
5. THE TARB GROUP – BUSINESS OPERATIONS

5.1. History

In the late 1970s, Mr. Fang Chew Ham and his two brothers, being in the family business of producing soy sauce which is still in existence today, saw the potential in supplying Caramel Colour to the soya sauce industry and thus on 1 October 1977, established Soon Seng Sauce Mixture and Food Factory, a partnership. The business grew and on 27th February 1989, SSSFI was incorporated in Malaysia to take over the business of this partnership. The aforementioned founders who are also the Promoters of the Group set up the Caramel Colour business with the corporate mission of producing a complete range of Caramel Colour products.

The business started of on a small scale and up to the early 1990s, grew incrementally from profits generated. The business then was a small-scale cottage industry, serving the smaller sauce makers. In 1995 and 1996, SSSFI secured a RM2.5 million and RM9.8 million banking facility respectively and this marked a turning point for the Group. This funds was used to invest in modern machinery and facilities, as well as working capital. On the back of this capital injection, turnover increased substantially as the modern facilities enabled SSSFI to produce quality Caramel Colour and secure substantial orders from the bigger and more established sauce manufacturers, which in turn led to economies of scale. The working capital was also used for trading in flour which brought in additional profits that was subsequently re-invested in the business.

Mr. Fang Chew Ham, now with over 30 years of experience in the industry together with an experienced management team successfully grew SSSFI from a family business into a Group with NTA of over RM19 million as at 31 December 1999. In view of the potential of the industry as well as TARB Group's position within the industry, Perbadanan Nasional Berhad took a 30% equity stake in TARB Group on 3 August 1999 via a subscription of new shares in SSSFI.

TARB was incorporated in Malaysia on 21 April 1999 under the Companies Act 1965 as an investment holding company to facilitate the listing of TARB. The TARB Group, through SSSFI is principally involved in the manufacturing of a wide range of Caramel Colour, as well as HVP, Glucose/Maltose Syrup and NFV. SSSFI's current main product lies in its Caramel Colour product range which ranges from positive to negative and further differentiated by its colour tones, which is detailed in the Section on "The TARB Group: Business Operations - Products" below.

5.2. Products

TARB Group conforms to the "MS513: Specification for Caramel in the Manufacture of Soya Sauce" which is the Malaysian standard for the production of Caramel Colour ("Malaysian Standards") and all its products have been certified as HALAL food products. All food products are manufactured under strict quality control. The Caramel Colour and HVP products are marketed under the "AAA" marque and are principally intermediary products i.e. it needs to be processed further prior to reaching the end users, As for NFV, the Group markets under the "AAA" marque as well as contract manufacture for industrial use and as table vinegar for consumers.

The Group plans to build up its branding and has registered its trademark on 29 August 2001 for its NFV, liquid Caramel Colour products and all products under Class 30 of the Trade Marks Act 1976. The trademark for its other products will be made in due course.

TARB Group's standard food product range includes the following :-

1. Liquid Caramel AAA Normal (Positive);
2. Liquid Caramel AAA High (Positive);
3. Liquid Caramel AAA Medium (Positive);
4. Liquid Caramel AA High (Positive);
5. Liquid Caramel AA Normal (Positive);
6. Caramel Colour S2000 (International Grade) (Positive);
7. Caramel Colour S5000 (International Grade) (Positive);
8. Caramel Colour S10000 (International Grade) (Positive);
9. Caramel Colour International Grade (Single Strength) (Negative);

10. Caramel Colour International Grade (Double Strength) (Negative);
11. NFV 5% (table vinegar);
12. NFV 10% (Industrial Grade);
13. NFV (10% Distilled White);
14. Soya Protein Sauce (HVP TN2.4);
15. Soya Protein Sauce (HVP TN3.0);
16. Glucose Syrup; and
17. Maltose Syrup.

Caramel Colour is mainly a colouring agent used in the food industry. Positive Caramel Colour is principally for the sauces industry while negative Caramel Colour is for the beverages industry. The Group's standard range of Caramel Colours is suitable for use in sauces and seasonings such as sauces, seasoning mix and syrup; beverages such as soft drinks, cordials and alcoholic drinks; baked products and confectionery such as biscuits, cakes, chocolates and dark breads; and others such as canned foods, dairy products, soups and pharmaceutical products.

HVP is a flavouring agent used in the food and beverage industry such as sauces, snack foods, etc. NFV, on the other hand, has both industrial applications as well as household use. This also includes sauces such as tomato sauce, table vinegar, etc.

Glucose/Maltose Syrup is a sweetener used in the food industry such as confectionery, pharmaceutical, biscuit and sauces industry.

In addition to the abovementioned standard food product range, TARB Group manufactures specific food products for its various clients; each with a unique ingredient mix and blend prepared to pre-specified specifications.

All food products manufactured by the Group are marketed in industry standard packaging (the availability of which is product dependent). Typically, this includes 23 kg and 30 kg plastic pails, 23 kg tin containers, 30 kg plastic pails, 295 kg drums and 1,200 kg plastic unicube containers for Caramel Colour, 24 x 500 ml PET bottles, 30 liter plastic pails, 200 liter plastic drums and 6 metric tonne lorry tank for NFV, and 30 kg plastic pails and 1,200 kg plastic unicube containers for HVP. Glucose/Maltose Syrup, however, is marketed using 1,500 kg stainless steel tankers, 300kg steel drums or 26 kg plastic pails.

Vinegar is a generic term used to describe both acetic acid, which is commonly used in households due to its low cost and NFV which is produced by SSSFI. Acetic acid, as its name infers has an acidic base and is produced through a chemical process while NFV is produced by natural fermentation process.

