range of Products

Reputation is a key parameter for success in the competitive jewellery industry, populated by an estimated 3,500 retailers. The importance of reputation is reflected in the disproportionately higher share of sales enjoyed by larger jewellers.

Amidst the competitive and fragmented industry, PKHB Group's position as Malaysia's largest jeweller and its reputation as the market leader in gold jewellery stand above its competitors. To strengthen its position and to capitalise on the growing affluence of Malaysians, PKHB Group is reaching out to a larger customer base via outlet expansion.

To enhance the exclusivity of its products, PKHB Group has obtained a sub-licence to manufacture and sell the jewellery products under the **"Disney"** copyrighted characters in all styles and designs in Malaysia. Being the sole distributor in the country, PKHB Group is licensed to market a wide range of products with famous Disney characters such as Mickey Mouse, Minnie Mouse, Donald Duck, Daisy Duck, Goofy, Pluto, Clarabelle Cow, Horace Horsecollar, Big Bad Pete and Uncle Scrooge/Huey/Louie/Dewey, Chip 'n Dale, Mortie & Ferdie, That's Donald, Minnie 'n Me, Winnie the Pooh, Tigger, Eeyore, Kanga, Roo, Rabbit, Piglet and Owl, Disney Baby, Disney Princess and Disney Enchanted.

PKHB Group also markets a range of its products under its in-house brand names of **"Tranz"** which is targeted at the young and trendy customers, and the **"Anggun"** collection which incorporates traditional Malay motifs in the design to delight the aesthetic taste of Malay customers.

With the conveniently located retail outlets and extensive coverage, coupled with PKHB Group's decentralised procurement system, PKHB Group is able to offer its customers affordable or exclusive products, via different product range and prices. This has enabled PKHB Group to reach out to both the mass and exclusive markets.

v. Retail promotions

PKHB Group focuses on the following key areas of retail promotion:-

- a) corporate name and brand building;
- b) creating consumer awareness; and
- c) creating corporate image.

For the financial year ended 31 July 2010, PKHB Group had spent approximately RM3.5 million in advertising and promotional activities and as at 31 July 2011, approximately RM10.0 million has been used for retail promotion activities.

In line with the above strategies, PKHB Group continuously build its brand not only with promotions but also with various high-profile events, namely the sponsorship of the Miss Poh Kong Glamour/International Tourism Pageant World Final Pageant Coach” Passage to Stardom” workshop, and in 2010 “Be Rewarded for Celebrating at Poh Kong” when PKHB Group launched its 35th Anniversary celebrations in all outlets and all jewellery road shows nationwide.

The above retail marketing strategies are primarily designed to reach out to its wide consumer base, and at the same time attract new customers.

4.4 Manufacturing

In addition to retailing, Poh Kong Jewellery Manufacturer Sdn Bhd was set-up in 2001, and now manufactures and supplies the majority of Poh Kong’s finished gold jewellery. The RM12.0 million manufacturing plant in Shah Alam has a staff force of approximately 160 people. The plant is equipped with the latest technology, where the designers and craftsmen create new designs from the research and development activities.

The manufacturing capacity is currently running at 65% utilisation, and facilitates the production of in-house designs and seasonal jewellery as well as PKHB Group’s exclusive products such as products under Disney and Tranz Collections.

The plant is also equipped with Gold Recovery and Refinery system which enables PKHB Group to refine all trade in jewellery /used gold at a cost lower than a market rate as a form of raw material for its production of finished jewellery.

There are two (2) main methods of manufacturing jewellery:-

- a) hand-made; and
- b) mass production.

The individual hand-made method primarily uses craft skills and simple tools. For mass production, technologies play a more important role. The plant utilises two (2) main methods for its manufacturing process:-

- a) lost wax casting; and
- b) stamping

To set itself apart from its competitors, PKHB Group has its team of designers and researchers. PKHB Group is able to keep abreast of the industry trend and is able to respond quickly to changes to customer preferences.

4.5 Investment and Property Investment

PKHB Group has invested in commercial shop lots throughout the nation. The purpose of investing in landed property is mainly for own usage and mitigate the possibility of relocation, moving out and increase in rental. Investing in potential commercial shop lots will not only enable PKHB Group to continue its business operation without interruption, but also enhance the asset base of PKHB Group. The total net carrying amount of the properties as at financial year end 31 July 2010 amounted to approximately RM49.0 million.

4.6 Overseas Investment

PKHB Group via Poh Kong International Sdn. Bhd. had disposed of its stake in Poh Kong Diamond Industry Ltd on 14 October 2009 in order to streamline PKHB Group's business activities with more focus to be placed on its core competencies in retailing of jewellery precious stones and gold ornaments.

However, PKHB Group is still actively looking at all business opportunity by identifying strategic locations with potential future growth, both locally and abroad.

4.7 Franchise

PKHB has received an approval from the Ministry of Entrepreneur Development & Co-operatives to start-up franchise operations in Malaysia.

A franchise division has been set up to process application and share PKHB Group's wealth of business experiences with potential investors who have the desire to become franchisee. The franchising system will be marketed under its own brand name "**Poh Kong**". This will enable the franchisees to benefit from an established brand name. Through franchising, PKHB would be able to increase its revenue stream and extend its market reach.

PKHB is also selective in the appointment of the franchisees to protect Poh Kong's brand name and reputation; it takes into consideration the franchisees' industry knowledge and readiness to actively participate in the outlet's daily operations. Poh Kong's franchise scheme is exclusive to the East Malaysian market.

Although the response to PKHB Group's franchise scheme may be somewhat limited due to the hefty capital outlay that is associated with the jewellery business, PKHB believes that with its proven track record and extensive experience in the gold jewellery industry, it will serve as important reference points when marketing to potential franchisees.

PKHB Group intends to capitalise on its track record in the operation and management of gold jewellery retail outlets by franchising its total retailing concept to potential entrepreneurs locally.

4.8 Future Plans and Prospect of PKHB Group

The primary business objective is aimed at generating tremendous growth opportunity, providing accessibility and convenience to the valued customers of PKHB Group through a wide retail network expansion and to continue to be a market leader in jewellery industry.

PKHB's future prospects are to strengthen and remain as a market leader, predominantly in the manufacturing, and retailing of yellow gold in the showroom and continuous emphasis on yellow and white gold, diamonds and gems, as well as on the potential growth of PKHB Group's in-house brands such as "**Tranz**", "**Anggun**" and "**Happy Love**".

PKHB Group is also optimistic that retail sales will continue to grow due to the festive spending, the Government's ETP goals towards a high income society and the demand for gold remain resilient as customers continue to purchase gold not only as form of personal adornment or gift but also as a form of investment to hedge against inflation and global financial uncertainties.

PKHB Group is confident of maintaining its market leadership as the premier and largest jewellery retail chain as it look towards expanding its retail network, by identifying strategic locations with potential for future growth, enhancing merchandise mix and refurbishment of existing stores to give brands an uplift and a new look.

