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`Increase in gold prices will not affect DeGem'

Rizalman Hammim

SECOND Board-bound DeGem Bhd does not expect the increase in gold prices, caused by the recent terrorist attack in the US, to have any significant effect on the company.

Executive director Choong Kai Fatt said as pure gold jewellery contributes only about 20 per cent to the company's revenue, an increase in gold prices will have little impact on DeGem.

"The main product we manufacture are diamond and gem stone jewellery, which I don't think will be affected much by the current gold price fluctuation," Choong said.

However, he said, DeGem has yet to feel the real impact of the higher prices as the crisis happened only a few days ago, adding that business for the company has been going along as usual.

"We also do not expect sales of jewellery and gold ornaments to increase due to the crisis. During the Gulf War, we did not register any significant rise in sales," Choong said.

Choong was speaking to reporters after witnessing the balloting ceremony of DeGem yesterday. Also present at the ceremony were DeGem's chairman Hasan Md Taib, Affin Merchant Bank Bhd's director Tan Sri Arshad Ayub, MIDF Consultancy and Corporate Services Sdn Bhd's director Mahathir Datuk Mohd Ismail and DeGem's board of directors.

DeGem made a public issue of 7 million shares, 4.2 million of which were made available to the public, 2.1 million were reserved for the company's employees and 700,000 reserved for Bumiputera investors approved by the Ministry of International Trade and Industry.

For the public option of the issue, a total of 9,944 applications for 20.68 million shares were received, representing an oversubscription rate of 3.92 times.

"We are glad that the public issue has received good response despite the current uncertain sentiments in the stock market," Choong said.

He added that the company planned to open two new outlets to add to its current 11 outlets this year and has already opened one of them at the Mall.

"We are currently studying several potential sites in the Klang Valley for the new outlet," Choong said.

He also said despite the fluctuation of the gold price, DeGem is confident it will be able to meet the financial result forecast for the current financial result forecast for the current financial year end.

"Based on our performance so far this year, we are confident the company will meet the forecasted results," Choong said.

For the financial year ending December 31 2001, the company has forecast a net profit of RM10.99 million on the back of a turnover of RM113.65 million.

The company recorded a turnover of RM88.04 million with a net profit of RM8.69 million for the financial year ended December 31 2000.

The investment and property holding company of 10 subsidiaries, including established gold and jewellery manufacturer and retailer, P.Y.T. Jewel & Time Sdn Bhd (P.Y.T.), is making a public offering of seven million new ordinary shares at an issue price of RM1.60 each.

DeGem Group's other wholly-owned subsidiaries include P.Y.T. Jewellers Sdn Bhd (investment holding and gold and jewellery trading), Inticraft Sdn Bhd (manufacturing and trading in gold and jewellery), P.Y. Medal Mfg (M)

Sdn Bhd (trading in gold medals and badges), Tong Yek Jewellers Sdn Bhd (investment holding), Diamond Mart (property investment), Telenaga Sdn Bhd (property investment) and P.Y.T. Manufacturing Sdn Bhd (dormant).

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