However, through continuous R&D, SSSFI hopes to reduce the cost differences between acetic acid and NFV, hence enabling NFV to gain market share.

5.3. The TARB Advantage

TARB Group realises the market potential of Caramel Colour in Malaysia and in the region. In Malaysia, Caramel Colour manufacturing is still a small to medium sized industry catering mainly to the smaller sauce manufacturers. The management estimates that a significant proportion of the local consumption of Caramel Colour is being imported. This is due to several factors such as the inability of local suppliers to meet product and quality specifications. Caramel Colour for large scale processed food, beverage and pharmaceutical industry requires exact standards that has to be adhered to consistently, as colour is one of the most obvious visual signs of their respective products, and therefore it cannot vary substantially between batches.

TARB Group specialises in the production of a range of quality Caramel Colour products through the use of modern equipment and processes, backed with the expertise and experience of the senior management. With a customer base of approximately 300 customers within Malaysia and about 50 customers overseas, TARB Group has built up its reputation over the years as a reliable and competitive supplier of Caramel Colour, mainly to the soya sauce and related sauces industry. With this, TARB Group is leveraging on its strength to promote its other products as HVP, vinegar and Glucose/Maltose Syrup are also used by its customer in their production process.

The Group has also ventured into other food related products to complement its strength in Caramel Colour manufacturing with the objective of diversifying its revenue base. In 1997, the Group commenced sales of NFV and subsequently in 1998, the Group began selling HVP with full commercial production being launched in 1998 and 1999 respectively. This is the brainchild of management to leverage on its existing strength as HVP and NFV both uses similar raw materials with Caramel Colour.

NFV is one of the ingredients used in the manufacture of sauces, pickles and other food condiments. NFV in a lower concentrate can also be used as table vinegar or for cooking. It is produced by the fermentation process, followed by conversion to vinegar. NFV provides a smooth sour taste for the food. For this reason, NFV is considered a superior product compared to acetic acid (artificial vinegar) which is more pungent. NFV being a natural product is also perceived as a healthier alternative over acetic acid, which is artificially made. Although acetic acid is the lower cost alternative, the Group believes NFV will gain market acceptance once its benefits are more publicly known.

Taste and aroma are two main factors playing an important role for food products. HVP is one of the taste and aroma enhancers that are normally used in the food industry. The main components in HVP are amino acids and peptide organic acids that contain various components of taste and aroma. It provides a balanced taste to the product and has palatability functions. Beside the organoleptic functions, HVP is also used as a masking agent for undesirable taste such as fishiness. HVP can be marketed in liquid or powder form and its functional properties are not affected during heating or cooking. For this reason, it is widely used as food ingredient in various products including seasoning for instant noodle and other snacks. HVP also forms the base for soy sauce and it represents a natural progression for the TARB Group to diversify into this industry.

Another new product of TARB Group is Glucose/Maltose Syrup which is a sweetening agent used in the food industry. TARB Group principally targets the confectionery, pharmaceutical, biscuit and sauces industry.

Among the competitive advantages of the TARB Group are :

Experienced Management

The founder, Mr Fang Chew Ham still heads the management of the Group. With over 30 years experience in this industry and having grown the business from its inception, he has vast experience in all aspects of the business, including process, markets and procurement. He has been instrumental in helping to develop new products and variants as well as new formulations for the Group. He also has an intimate knowledge of the machinery involved, as well as the production process.

Mr Fang's expertise and standing in the industry was recognized when he was chosen as one of the "co-opted" members in the Working Group on Sauces that prepared the Malaysian Standards which had been approved by the Food and Agricultural Industry Standards Committee and endorsed by SIRIM and subsequently published under the authority of the SIRIM Board in December 1993.

Mr Fang is aided by the management team who have the relevant expertise in their respective areas such as production, finance, marketing and R&D. Together, the management team is positioned to build upon the past success of the Group as they leverage on their collective experience and current market opportunities to tap into the potential growth prospects in Malaysian and in the surrounding region.

HALAL Certification

All products produced by TARB Group are HALAL certified by the Islamic Development Department of Malaysia, an achievement which TARB Group is proud of.

TARB is able to capitalise on its HALAL status on its products by seeking new markets in other Muslim countries such as Pakistan. This market offers good potential with Muslims living in all corners of the globe. Through the Codex Alimentarius Committee, Malaysia has proposed the establishment of an authoritative and globally recognised HALAL certification systems and thus Malaysia, being a modern and progressive Islamic country, is expected to possess a competitive advantage in the export of HALAL food products.

Competitive and Flexible Pricing Strategy

TARB Group is able to maintain its competitive advantage over its competitors due to its competitive and flexible pricing strategy. This is achievable, while maintaining sustainable profitability as TARB Group produces its own liquid HVP and liquid Caramel Colour of quality through the use of efficient and modern equipment.

Research and Development

The Group conducts in-house R&D to ensure continuous product development. Research and development activities are focused on implementation of cost saving measures, increase production productivity while retaining quality standards and development of new products.

Quality, Customisable Products

Furthermore, TARB Group is able to manufacture its products to international standards while being able to custom manufacture to client's specifications. This is particularly important as it enables TARB Group to be in a position to secure long term, recurring orders from a multitude of potential customers across numerous food, beverage and pharmaceutical product manufacturers. Together with the fact that its operations are located in Malaysia, hence enabling it to control cost while maintaining high standards will enable TARB Group to remain competitive.