PKHB had put in place cost control measures and product initiatives as it recognizes the impact and importance of these measures and initiatives in strengthening the fundamentals and performance of PKHB Group.

PKHB's growth strategies include expanding the Group's network outlets, the diversification of its products (vis-a-vis design and materials) and continuous brand development. PKHB Group has set its focus on expansion and growth by opening larger outlets in key locations such as Klang Valley, Malacca and Penang.

4.9 Financial Highlights of PKHB Group

The following table summarises PKHB Group's financial highlights from the financial year ended 31 July 2006 to 31 July 2010 and the unaudited results of financial year ended 31 July 2011:-

Income Statements

RM in '000	2006	2007	2008	2009	2010	Unaudited financial year ended 31 July 2011
Revenue	372,124	414,239	509,354	541,636	561,244	692,495
Profit before taxation	35,140	25,365	39,956	38,558	44,799	57,486
Profit after taxation	26,089	18,416	28,766	28,420	32,517	41,638

Financial Position

RM in '000	2006	2007	2008	2009	2010	Unaudited financial year ended 31 July 2011
Total Assets	360,708	424,232	501,319	490,109	509,642	574,720
Total Liabilities	152,238	187,302	236,739	202,853	199,104	228,290
Borrowings	75,764	144,896	172,281	146,222	135,625	150,009
Shareholders' Funds	206,746	233,495	261,065	283,765	310,537	346,430
Current Ratio (times)	2.46	3.31	3.02	2.87	3.49	2.65
Gearing Ratio (times)	0.37	0.62	0.66	0.52	0.44	0.43

(Source: PKHB Annual Report 2010, 2009, 2008, 2007 and Quarterly Report for the financial period ended 31 July 2011)

Unaudited financial year ended 31 July 2011

PKHB Group recorded RM692.5 million in revenue during the financial year ended 31 July 2011. Increase in revenue was primarily driven by better sales from its existing stores, promotional activities carried out under the Poh Kong 35th Year Anniversary Celebration, and coupled with increase in gold price.

In line with the above, PKHB Group recorded approximately RM57.48 million of profit before tax ("PBT"), which is approximately 28.3% higher as compared to the preceding year. Higher PBT level was also attributable to higher sales and lower operating cost.

As at 31 July 2011, PKHB had approximately RM150.0 million of borrowings, of which about 83% are short term in nature comprising primarily banking facilities (67%) and Commercial Papers and Medium Term Notes (33%). Long term borrowings are primarily term loans. Against these borrowings, PKHB had fixed deposits and cash balances of about RM23.6 million as at 31 July 2011. The gearing ratio remained at a healthy level of 0.43 times.

In addition, PKHB's current ratio remained strong at 2.65 times, attributable to PKHB Group's large inventory pile, i.e., gold/gold jewellery which can be melted, purified and sold in the gold market to meet liquidity requirements. Besides gold/gold jewellery, PKHB Group's inventories also consist of white gold, platinum and diamond and gems jewellery which are also high in value.

Financial Year Ended 31 July 2010

During the financial year ended 31 July 2010 ("FYE2010"), PKHB Group achieved a 3.62% increase in revenue of RM561.2 million as compared with RM541.6 million in revenue for its previous financial year 2009 ("FYE2009"). Higher revenue was primarily driven by higher sales recorded from its existing stores. Gold jewellery remains PKHB Group's main contributor to revenue, and at the same time, PKHB Group has persistently step up its sales of diamonds and gems through its products and branding initiatives.

PBT for FYE2010 stood at RM44.8 million, an increase of RM6.2 million or a 16.1% growth as compared to RM38.6 million in FYE2009. The better performance and improved PBT level was primarily attributable to improved profit margin, increase in sales revenue and overall lower operating cost.

As at 31 July 2010, PKHB's carried about RM383.6 million in inventories and as a result, PKHB Group's current ratio improved to 3.49 times from 2.87 times in FYE2009. Meanwhile, borrowings stood at RM135.6 million against cash balances of RM19.6 million. With a healthy capital structure, PKHB Group's gearing ratio remained low at 0.44 times.

4.10 Proposed Restructuring of PKHB Group

PKHB Group's proposed group wide reorganization exercise involves consolidation of the Group's existing business activities into six main activities namely:-

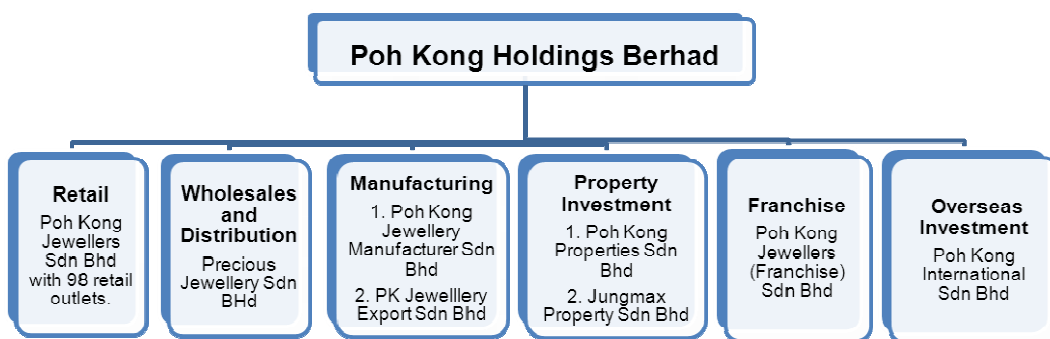
- (i) Retail;
- (ii) Wholesales and Distribution;
- (iii) Manufacturing;
- (iv) Property Investment;
- (v) Franchise; and
- (vi) Overseas Investment

The existing group structure and business activities of PKHB Group are as follows:



PKHB will carry out internal reorganisation and ultimately wind up the non-key/dormant subsidiaries. The proposed consolidation and reorganisation of the group structure is to categorize its business operations to specific functions. PKJ will be used to acquire all the 98 retail business, which is currently held under 36 registered companies. The reorganisation of the subsidiaries will result in PKJ being the sole entity managing all of the 98 retail outlets.

Post reorganisation, PKHB Group structure shall be as follows:-



Currently, PKHB Group has existing banking facilities extended by several financial institutions. In line with the proposed reorganization, PKHB Group intends to consolidate its existing banking facilities amongst the existing financial institutions with the new borrowings structure to comprise primarily Bankers' Acceptance and the proposed ICP/IMTN Programme.

5 INVESTMENT CONSIDERATION

Each issue of the Sukuk will carry different risks and all prospective Investors of the ICP/IMTN Programme should consider carefully all information set out in this Information Memorandum and, in particular, the following risks involved. The Sukuk is subject to certain risks that could adversely affect the business of the Issuer. The following section does not purport to be complete or exhaustive. Prospective Investors should undertake their own investigations and analysis on the Issuer, its business and risks associated with the ICP/IMTN Programme. The information contained in this Information Memorandum includes forward-looking statements, which implies risks and uncertainties. The Issuer's actual results could differ materially from those anticipated in these forward-looking statements and/or otherwise projected as a result of certain factors, including but not limited to those set forth in this section.

5.1 Risks Relating to the Issuer

5.1.1 Competition

PKHB Group faces product competition from jewellery retailers and manufacturers in Malaysia and from overseas. There are approximately 3,500 jewellery retailers in Malaysia, which places significant competitive pressure on PKHB Group's business. Imports also contribute to competitive pressure as there is a significant proportion of imported jewellery in Malaysia, either sold through authorised dealers or carried under the original brand.

PKHB Group mitigates competitive pressure in the following manners:

- (i) PKHB Group's established track record, consumer awareness of its "Poh Kong" brand and continuing brand building provides consumer confidence of the quality of its products in creating strong customer loyalty;
- (ii) PKHB Group has the largest number of retail outlets in Malaysia providing maximum reach to consumers to compete against other retailers.
- (iii) PKHB Group undertakes its own manufacturing enabling them to create exclusive design in contrast to many other retailers that buy common design products from wholesalers;
- (iv) PKHB Group introduces a diverse range of jewellery to cater to different target customers; and
- (v) PKHB Group undertakes significant research and development, particularly in the areas of product design to ensure that its products are contemporary, abreast of fashion trends and meet the needs of different segments of the market.

While PKHB Group is constantly improving its operations to remain competitive, no assurance can be given that PKHB Group will be able to maintain its existing market position in the future.

5.1.2 Gold and its Investment Appeal

One of unique characteristics of gold jewellery is that it has intrinsic investment value in addition to its aesthetics value. There is a strong perception that gold jewellery can easily be exchanged for at the prevailing price of gold. To reaffirm this perception many gold jewellers have buy-back policies that guarantee repurchase of gold jewellery from customers. The intrinsic investment value has provided gold jewellery an added advantage and appeal over all other precious metals and gemstones.

However, if gold loses its intrinsic investment value, gold jewellery may lose its appeal and will materially affect PKHB Group's business.

In mitigation, PKHB Group provides a wide range of jewellery based on non-gold precious metals including silver and platinum, as well as gemstones and gemsets. PKHB Group also monitors trends closely such that they are able to react strategically if it detects any material divergence in preference from gold jewellery.

5.1.3 Threat of Substitute Product

Gold jewellery products face competition from costume or imitation jewellery and other precious metal jewellery products such as silver. However, costume jewellery will not be able to replace or substitute gold jewellery entirely as costume or imitation jewellery and silver cater to a different market segment and do not have any significant investment value. The price range for costume or imitation jewellery and silver is much lower and more affordable compared to other precious metals or gemstone jewellery, which is mainly used as fashion accessories. As gold is an internationally traded commodity and pegged to international gold prices (quoted in USD), it is more liquid in nature as compared to other precious jewellery and is therefore more marketable.

PKHB Group will nevertheless strive to mitigate this risk by continuous emphasis on innovative product designs and quality of its gold jewellery. Also, prompt attention will be taken to ensure that PKHB Group's products are kept in line with the current market changes due to consumer tastes and fashion trends.

Another risk that PKHB Group faces is the possibility of a divergence in preference from gold to other precious metals, for example silver or platinum, or gemstones. Any significant move away from gold jewellery could have an impact on the business of PKHB Group.

In mitigation, PKHB Group provides a range of jewellery based on non-gold precious metals including silver and platinum, as well as gemstones and gemsets. Additionally, it has a wide range of jewellery made from white gold, which are primarily gold and palladium alloy that looks very similar to silver. PKHB Group also monitors trends closely such that they are able to react strategically if it detects any material divergence in preference from gold jewellery. PKHB Group monitor trends through internal sales analysis, participation in international exhibitions, constant dialogues with other players in the market and keeping up-to-date with fashion magazines and publications.

5.1.4 Fluctuations in Raw Material Prices

As gold is a major raw material for the manufacturing of gold and white gold jewellery, operators will be exposed to fluctuations in global gold prices. Prices of gold tend to increase during times of crisis such as an impending threat of war or world economic downturn as gold is the next most liquid form of investment after cash, stocks and bonds. Fluctuations in world prices for gold will directly impact on the cost of raw materials for operators in the manufacturing of gold jewellery. In addition, the increase in gold prices may also adversely affect consumer demand reducing the affordability for gold jewellery.

However as increases in the price of gold are passed back immediately to the consumer at the point of purchase, this somewhat reduces the impact of rising cost of raw materials on the operations of PKHB Group. In addition, the spread between buying and selling prices provides some buffer for PKHB Group.

In addition, the Group has its own refinery system to refine gold jewellery repurchased from customers as its alternative form of raw material. This alternative source of raw material enable the Group to enjoy a lower cost of production hence reduces the impact of fluctuation in raw material prices.

5.1.5 Customers and Suppliers Concentration

PKHB Group has major customers which are primary customers and supporters of PKHB Group's business. In addition, any adverse socio-economic factors, such as decline in customer confidence, purchasing power and employment rate will impact PKHB Group's business. In mitigation, PKHB Group has a large retail base providing it with consumer diversity and wide coverage to minimise the impact of negative socio-economic factors in any one sector or negative trends. PKHB Group is dependent on suppliers for gold bullion for its manufacturing requirements and finished jewellery for retailing. Any interruption in supply would adversely impact on PKHB Group's business. In mitigation, PKHB Group has a diverse pool of suppliers. PKHB Group is also dependent on gold bullion as raw materials for its manufacturing activities. With local production being insufficient to meet local needs, any interruption in imports of gold bullion would materially impact on PKHB Group's business.

In mitigation, gold is a commodity that is readily available in the world market. In addition, there has been no shortage in supply of gold in recent history. Although PKHB Group seeks to limit these risks, no assurance can be given that any change to these factors will not have a material effect on the business of PKHB Group.

5.1.6 Dependencies on Skilled Craftsmen and Designers

PKHB Group's continuing success is dependent on the quality and design of its products. As such, it relies on the skills of its craftsmen, designers and research and development team to keep abreast of fashion trends, create innovative and appealing designs, and maintaining high product quality standards. Thus, inability to retain or continually attract new skilled personnel would have an adverse impact on PKHB Group's business.

Recognising the importance of skilled craftsmen and designers to its business, PKHB Group has taken efforts to ensure that they are retained and new recruits are attracted to join PKHB Group. Primarily these efforts are focused on creating a conducive and attractive working environment as follows:

- (i) Providing continuous professional development through in-house and external training, and opportunities to pursue new designs and products;
- (ii) Providing clear career path to recognise and reward experience, skills and work performance ;and
- (iii) Ensuring compensation packages are in-line with market rates.