5.4. Markets, Customers and Modes of Distribution

The TARB Group serves a wide range of users. For example, Caramel colour are used by soya sauce and snacks manufacturers, pharmaceutical and confectionary industry while HVP are used by sauces and snacks manufacturers. NFV, on the other hand also caters to end consumers on top of industrial sauces manufacturers. Glucose/Maltose Syrup are used by candy, confectionary as well as snacks manufacturers

TARB Group's Caramel Colour based products are mainly used in the production of various sauces and condiments; all of which are widely regarded as essential to Malaysian and Asean cuisine. These include soya sauces (both thick and thin blends), oyster sauces, savoury sauces and essences. In addition to the sauce making industry, the Caramel Colour based food products of the Group are applied to the Malaysian food and beverage industry at large, such as carbonated drinks, candy, etc.

TARB Group caters to the needs of both Malaysian and foreign markets. Production is predominantly for local consumption, contributing to approximately 74% of turnover. The Group's main export market is Singapore with approximately 12% of total turnover. Malaysian and Singaporean sales consists largely of Caramel Colour sold to various producers of soya sauce. In 2001, approximately 4.7% of the Group's turnover is to Philippines and 3.9% to Hong Kong. Among the notable multinational companies in these new markets that the Group supplied to include Lee Kum Kee Co Ltd (Hong Kong), PT Heinz ABC Indonesia, Pinakamasarap Overseas International and Lorenzana Food Corporation (Philippines) and EAC Chemical Pte Ltd (Vietnam).

For the Group's products such as Caramel Colour, Glucose/Maltose Syrup and HVP that are used in the manufacturing of processed foods and beverage, the typical sales cycle is quite lengthy and takes several months. This is due to the fact that the samples need to be tested thoroughly and in instances, the formulation tweaked to produce the desired properties and results. As the food products sometimes have a long shelf-life, some potential customers would require that their products manufactured using samples from TARB Group be shelf-tested for several months to ensure compatibility and stability. In addition to a lengthy sales cycle, there is usually a slow take-off in demand from new customers in the food and beverage industry, as they initially order a small amount that is gradually increased as they become more comfortable with the quality of the Group's products.

As the Group's products are principally intermediary products, sales, both local and exports are mostly direct to manufacturers, with a small portion to agents (approximately 5%~10%). Sales are handled through a sales and marketing team that includes technical personnel that can advise clients on product usage, specifications and characteristics. Mr Fang is also actively involved in sales. Hence, due to the nature of the industry and as its products are intermediary products, the Group does not require a large marketing and distribution network.

TARB Group has a diverse customer base, with approximately 300 local customers and 50 overseas customers. For the year ending 31 December 2001, there are no customers who individually account for more than 10% of the Group's turnover.

5.5. General Economic Outlook

The performance of the Malaysian economy in 2001 has been adversely affected by the greater-than-expected slowdown in the world economy, particularly in the United States (US) as well as the continuing weak performance of the Japanese economy. The recent attack on the US has led to greater uncertainties with respect to the severity and duration of the recovery in the US. There are concerns on the risks of the US economy entering into a recession and the contagion on other industrialised and developing economies. In the light of the more difficult environment, real GDP growth of the Malaysian economy is projected to grow by 1%-2% for 2001. All major sectors are expected to be adversely affected by the slower growth in the economy, particularly manufacturing which is estimated to record a sharp deterioration in output growth. The steep decline in value added of the manufacturing sector has, however, to some extent been offset by the better performance from agriculture, construction and service sectors. The services sector has provided the lead in the growth of the economy on account of better performance of government services and other services sub-sectors.

The outlook of the external sector in 2002 remains uncertain, particularly in the light of the aftermath of the attack on the US. While it is generally viewed that the US may avoid a recession, the recovery would be delayed with an upturn taking place gradually in the later part of 2002. The prospect for a growth in Japan continues to be discouraging, with the economy not expected to witness a rapid growth. Given the weaker performance of the US and Japan, world growth has subsequently been revised downwards to 2.6%, with the GDP growth for the major industrialised countries decelerating to 1.3%.

The Malaysian economy is forecast to grow by 4-5% in 2002, led by stronger performances in the manufacturing and services sectors. The recovery in global electronics demand will contribute towards growth in the manufacturing sector while the pace of expansion in the services sector will be driven by higher economic activities and the Government fiscal stimulus. Manufacturing sector is projected to expand by 6.5% (2001:0.2%), following the recovery in global electronics demand which is already reflected in the considerable reduction in the stock overhang of chips. The recovery process will be further enhanced by higher US fiscal spending on military electronic equipment for surveillance and communications network which will lead to higher demand for chips in the light of the 11 September attack.

(Source : Economic Report 2001/2002)

The greater-than-expected slowdown experienced by the US has had an adverse effect on the Malaysian economy. However, the Government has taken steps to soften the blow. Adjustments to the fiscal and monetary policies have already been made. Higher tax rebates; lower EPF contributions by employees and exceptions on stamp duty for sales and purchase of property are just some of the adjustments made to stimulate domestic demand. As a result of the Government's efforts to accelerate spending, total expenditure increased at an annual rate of 3.3% in the second quarter of 2001. Despite higher expenditure, revenue performance was also strong. The overall Federal Government budgetary position recorded a small surplus of RM1.8 billion.