Craftsmen and designers are being recruited and groomed for succession planning purposes so as to ensure the consistency of PKHB Group's quality of products manufactured in the long term. PKHB Group is confident of strengthening its position as Malaysia's premier jewellery chain, judging by the quality and high standard of its products. Although PKHB Group has made continuous efforts to ensure that there is no shortage of skilled craftsmen and designers, there can be no assurance that the above measures will always be successful.

5.1.7 Ownership and Control of PKHB Group

Poh Kong Sdn Bhd is the ultimate holding company and a controlling shareholder, holding approximately 58% equity interest of the issued and paid-up capital of PKHB as at 30 September 2011.

As a result of Poh Kong Sdn Bhd's majority shareholding, it will be able to control the outcome of certain matters requiring the vote of the Company's shareholders unless they are required to abstain from voting by law and/or the relevant authorities.

5.1.8 Directors, Key Management and Key Personnel

PKHB Group relies to a significant extent on some of its existing Directors and senior management for its business directions and effective implementation of business strategy. The loss of existing key members of the management team of PKHB Group could adversely affect its ability to operate its business or to compete in the industry, and in turn, affect its financial performance and prospects. Every effort is being made to groom the next level of the management team to ensure a smooth transition, should any change occur. Although with the management succession plan in place, there is no assurance that any change to the existing management team of PKHB Group have no material effect on the business operating results and financial conditions of PKHB Group.

PKHB Group believes that its continued success depends to a significant extent on the abilities and continued efforts of its key personnel. The loss of any key personnel could adversely affect PKHB Group's business and continuing ability to compete in the jewellery industry. PKHB Group's future success is dependent upon its ability to attract and retain skilled personnel.

PKHB Group is committed to providing continuous training to its employees in order to retain key personnel. Despite these efforts, PKHB Group cannot assure that such measures will always be successful in retaining key personnel in PKHB Group.

5.1.9 Security and Operational Risk

PKHB Group's inventory mainly consists of gold and jewellery, therefore, security measure is vital to protect any loss due to theft or robbery. PKHB Group has taken adequate preventive and precautionary measures through the implementation of security measures such as the installation of closed circuit television ("CCTV"), installation of grille in gold counters and the engagement of internal and external security guards. To ensure the security of PKHB Group's inventory, other security measures have been taken, such as the use of different entrances for operators and non-operators and also the use of a Central Monitoring System ("CMS"). Strong rooms and safes are also available for the storage of the inventory of gold and jewellery. Although the management strives to mitigate these risks, no assurance can be given that the security measures are adequate in the long-term to prevent any loss due to theft or robbery.

Other potential operational risks which include fire outbreak, disruption to electricity supply, flood and water shortage would impact the business operations of PKHB Group. In mitigation of these risks, PKHB Group has put in place the following risk management or practices:-

- (i) PKHB Group has a strict policy of practising and maintaining safety standards including its own 24-hour security with CCTV monitoring each area of the manufacturing plant to maintain the highest level of security including the risk of a fire.
- (ii) As part of PKHB Group's safety procedures, PKHB Group has a fire protection water sprinkler system covering all the retail outlets and the entire manufacturing plant, which will be activated automatically in the event of a fire.
- (iii) PKHB Group has its own water storage tank in the manufacturing plant to cater to any water shortages.
- (iv) PKHB Group has its own electricity generator in the manufacturing plant and is therefore not expected to be significantly impacted by any disruption in electricity supply.
- (v) PKHB Group has adequate insurance coverage on the manufacturing plant, retail outlets, production equipment and machinery, and office equipment

against any risk of fire or flood. PKHB Group has not taken any coverage against the disruption in electricity supply as management is of the view that its manufacturing and retail operations will not be significantly affected.

However no assurance can be given that even with the existing risk management practise, PKHB Group will not be affected in the event of a fire, flood or energy crisis.

5.1.10 Insurance Coverage on PKHB Group's Assets

At present, PKHB Group's inventory of raw materials, finished products are insured at market rate against unforeseen circumstances such as fire, loss, damage, robbery and theft, while PKHB Group's furniture, fixtures and fittings are insured at replacement value.

Although all reasonable steps have been taken by PKHB Group to ensure that all its assets are adequately covered by insurance, no assurance can be given that the insurance coverage would be adequately for the replacement cost of the assets of PKHB Group in the future.

5.1.11 Branding

PKHB Group markets a range of its products under the brand name of "**Poh Kong**", its in-house brand names of "**Anggun**" and "**Tranz**", and under the authorised licensed brand name of "**Disney**". The marketing of "**Tranz**" is primarily targeted at the young generation, the "**Disney**" brand name is targeted for children and young teenagers, while the "**Anggun**" collection, which incorporates traditional Malay motifs in the design to delight the aesthetic taste of Malay customers.

In 2007, PKHB Group collaborated with Schoeffel, a German-based pearl jeweller, in making Poh Kong the exclusive distributor with territorial rights to promote and expand the Schoeffel brand in Malaysia and Southeast Asia.

In 2009, Luca Carati, one of Italy's oldest and prestigious jewellers, had granted Poh Kong exclusive right to distribute its jewellery in Malaysia.

Accordingly, there can be no assurance that PKHB Group will be able to protect its proprietary rights against unauthorised third party copying, use of exploitation, continue its exclusive distributorship with Schoeffel and Luca Carati, any of which could have a material adverse effect on PKHB Group's business operating results and financial conditions.

The Directors believe that the risk is however relatively low as PKHB Group has successfully developed brand equity for its corporate name "**Poh Kong**". This corporate brand building would provide consumers with assurance of its products.

5.1.12 Foreign Exchange Fluctuation

PKHB Group is exposed to various currencies fluctuation mainly US Dollar, Euro and Hong Kong Dollar. Foreign currency from highly probable purchases may give rise to foreign exchange exposures.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept at an acceptable level. However, there can be no assurance that even with the existing currency controls, the foreign exchange fluctuation risk which may adversely affect the financial results of PKHB Group.

5.1.13 Holding Company Structure

The Issuer relies on returns of its investment portfolio and investment income, including interest and dividends from its subsidiaries to meet its obligations under the ICP/IMTN Programme. The ability of the Issuer's subsidiaries to pay dividends to the Issuer is in turn dependent on the financial performance of its subsidiaries and the compliance to all governing laws and restrictions on the said payments contained in relevant financing agreements or other agreements.

In the event of any winding up, dissolution or liquidation of the subsidiaries, the claims of the creditors of such subsidiaries will have priority over the assets of such subsidiaries over and above the claims of the Sukukholders.

5.1.14 Interest Rate Fluctuations

PKHB Group's primary interest rate risk relates to interest-bearing financial instruments. The investments in financial assets are mainly short-term in nature and have been mostly placed in fixed deposits which yield better returns than cash at bank.