(Source:- BNM Quarterly Report for the Second Quarter of 2001)

Real output in the third quarter of 2001 recorded a moderate increase of 0.8% compared with the preceding quarter, however real GDP declined by 1.3% in the third quarter of 2001. For the first three quarters of 2001, real output growth has remained positive, recording an increase of 0.7%. During the third quarter of 2001, several measures were implemented. Among them were to reduce the lending rates for selected special funds, such as the Rehabilitation Fund For Small and Medium Industries (RFSMI), Fund For Small and Medium Industries 2 (FSMI 2) and the New Entrepreneurs Fund 2 (NEF 2). With effect from 15 October 2001, the lending rates for these funds were reduced by 0.5 percentage points for new and existing borrowers. This reduction aims to reduce the cost of doing business to counter the effects of the global economic slowdown.

(Source:- BNM Quarterly Report for the Third Quarter of 2001)

Economic conditions generally improved in the fourth quarter of 2001. Real GDP rose by 1.4% over the third quarter. Compared with a year ago, GDP contracted marginally by 0.5%, compared with – 1.2% in the third quarter. The improved performance was driven by the strong fiscal stimulus expenditure and the strengthened domestic demand against a gradual recovery in external demand. Other positive developments in the fourth quarter include the moderation in the pace of decline in exports, imports and manufacturing production.

(Source:- BNM Quarterly Report for the Fourth Quarter of 2001)

5.6. Industry Overview and Prospects

The Group is principally operating in the food and beverage industry although its products are mainly intermediary products which need to be processed further prior to reaching end consumers. The current market leaders in the international arena are from the West and hence the local market is vulnerable to imports. However, the Board believes, with their growth strategies and experience in the local arena, there are in a strong position to compete with their international rivals. Details on competition is shown in the section on “The TARB Group : Business Operations - Competition and Demand.”

MS513 from SIRIM specifies the industry best practice standard for producing sauces of which SSSFI fully complies with. In addition, Caramel Colour is a natural product that can be labeled simply as “Caramel Colour” as specified under the Food and Poison Act 1967, hence providing a more acceptable label declaration. As a result, there are little direct substitute products for Caramel Colour as a colouring agent.

In the absence of industry specific to the Caramel Colour industry, the statistics of the food and beverage industry is discussed below.

Export earnings from food, beverages and tobacco products registered an increase of 2.7% (January-August 2000: 2.9%) in line with the continued economic recovery in the Asia Pacific region.

(Source: Economic Report 2001/2002)

The Industrial Production Index (IPI) for December 2001 rose by 2.1% to 183.8 as compared with 180.0 reported in November 2001. Year-on-year comparison showed that the IPI for the current month dropped by 7.7% as against that of 199.1 reported in the month of December 2000. The drop resulted from the lower indices of the Manufacturing and Mining Sectors by 10.3%.

(Source: Index of Industrial Production, Malaysia, December 2001-Department of Statistics)

The strengthening of the Manufacturing Index for December 2001 over the preceding month of the year was attributed to the growth in the indices of 30 industries (46.9%) out of a total of 64 industries covered. Among the industries which recorded percentage increases were: Industrial Gases which increased by 21.6% (to 236.3 from 194.4); Crude Oil Refineries which expanded by 10.1% (to 113.7 from 103.9); Wearing Apparel except Footwear, which moved up by 9.4% (to 113.7 from 103.9); Semiconductors and other Electronic Components which advanced by 4.0% (to 283.3 from 272.5); and Manufacture and Assembly of Motor Vehicles, which is higher by 2.0% (to 279.1 from 273.6)

(Source: Index of Industrial Production, Malaysia December 2001-Department of Statistics)

The establishment of SIRIM, MARDI, and FAMA assisted in the alleviation of problems evident in the industry.

Standards & Industrial Research Institute of Malaysia (“SIRIM”), a birth from the marriage of Standards Institution of Malaysia (SIM) and the National Institute of Scientific and Industrial Research on 16 September 1975, is vested with the power to provide for the promotion and undertaking research activities. Hence, the growth of the Caramel Colour, NFV and HVP industry in Malaysia is sustained with continued research and development in agricultural based products as well as development of indigenous technology in food processing.

5.7. Prospects of Caramel Colour

The processing of food and beverages uses thousands of additives that include among others, flavours and flavour enhancers, colours, preservatives, antioxidants, emulsifiers, thickeners and sweeteners. Of these, colour is an essential and important part of the food, beverage and medicine that we consume. Colour adds to the desirability of certain foods, eg a darker brown colour in certain food products such as brown bread or roast meat lends a more “cooked” and pleasant appearance. Colour also helps in the expectation of taste of certain food products, eg the colour orange in an orange flavored soft drink, or the brown colour in chocolate-based products. Colour is also an essential requirement for identifying certain food products such as cola drinks that are readily identified by their dark-brown colour. Thus colouring is added to various food and beverage products, including pharmaceutical products to add colour, change colour, deepen the intensity of existing colours, or reduce the brightness of existing colours. The colours used must have several characteristics for it to be commercially and economically used in food and beverage manufacturing.

Among the many food colouring agents, Caramel Colour on its own can provide a wide range of end colours in the yellow to brown segment. Caramel Colour can range from light yellows to reddish-browns to the darkest browns, depending on the specific Caramel Colour selected and the concentration used. In addition, Caramel Colour combines with other colours to achieve different effects, such as those mentioned above.

Caramel Colour is produced by controlled heat treatment of food grade carbohydrates in the presence of small amounts of food grade acids, alkalis or salts. Caramel Colour is versatile and it is able to be used in a broad range of applications that may require different properties, which are detailed below.

Ionic Charge

Some foods are positively charged, whereas others have a negative charge. The use of colour that is of the opposite charge may result in precipitation (where the positive and negative particles bind together, form insoluble particles and settle out). Caramel Colour comes in both positive and negative charge.

pH Value

Food products come in a variety of pH values, and the coloring used has to take this into account in order to not effect the pH of the final product. Caramel Colour has a range of pH values and can be used in products with a wide range of pH levels, ranging from 2 to 10 ie from acidic to alkaloid in nature.

High Salt and High Alcohol

Some products have either a high alcohol contents such as alcoholic drinks or high salt such as in soy sauce and other related sauces. There are types of Caramel Colour that can be used in these extreme conditions.

Application System

Colouring is administered in either liquid such as beverages, or powder form such as in mixes and spices. All the 4 main types of Caramel Colour comes in both liquid and powder types.

In addition, Caramel Colour is a natural product that can be labeled simply as “Caramel Colour” as specified under the Food and Poison Act 1967, hence providing a more acceptable label declaration than coloring that is man-made, which requires the additive to be disclosed.

Due to the versatility of Caramel Colour, it is used in a wide variety of food, beverage and pharmaceutical products. The largest portion of Caramel Colour usage in the world is for the colouring of soft drinks such as colas, root beer and ginger ale. The beverage industry also uses Caramel Colour for the colouring of powdered drinks and alcoholic drinks such as beer, wine and brandy. The baking industry uses Caramel Colour to add colour to dark breads, cookies, cakes and mixes. It is used in the flavouring industry as the colouring agent in soya sauces, other sauces, gravies, seasoning and sauce mixes, condiments, and syrup. Other food products that use Caramel Colour include canned meats, dairy products, soups, sausage casings, and cereal. Caramel Colour is also used in the pharmaceutical industry, such as in cough syrups and other liquid based preparations.

Among the Asians, particularly in the East, soy sauce and other related sauces such as oyster sauce represents a big sector for Caramel Colour. The use of soy sauce and other related sauces as a flavouring in various types of food is predominant in East Asia. The flavour and flavour enhancing properties of soy sauce also make it a base for other sauces such as teriyaki, hoisin, steak and marinade.

5.8. Prospects and Growth Strategy

The Group believes the global market potential and opportunities for the Caramel Colour is promising in view of the large sauces industry and the numerous applications of Caramel Colour. TARB Group's continuous effort to manufacture a wide range of quality products at reasonable and affordable prices that cater to a broad group of customers with different purchasing power has enabled TARB Group to gain access to both local and international markets.

The management expects the demand for new Caramel Colour products to register growth after the testing period by the customers from both the local and export market. Due to the gestation period for its products which also acts as a deterrant to new market entrants, TARB Group expects customers to increase their orders over time after initial testing of its products.

Management intends to leverage on the Group's existing customer base of soy sauce manufacturers to expand its market for HVP, as apart from Caramel Colour, HVP is the other major ingredient for soy sauce. Further, the Group hopes to increase its product and market coverage by introducing Glucose/Maltose Syrup targeted mainly at the confectionery and related industry.

Meanwhile, the management expects the demand for NFV to register a comparatively slower pace of growth. The presence of the acetic acid market is expected to continue exerting competitive pressures on the demand for NFV for the moment due to cost differences until the advantages of NFV over its chemically produced counterpart gains acceptance.

The Board believes that the business, being established for over 20 years is positively placed to grow as the economies in the region recover and that the sauces industry is relatively indispensable. SSSFI with its wide range of quality products, is poised for further growth.

Equipped with experienced and qualified personnel as well as technical know how, the Group believes that it is in a good position to take advantage of the anticipated demand for Caramel Colour, HVP and NFV. This is further enhanced with the promising recovery of economies of Malaysia and other nations in the region.

TARB Group's objective is to be the leading manufacturer of quality Caramel Colour, HVP, Glucose/Maltose Syrup and NFV as well as other food related products. To achieve this objective, the Group's strategy will encompass the following areas :-

5.8.1. Product / Market Diversification

The Group started off with a sole product in Liquid Caramel Colour in 1977. TARB Group's traditional strength is in the soy sauce industry, where it supplies Caramel Colour (liquid form) to soy sauce manufacturers. From there, R&D and market research have enabled the Group to produce a whole range of Liquid Caramel Colour products. Details of its range of products is contained in the section on "The TARB Group : Business Operations – Products." The Group is also diversifying by looking into dry powder Caramel. Dry powder Caramel is basically Liquid Caramel Colour in powdered form which has a different range of applications such as the flavouring sachets found in instant noodles and snack foods. Currently, the Group sells directly to manufacturers consist mainly of the sauces industry as well as through agents. As approximately 75% of the Group's 2001 total sales are mainly to the sauces industry, the Group is actively looking into leveraging on its strengths in product quality, consistency and customizability to diversify and expand its market reach to the beverage and pharmaceutical industries.

TARB Group is also able to custom manufacture for large customers i.e. manufacture to pre-specified specifications in order to complement the customers product range.

However, the Group's product diversification does not end with different varieties of Caramel Colour, in liquid or powdered form. The Group has conducted extensive research in other potential growth areas that includes NFV and HVP of which commercial production have commenced in 1998 and 1999 respectively. While sales of these products are not material to the Group, these two new products are potential revenue drivers as it opens up a whole new market to TARB Group.

In addition, the Group intends to use a portion of the listing proceeds to invest in new machinery to produce Caramel Colour and HVP in powdered form. MARDI has via its letter dated 3 February 1999 confirmed that using the drying parameters set by SSSFI, it was possible to obtain powder from the liquid HVP. This product commands an additional premium in pricing as it is used in premium products such as snacks, instant noodles, etc and again opens up a different market segment to TARB Group. Its strategy to promote these products includes providing samples to existing and potential customers for testing in their products. Barring unforeseen circumstances, the Board hopes to bring these two products to the market in the next 4 years.