PKHB Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. PKHB Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes. However, there can be no assurance that the base lending rates or costs of funds of its financiers would maintain at the current level in the future. Any adverse change in the interest rate regime may affect the financial performance of PKHB Group.

5.1.15 Political, Economic and Regulatory Considerations

Adverse developments in general political, economic and regulatory conditions in Malaysia and other jurisdictions in which the Issuer operates including changes in inflation, methods of taxation and/or introduction of new regulations could materially and/or adversely affect the business and financial prospects of the Issuer.

Although measures may be taken by the Issuer to address and/or mitigate such developments, no assurance can be given that such measures would be sufficient or effective in the circumstances.

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5.2 Risks Relating to the Sukuk

5.2.1 Issuer's Ability to Meet Its Obligations Under the Programme

The ability of the Issuer to meet its obligations to pay the profit and principal sum of the Sukuk will depend on the Issuer's income, revenue and return on its investment portfolio which in turn is dependent on the financial performance of its subsidiaries. The Sukuk shall constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer. The Sukuk will not be the obligations or responsibilities of any other person other than the Issuer and shall not be the obligations or responsibilities of, or guaranteed by any of the JLAs, the Facility Agent, the Trustee or any subsidiary or affiliate thereof, and any other person involved or interested in the Sukuk. None of such person will accept any liability to the Sukukholders in respect of any failure by the Issuer to pay any amount due under the Programme.

5.2.2 Rating

RAM has assigned an initial rating of P1 for the ICPs and an indicative rating of AAA(fg) for the IMTNs. A rating is not a recommendation to purchase, hold or sell the Sukuk as such a rating does not comment on the market price or suitability for a particular investor. There is no assurance that a rating will remain in effect for any given period of time or that a rating will not be lowered, suspended or withdrawn entirely by an assigned rating agency in the future, if, in its judgment, circumstances in the future so warrant.

In the event that the ratings initially assigned to the Sukuk are subsequently downgraded for any reason, no person or entity will be obligated to provide any additional credit enhancement with respect to the Sukuk. Any downgrading or withdrawal of a rating may have an adverse effect on the liquidity and market price of the Sukuk. Downgrading or withdrawal of a rating will not constitute an event of default or an event obliging the Issuer to prepay the Sukuk. There is no specific obligation on the part of the JLAs, the Trustee or any other person or entity to maintain or procure maintenance of any rating for the ICP/IMTN Programme.

5.2.3 Liquidity of the Sukuk

The Sukuk comprise a new issue of securities for which there is currently no established secondary market. There can, therefore, be no assurance that a secondary market will develop or, if a secondary market does develop, as to the liquidity of that market for the Sukuk or that it will continue for the entire tenor of the ICP/IMTN Programme. Furthermore, there can be no assurance as to the ability of investors to sell their securities or the prices at which investors would be able to sell their Sukuk.

5.2.4 Market Value of the Sukuk may be Subject to Fluctuation

Trading prices of the Sukuk may be influenced by numerous factors, including the operating results and/or financial condition of the Issuer, political, economic and any other factors that can affect the capital markets. Any adverse economic developments could have an effect on the market value of the Sukuk.

Sukukholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Sukuk. An unexpected increase in inflation could reduce the actual return.

The Sukuk are fixed income securities and may therefore see their price fluctuate due to movements in interest rates. Generally, a rise in interest rates may cause a fall in securities prices. The Sukuk may be similarly affected resulting in a capital loss

for Sukukholders. Conversely, when interest rates fall, prices of securities and the prices at which the Sukuk trade may rise. As a result thereof, Sukukholders may enjoy a capital gain.

5.2.5 Forward Looking Statements

Certain statements in this Information Memorandum are based on historical data, which may not be reflective of the future results, and others are forward-looking in nature, which are subject to uncertainties and contingencies. All forward-looking statements are based on estimates and assumptions made by the Issuer, and although the Board of the Issuer believes that these forward-looking statements are reasonable, the statements are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of forward-looking statements in this Information Memorandum should not be regarded as a representation or warranty by the Issuer or its advisers or managers, and there can be no assurance that the plans and objectives of the Issuer will be achieved. A deterioration in the financial condition of the Issuer could adversely affect the market value of the Sukuk and the ability of the Issuer to make payments under the Sukuk when due, if at all.

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6 INDUSTRY OVERVIEW

This section provides a general economy overview and a specific industry overview, which may directly and indirectly affect the business performance of the Issuer. The following paragraphs are extracted from the relevant sections of the various sources as disclosed herein. Neither the Issuer, any one of the JLAs nor any other party has verified or will be held responsible for any information contained herein.

6.1 The Malaysian Economy

Overview

In 2010, the Malaysian economy experienced a strong resumption of growth, recording an expansion of 7.2% following the downturn in 2009. Growth was driven mainly by robust domestic demand; and primarily by private sector activity. In particular, private consumption expanded firmly during the year, underpinned by the improvement in labour market conditions, a steady increase in income, more optimistic consumers and continued access to credit. The improvement in labour market conditions was reflected in the stronger growth of employment, lower retrenchments and lower unemployment rate.

(Source: Bank Negara Malaysia Annual Report 2010)

In the second quarter of 2011, the Malaysian economy registered a growth rate of 4.0% (1Q11: 4.9%, 4Q 10: 4.8%) following a weaker external environment. The overall weakness in the advanced economies and the disruptions in the global manufacturing supply chain stemming from the disaster in Japan, were reflected in the slowdown in the manufacturing sector. Nevertheless, overall growth continued to be underpinned by the sustained expansion in domestic demand, further supported by higher private sector spending, strong exports of commodities and resource based products given the favourable regional demand and high commodity prices. On the supply side, growth in most economic sectors moderated during the quarter due mainly to weaker global environment and the production disruptions following the disaster in Japan in March 2011.

Domestic demand grew by 5.2% in the second quarter (1Q11:6.9%), supported mainly by the expansion in private sector spending and public consumption. Private consumption registered a strong growth of 6.4% (1Q11: 6.7%) supported by favourable labour market conditions, positive consumer sentiments and continued income growth. Public consumption increased by 4.0% (1Q11: 8.9%), due to higher expenditure on emoluments and supplies and services. Growth in gross fixed capital formation moderated to 3.2% (1Q11:6.5%) mainly due to lower public investment. Public sector capital investment was channelled mainly into the transportation, education and industrial sectors.

On the supply side, most major economic sectors moderated during the second quarter as manufacturing sector slowed due mainly to weaker global environment and the productions disruptions. Nevertheless, growth in the services sector was sustained at 6.3 (1Q11: 6.4%) supported by domestic private sector spending.

The headline inflation rate, as measured by the change in the Consumer Price Index (CPI), rose to 3.3% on an annual basis during the second quarter of 2011. (1Q11: 2.8%), driven by supply factors, mainly in food and non-alcoholic beverages, and transportation.

Outlook

While the moderation in the global growth in the second quarter was mainly due to temporary factors arising from global supply chain disruptions and high commodity prices, fiscal and debt conditions in several of the advanced economies had also contributed to increased uncertainties and heightened financial market volatilities which affected overall confidence. Going forward, global growth is expected to remain positive, supported by economic activity in most of the emerging economies and the improvement in the global supply chain. The overall global recovery, however, will continue to be constrained by the structural weakness in the advanced economies. In addition, prolonged uncertainty in the financial markets could also weigh down on real economic activity.

In Malaysia, while the global supply disruptions affected production and trade in the second quarter, the underlying strength of the domestic economy remained intact as domestic demand continued to support growth. Going forward, the downside risks to external demand have increased following heightened uncertainties in the external environment. Nevertheless, domestic demand is expected to remain resilient and support growth amidst sustained private consumption, strong private investment and faster pace of implementation of public sector projects in the second half of the year.

(Source: Bank Negara Malaysia Quarterly Bulletin for Second Quarter 2011)

6.2 The Malaysian Jewellery Industry

Overview

The jewellery industry in Malaysia has progressed from its humble beginnings comprising of family-owned small-scale businesses catering to the local market, to being one of the major exporters of jewellery in the Asian region. The local jewellery industry can be broadly categorized into two segments:-

(a) Precious metals and gemstone jewellery

- Jewellery made of precious metals such as gold, silver and platinum.
- Precious metals set with diamonds, sapphires, rubies, emeralds and others.

(b) Costume or imitation jewellery

- Jewellery made from various types of materials such as plastics, glass, metals, and others.

In 2010, exports of jewellery have increased by 12.8 per cent to RM5.55 billion compared with RM 4.92 billion in 2008. This sector was ranked as the 13th largest contributor to export of manufactured goods, accounting for 1% market share. Jewellery of gold, silver and platinum was the main export item in 2009, valued at RM4.77 billion (2008: RM4.706 billion). It registered an increase of 1.4% with a share of 86% of total exports for this sub-sector. The second largest export item was articles of precious metals, which expanded significantly by 287.2% to RM754 million with a 13.6% share of exports. The third major export item of jewellery was imitation jewellery valued at RM 22.8 million with a share of 0.4%. Exports of imitation jewellery had increased by 8.6% in 2009.

The UAE remained the largest export market for jewellery, registering a growth of 3.7%. Exports of jewellery to the UAE amounted to RM3.62 billion, accounting for 65.2% share of total exports of jewellery. 99% of jewellery export to UAE is jewellery of gold, silver & platinum. Singapore was Malaysia's second largest export market for jewellery. It accounted for 15.5% share of total exports of jewellery, valued at RM857.7 million. Exports of jewellery to Singapore had increased by 6.7% this year,

whereby 94% of of jewellery export to Singapore was jewellery of gold, silver& platinum. 6% export to Singapore was other articles of precious metal. United States of America was Malaysia's third largest export market for jewellery in 2009 with a value of RM89.9 million, decreased by 17.9%. United States of America imported 88% Malaysia's jewellery of gold, silver and platinum, 16% was other articles of precious metals and 2% imitation jewellery.

Prices for gold and jewellery have been increasing rapidly over the years. This has caused a drop in the demand for jewellery, even in India which is the largest consumer of gold jewellery. If costs of gold and other precious metals such as silver and platinum continue to escalate, demand for jewellery would decrease and thus affect jewellers and the industry. Malaysian jewellery companies would need to come up with proactive measures to compete in pricing in order to sustain businesses, in addition to challenges in balancing out pricing against the volatility of gold prices.

(Source: Malaysia External Trade Development Corporation website - www.matrade.gov.my)

Outlook

The local gold and jewellery industry plays a vital role in contributing to the economic growth in the country and it is set to grow. The new import tax exemption policy accorded by the government to categories such as jewellery will make the industry more appealing to international traders. Under the 2011 Budget, the government announced that import duty on jewellery-related products such as gold, silver, diamonds, platinum, jade and pearls are to be abolished, effective this year.

(Source: Business Times, 23 April 2011 - New Policy Adds Lustre to Malaysia Jewellery Industry)

The jewellery industry will continue to face keen competition from low-cost producers such as India, Thailand, Indonesia and China. Malaysian companies will need to invest in more advanced methods of production to increase its quality of products as well as to strengthen their value added activities such as designing and marketing in order to sustain competitiveness. The industry has the potential to successfully compete against the luxury goods industry and preserve its traditional domination of the consumer's spending.

(Source: Malaysia External Trade Development Corporation website - www.matrade.gov.my)

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7 OTHER MATERIAL INFORMATION

7.1 Material Contingent Liabilities

As at 30 September 2011, the Board of Directors of the Issuer are not aware of any material contingent liabilities, which upon becoming enforceable may have a substantial impact on the financial position and/or businesses of PKHB Group.

7.2 Material Commitments

Save as disclosed below, the Board of Directors are not aware of any material commitments as at 30 September 2011:-

1. Property, plant and equipment (Contracted but not provided for)	RM1,817,730.00
Total	<u>RM1,817,730.00</u>

7.3 Material Litigation

As at 30 September 2011, the Board of Directors are not aware of any material litigation, arbitration or administrative proceedings in which the Issuer and/or PKHB Group are involved, either as plaintiff or defendant.

7.4 Material Contracts

As at 30 September 2011, there are no contracts entered into by the Issuer which are material in the context of the issue of the Sukuk save and except for the following:

The Programme Agreement and all related documents dated 14 August 2006 in respect of the Issuer's issuance of the existing Islamic Commercial Papers and Islamic Medium Term Notes Programme of up to RM200.0 million in nominal value jointly arranged by CIMB Investment Bank Berhad and Maybank IB.

7.5 Related Parties Transactions

Save as disclosed in the latest Annual Report in Appendix II, PKHB Group has not entered into any transaction which involves the interest, direct or indirect, of the Directors, major shareholders and/or persons connected with them as defined under Section 122A of the Act.

7.6 Conflict of Interest and the Appropriate Mitigating Measures

Save as disclosed below, after making enquiries as were reasonable in the circumstances, we are not aware of any circumstances, which may potentially give rise to a conflict of interest in this transaction:

- A. Maybank IB and RHB Investment Bank acting as the JLA and the Facility Agent, (where applicable) for the Programme

Maybank IB

Maybank IB is a wholly-owned subsidiary of Malayan Banking Berhad (“**Maybank**”). Maybank has as at 30 September 2011 extended various banking facilities amounting to RM94.13 million to PKHB Group. The proceeds raised from the ICP/IMTN Programme may be utilised to repay part of the abovementioned banking facilities extended by Maybank to PKHB Group.

In view of the above, there is a potential conflict of interest arising from Maybank IB’s role as the JLA and Facility Agent for the ICP/IMTN Programme.