Leveraging on its strength in Liquid Caramel Colour production, the Group has successfully commercialised Glucose/Maltose Syrup which has similar raw materials as well as initial production process of Caramel Colour. It acts as a sweetening agent for various products including sauces, candies and confectioneries.

Powdered HVP and powdered Caramel Colour are used in the flavouring sachets found in instant noodles and snacks. This product has potential to break into the Indonesian market, which purchases a significant amount of powdered HVP and powdered Caramel Colour from the USA. With its huge population, Indonesia is a large producer of instant noodles, the manufacturing of which uses Powdered HVP. TARB Group believes that with its competitively priced and quality products, it is well positioned to penetrate the market.

In addition, Powdered HVP and Powdered Caramel Colour commands a premium in pricing due to its versatile uses and the Group believes these new products will contribute positively to the Group in the future.

5.8.2. Market Expansion

Apart from diversifying product risk, the Group is also gearing for growth through ventures into new markets. Currently, 74% of the Group's turnover are consumed locally.

Caramel Colour is exported to Singapore, Philippines, Hong Kong and other countries while HVP and NFV are exported to Philippines. In 2001, 4.7% of the Group's total turnover is exported to Philippines and 3.9% to Hong Kong.

The Group, through marketing efforts as well as drawing into its product quality of international standards plans to market its products in new geographical locations which includes Thailand, Myanmar, Australia, China and USA within the next 5 years, as well as build on its existing export markets.

Presently, quality standards are being set on the manufacturing of HVP and these standards differ materially depending on the country of origin. To the best of the knowledge and belief of the Board of Directors of TARB Group, the Group currently complies with most of these standards. However, there can be no assurance that in the future, strict new standards imposed on HVP will not materially and adversely affect the operations of the Group which may include loss of revenue. However, HVP only accounts to approximately 9% of the Group's total sales for the year ended 31 December 2001.

The Group's market strategy is to expand itself into as many foreign markets as possible especially to non-traditional markets such as developing and emerging economies, where the population growth and low level of competition would likely give rise to increasing demand for its products.

The process of identifying potential new markets requires TARB Group to obtain and analyse general and economic indicators such as the population base, gross domestic product, disposable income, foreign trade and level of economic development to gauge the potential of various countries.

5.8.3. Price Competitiveness through Flexible Pricing Strategies

TARB Group's continuous effort to manufacture a wide range of quality products at reasonable and affordable prices that cater to a broad group of customers with different purchasing power has enabled TARB Group to gain access to both the local and international markets.

TARB Group adopts a flexible (variable) pricing strategy where customers may each pay a different price depending on the quantities purchased and the length of the relationship. Bulk discounts are also given to encourage customers to buy in larger amounts that maximise production efficiency through economies of scale.

In exporting its products to countries in different geographical areas, TARB Group has the opportunity of setting its pricing structure to cater for the different levels of affluence and purchasing power. The unit price is compared with the prevailing market price of competing products in each country as well as the price proposed by the buyers. TARB Group attributes the success of its pricing strategy to production efficiency attained through the utilisation of modern technology, tight cost control and economies of scale.

The current depreciation in the Malaysian Ringgit has made TARB Group's products more competitive compared to similar products produced in the USA, Canada and Europe. Stiff competition however comes from manufacturers from Thailand and Indonesia that have reduced their prices substantially due to the devaluation of the Baht and Rupiah. However, the Group believes they have a competitive edge due to the quality standards of its products.

5.9. Competition and Demand

The Group typically faces competition from a number of sources depending on the product.

For the Caramel Colour segment, there exists international manufacturers namely Sethness Products Company and DD Williamson & Co Ltd. Some of the players in the local scene include Pulmas Sdn Bhd and Stamford Food Ind. Sdn Bhd. Another player in the HVP industry is Ajinomoto.

For the NFV industry, the Group faces competition from both NFV manufacturers as well as Acetic Acid manufacturers. As for Glucose/Maltose Syrup, TARB Group faces competition from Pulmas Sdn Bhd, Stamford Food Sdn Bhd and others.

In general, the Group operates in the food industry. Presently, its products such as Caramel Colour and HVP are predominantly used by other producers in the manufacturing of soy sauce and other related sauces. Demand for flavouring sauces such as soy sauce is considered inelastic, it being a food product that is relatively cheap and considered as indispensable for Asian taste buds. The Group, being a supplier of the raw material for food based manufacturers is also protected to a certain extent from the vagaries of demand brought about by shifts in consumer preference for a particular brand. It is expected that demand for Caramel Colour, NFV, HVP and Glucose/Maltose Syrup will continue to grow in tandem with the general population growth.

5.10. Prospects of the Group

With the favourable industry factors and the efforts of management in pursuing the growth strategies outlined above, the Board believes that the prospects of the Group and business are encouraging.

6. THE TARB GROUP – PROCESS OPERATIONS

6.1. Location and Production Capacity

TARB Group operates from its factory situated on a 5.4 acre plot of land located at AL308, Lot 590 and 4196, Jalan Industri U19, Kampung Baru Seri Sungai Buloh, 47000 Selangor Darul Ehsan. The factory have the capacity to produce 1,500 MT of Caramel Colour, 300 MT of HVP and 300 MT NFV, 2,000 MT for Glucose/Maltose Syrup per month. The Caramel Colour plant is operating at full capacity while the HVP, NFV and Glucose/Maltose Syrup plant is operating at about 30% of capacity.

The factory is fully equipped with various types of machinery for the production of Caramel Colour, HVP, NFV and Glucose/Maltose Syrup which include amongst others, boilers, storage tanks, bottling equipment, etc. There has been no major disruptions on the operations of the plant in the past 12 months.

6.2. Summary of Landed Properties

Details of the properties owned by the TARB Group, all of which SSSFI is the registered owner, are as shown below.

| Location | Existing Use | Age | Build up Area/Land Area (Sq ft) | Tenure (expiry date) | Cost (RM'000) | NBV as at 31.12.2001 (RM'000) |
|---|-----------------------------------|----------|---------------------------------|---------------------------|---------------|-------------------------------|
| Lot 4196 Mukim Sungai Buluh, Daerah Petaling | NFV, HVP & Glucose factories | 31 years | 36,081/ 110,976 | 99 years (30.05.2070) | 1,319 | 1,319 |
| Lot 585~586 Mukim Sungai Buluh, Daerah Petaling | Vacant | 32 years | *92,202 | 60 years# (20.01.2030) | 2,725 | 2,510 |
| Lot 590 Jalan Middle Kampung Baru Sg. Buloh | Caramel Colour factory/ Office | 33 years | 33,907/ 35,120 | 60 years# (19.03.2029) | 1,235 | 1,148 |
| Lot PT 5938 Kampung Baru Sg. Buloh | Warehouse | 16 years | 5,785/ 6,806 | 60 years (26.06.2046) | 320 | 290 |
| Lot PT 2317 (Lot 671) Kampung Baru Sg. Buloh | Warehouse | 20 years | 6,942/ 8,167 | 60 years (22.06.2042) | 180 | 160 |
| TOTAL | | | | | 5,779 | 5,427 |

* vacant

The premium for the extension of the lease to 99 years has been paid and is currently being processed by relevant authorities.

6.3. Employees

As at 18 June 2002, the Group has 108 employees comprising 89 locals and 19 foreign nationals with valid work permits. The table below sets out the details of TARB Group's key employees.

| Categories of Key Employees | Number of employees | | Total |
|-----------------------------|---------------------|-----------|-------|
| | < 5 years | > 5 years | |
| Managerial and Professional | 7 | 1 | 8 |
| Technical and supervisory | 4 | 2 | 6 |
| | 11 | 3 | 14 |

Factory workers are given on-the-job training. Key management conducts research on the products which will enable them improve their product knowledge. Further, the Group is constantly in discussion with its customers and suppliers to keep abreast with new developments in the industry.

The employees are not members of any labour unions, and enjoy cordial relationships with the management. There have not been any industrial disputes in the past between the employees and the management.

6.4. Production Process

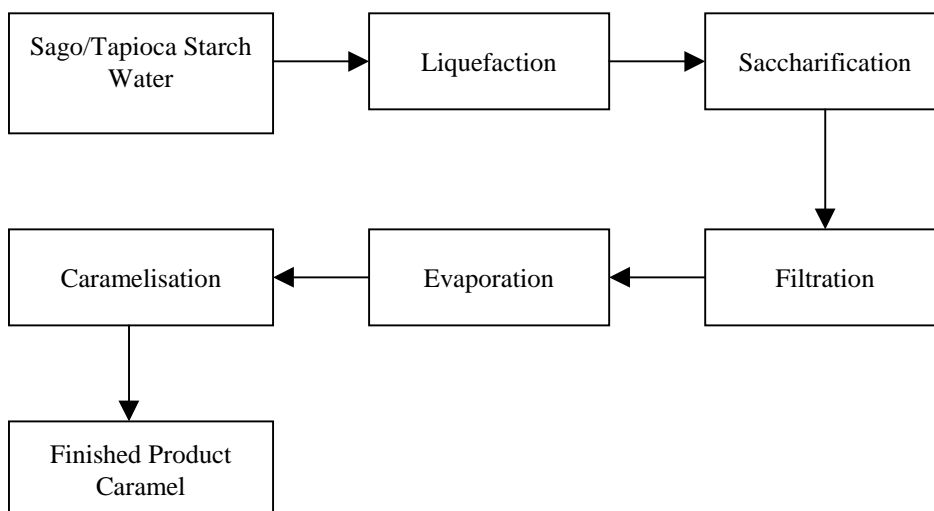
The major processes applied by TARB Group are summarised below:-

- Caramelisation: Precisely controlled heat treatment of carbohydrate with the presence of food grade catalyst for the production of Caramel Colour
- Break down of polymer protein into amino acids by the hydrolysis process for the production of Soy Protein Sauce (HVP)
- Fermentation : This process involves biotechnology with the conversion of simple sugar to vinegar for the production of NFV

Quality control is an integral part of the manufacturing process, as the processes need to be precisely controlled in order to maintain high levels of quality and efficiency. Samples from batches of products are tested in the lab for various parameters such as density, colour and strength.