RHB Investment Bank

RHB Investment Bank and its related companies (collectively to be referred to as “RHB Banking Group”), have as at 30 September 2011 extended banking facilities amounting to RM15.0 million to PKHB Group.

In view of the above, there is a potential conflict of interest arising from RHB Investment Bank’s role as the JLA for the ICP/IMTN Programme.

B. Maybank Islamic Berhad (“Maybank Islamic”) acting as the Shariah Adviser for the ICP/IMTN Programme

Maybank Islamic is a wholly-owned subsidiary of Maybank. The Shariah Committee of Maybank Islamic is acting as the Shariah Adviser in respect of the ICP/IMTN Programme.

In view of the credit facilities extended to PKHB Group by Maybank, there is a potential conflict of interest arising from Maybank Islamic’s role as the Shariah Adviser for the ICP/IMTN Programme.

C. Mayban Trustees Berhad (“Mayban Trustees”) acting as the trustee for the ICP/IMTN Programme

Mayban Trustees, the appointed trustee, is a related corporation of Maybank. Maybank has, within its ordinary course of business, extended to PKHB Group, several credit facilities which would make Mayban Trustees not eligible to act as a trustee under Section 260(2) of the Capital Markets and Services Act, 2007, without the approval of the SC.

In order to address the above, Mayban Trustees is submitting to the SC, a declaration in the form set out in Appendix 1 of the Guidelines on Allowing a Person to Be Appointed or to Act as a Trustee under Subsection 69(2) Of The Securities Commission Act 1993 (now Subsection 260(2) of the Capital Markets and Services Act, 2007).

Maybank IB, RHB Investment Bank, Maybank Islamic and Mayban Trustees have considered the potential conflicts of interest set out above and believe that objectivity and independence in carrying out their respective roles have been and will be maintained at all times for the following reasons:

- (i) The role is governed by separate and legally binding agreements specifying the respective functions, rights, duties and responsibilities of the JLA, Shariah Adviser and Trustee. Such agreements will also contain terms and conditions

to protect the interests of potential investors of the ICPs/IMTNs, and where applicable, will comply with all relevant regulatory requirements;

- (ii) Maybank IB and RHB Investment Bank is a licensed investment bank regulated by Bank Negara Malaysia and the SC and governed under, inter alia, the Banking and Financial Institutions Act, 1989 and the CMSA;
- (iii) The Shariah Committee of Maybank Islamic comprises of independent Shariah scholars from various jurisdictions;
- (iv) Mayban Trustees' appointment as the Trustee for the ICP/IMTN Programme is subject to subsection 260 (2)(d)(i) of the CMSA;

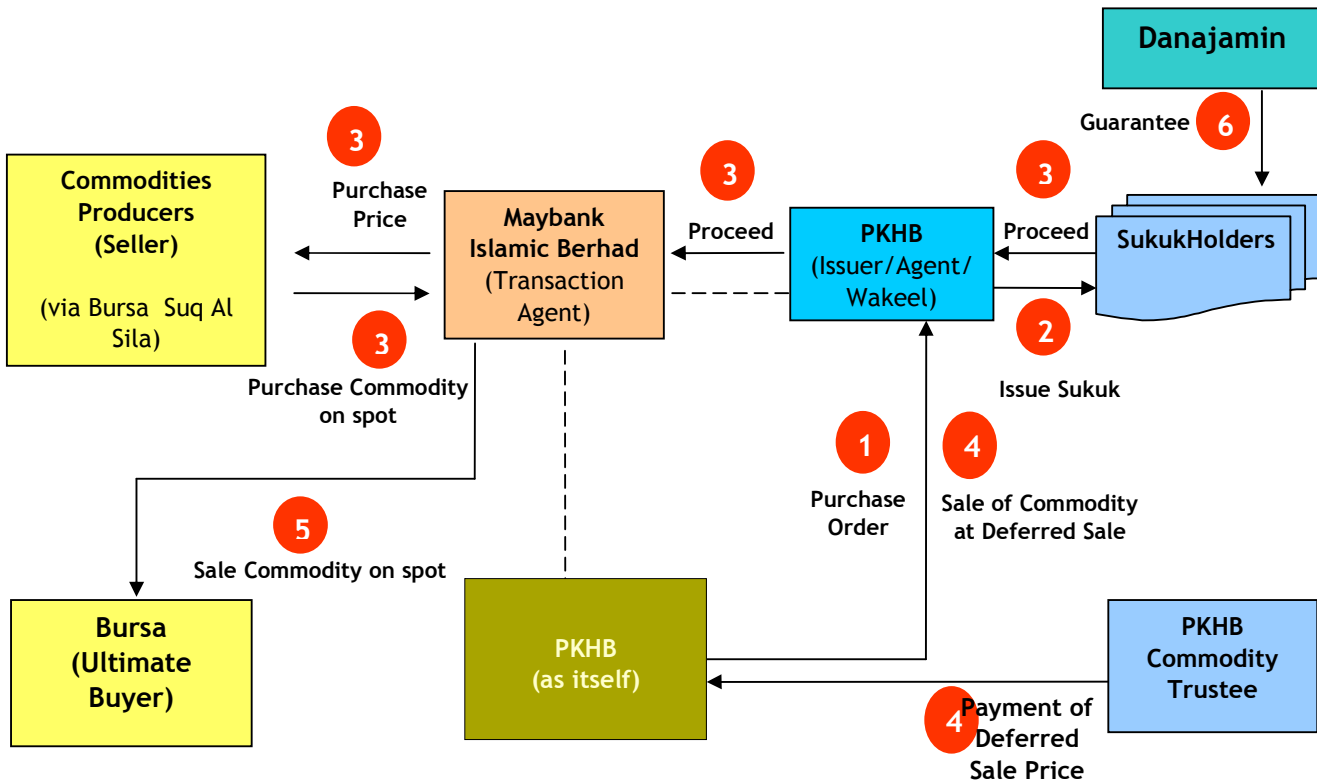
In order to mitigate or address any potential conflicts of interest from Maybank IB, RHB Investment Bank, Maybank Islamic and Mayban Trustees's roles, the following measures have been taken:-

- (i) the potential conflicts of interest situations have been brought to the attention of the Board of Directors of PKHB and it is hence fully aware of the same. Despite such potential conflicts of interest situations, the Board is prepared to proceed with the implementation of the Programme based on the present arrangement and terms.
- (ii) Maybank IB and RHB Investment Bank as major arrangers and managers in the Malaysian Private Debt Securities market are committed to upholding their professional integrity and responsibilities in relation to the Programme;
- (iii) due diligence review pursuant to the Programme has been undertaken by professional advisers; and
- (iv) disclosure will also be made to all prospective investors in the information memorandum to be issued by the Issuer.

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APPENDIX I

DIAGRAMMATIC ILLUSTRATION OF THE ICP/IMTN STRUCTURE



Step	Description
1	Upon receiving a purchase order (the “ Purchase Order ”) from PKHB (as itself), PKHB (as the Agent) shall appoint MIB as CTP (if applicable) to purchase the Commodities from the Seller at a purchase price (the “ Purchase Price ”) on a spot basis (“ Purchase Transaction ”). In the Purchase Order, PKHB will irrevocably undertake to purchase the Commodities from the Sukukholders through the Commodity Trustee, at a price equivalent to the Purchase Price and a profit margin (the “ Deferred Sale Price ”) payable on a deferred payment basis (in instalment).
2 & 3	Upon purchasing the Commodities from the Seller, the Agent shall pay the Purchase Price from the Sukuk proceeds received from the Sukukholders arising from the issuance of the ICPs/IMTNs. Under the terms of the ICP/IMTN, PKHB as the Commodity Trustee will declare a trust in favour of the Sukukholders over the Commodities (so long as title thereto is vested in the Issuer) and all rights against PKHB under the Purchase Order (including the right to, and to be paid, the Deferred Sale Price). The ICPs/IMTNs shall evidence the Sukukholders’ ownership of the Commodities and all such rights.
4	The Commodity Trustee shall sell the Commodities to PKHB at the Deferred Sale Price. For the avoidance of doubt, the Deferred Sale Price will be paid by PKHB to the Sukukholders through the Trustee on an instalment payment basis during the tenure of the Sukuk.

5	Thereafter, PKHB will appoint MIB as the CTP (if applicable) to sell the Commodities to the Ultimate Buyer on a spot basis for cash consideration equivalent to the Purchase Price (" Sale Transaction ") which shall be utilized by PKHB for the intended utilization as per clause 2(j) of the Principal Terms and Conditions.
6	Pursuant to the Al-Kafalah Facility, Danajamin shall provide an unconditional and irrevocable guarantee under the principle of Al-Kafalah (" Danajamin Kafalah "), as a continuing obligation, in favour of the Trustee for and on behalf of the Sukukholders under which Danajamin shall agree to guarantee the payment of the Guaranteed Amount for each respective ICPs/IMTNs.

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APPENDIX II

ISSUER'S ANNUAL REPORT 2010 & 2009

APPENDIX III

SUBSTANTIAL SHAREHOLDERS OF THE ISSUER AS AT 30 SEPTEMBER 2011

	< - - Direct - - >		< - - Indirect - - >	
	No. of Shares	%	No. of Shares	%
Poh Kong Sdn Bhd	239,208,886	58.29	-	-
Dato' Choon Yee Seiong	9,228,746	2.25	249,517,528 ⁽¹⁾	60.81
Choon Nee Siew	4,706,742	1.15	252,254,572 ⁽⁴⁾	61.47
Cheong Teck Chong	2,273,928	0.55	239,789,648 ⁽²⁾	58.44
Choon Wan Joo	2,320,080	0.57	255,192,602 ⁽⁵⁾	62.19
Datin Hon Wee Fong	1,814,710	0.44	250,409,444 ⁽³⁾	61.02
Choon Yoke Ying	1,395,072	0.34	256,086,498 ⁽⁵⁾	62.41
Choon Yee Bin	30	^	257,068,034 ⁽⁶⁾	62.65
Mohd Annuar Choon Bin Abdullah	30	^	256,924,534 ⁽⁶⁾	62.61
Choon Yee Fook	82	^	256,896,482 ⁽⁷⁾	62.60
Choong Bee Chu	35,000	0.01	256,886,066 ⁽⁹⁾	62.60
Chong Siew Loi @ Chong Kim Loi	103,012	0.03	241,482,814 ⁽¹⁰⁾	58.85
Cheong Poh See	57,750	0.01	246,196,556 ⁽¹¹⁾	59.99
Cheong Chee Kong	7,000	^	246,247,306 ⁽¹¹⁾	60.00
Choon Ching Yih	1,896	^	256,894,668 ⁽⁸⁾	62.60
Cheong Chee Khoon	-	-	246,254,306 ⁽¹¹⁾	60.00
Choon King Han	35,000	0.01	250,252,342 ⁽¹²⁾	60.98
Pang Cheow Mooi	413,000	0.10	241,482,814 ⁽¹³⁾	58.85
Elizabeth Choon Ee Ling	-	-	250,287,342 ⁽¹²⁾	60.99

Notes:

1. *Deemed interested by virtue of the shareholding of his spouse, child, siblings and his substantial shareholding in Poh Kong Sdn Bhd ("PKSB") pursuant to Sections 6A and 122A of the Act.*
2. *Deemed interested by virtue of the substantial shareholding of his spouse, sibling and children's direct shareholding in PKHB and his substantial shareholding in PKSB pursuant to Sections 6A of and 122A the Act.*
3. *Deemed interested by virtue of the shareholding of her spouse, child, sibling and her substantial shareholding in PKSB pursuant to Sections 6A and 122A of the Act.*
4. *Deemed interested by virtue of the shareholding of her siblings, children and her substantial shareholding in PKSB pursuant to Sections 6A and 122A of the Act.*
5. *Deemed interested by virtue of the shareholding of her spouse, siblings and her substantial shareholding in PKSB pursuant to Sections 6A and 122A of the Act.*
6. *Deemed interested by virtue of the shareholding of his spouse, siblings and his substantial shareholding in PKSB pursuant to Sections 6A and 122A of the Act.*
7. *Deemed interested by virtue of the shareholding of his siblings and his substantial shareholding in PKSB pursuant to Sections 6A and 122A of the Act.*
8. *Deemed interested by virtue of the shareholding of her siblings and her substantial shareholding in PKSB pursuant to Sections 6A and 122A of the Act.*
9. *Deemed interested by virtue of the shareholding of her spouse, siblings, children and her substantial shareholding in PKSB pursuant to Sections 6A and 122A of the Act.*
10. *Deemed interested by virtue of her brother's direct shareholding in PKHB and her substantial shareholding in PKSB pursuant to Sections 6A of and 122A the Act.*
11. *Deemed interested by virtue of the shareholding of his/her siblings and parent's substantial shareholding in PKSB pursuant to Sections 6A and 122A of the Act.*
12. *Deemed interested by virtue of the shareholding of his/her parent's substantial shareholding in PKSB pursuant to Sections 6A and 122A of the Act.*
13. *Deemed interested by virtue of her spouse's direct shareholding in PKHB and the substantial shareholding in PKSB by virtue of Sections 6A and 122A of the Act.*

^ Negligible

THE ISSUER

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Selangor

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RHB Investment Bank Berhad
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RHB Centre
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SOLICITORS

M/S Soo Thien Ming & Nashrah
Advocates and Solicitors
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Selangor

TRUSTEE

Mayban Trustees Berhad
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50050 Kuala Lumpur.

REPORTING ACCOUNTANT

GEP Associates
Chartered Accountants
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Selangor

FACILITY AGENT

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