A general description of the processes above are as follows :

Caramel Colour Production

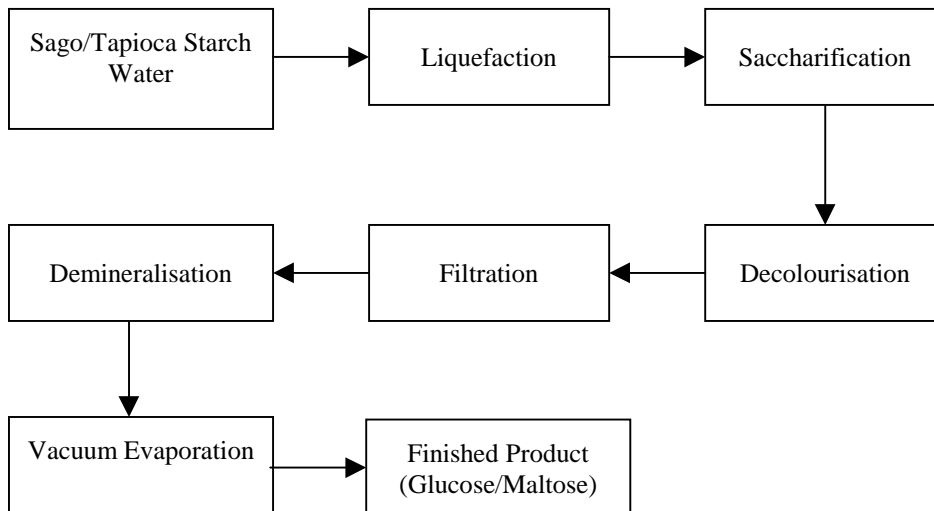


Caramel Colour is a complex mixture of compounds that is dark brown to black liquid with odor of burnt sugar and vaguely tint bitter taste. Caramel Colour is generally produced by batch system process in stainless steel reactors, which are equipped with an agitator, heating and cooling coils.

Production commences with the preparation of tapioca or sago starch. Liquefaction enzyme and saccharification enzyme are added to the starch slurry to break down the complex carbohydrate to simple sugar.

The solution passes through filtration and evaporation process to adjust the concentration of the solution. The solution is then pumped to a reactor where the temperature is increased to the optimum conditions for conversion of Caramel Colour by using steam. The optimum conditions set are based on the reaction relationship between the pH-Temperature-Time and this is important for this process because differences in conditions will produce different product.

Glucose/Maltose Syrup

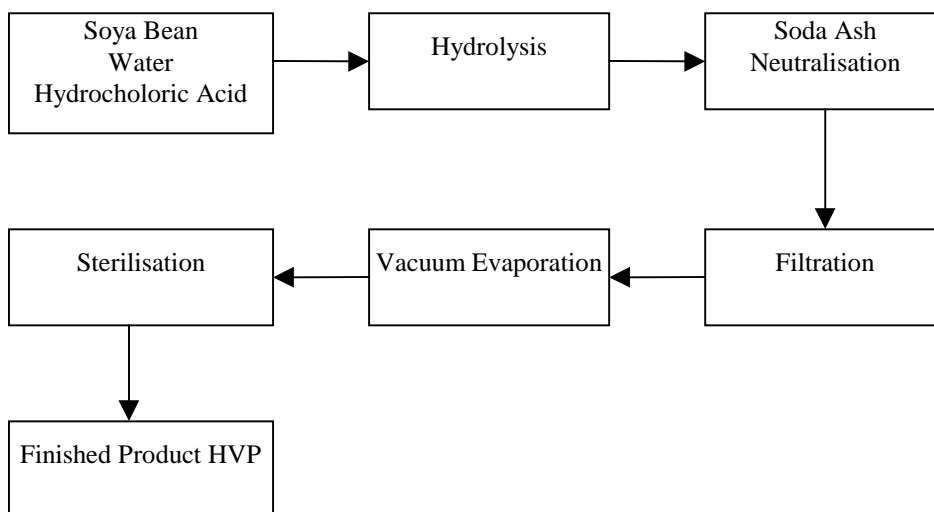


As with Caramel Colour, production commences with the preparation of tapioca or sago starch. Liquefaction enzyme and saccharification enzyme are added to the starch slurry to break down the complex carbohydrate to simple sugar.

The solution is then passed through the Decolourisation process to ensure the solution is colourless. After the filtration process, the solution passed through Demineralisation process where unwanted irons are removed from the solution. The solution is then followed into special machineries from Denmark where Vacuum Evaporation takes place to control the density and thickness of the product.

There is a high degree of automation in the production process and optimum steam utilization thus lowering production cost.

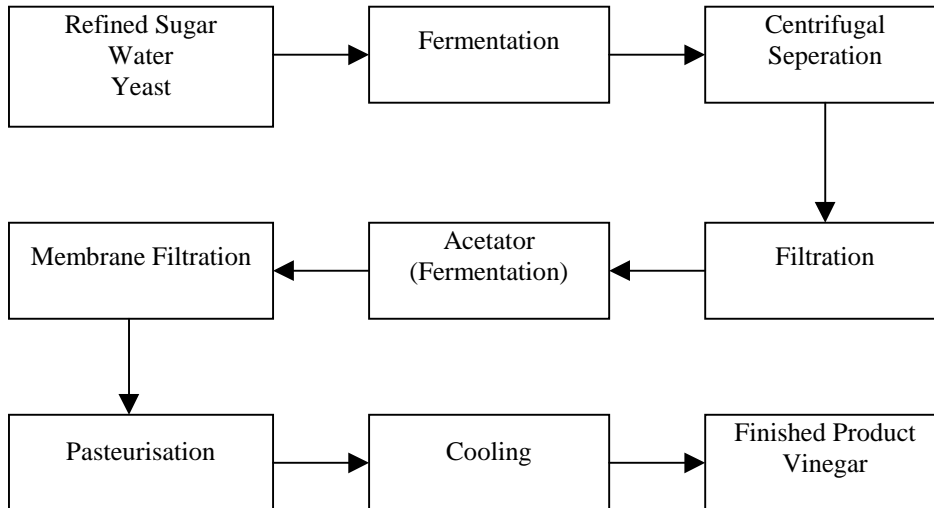
HVP Production



Raw materials such as soya bean meal, water and hydrochloric acid are passed through the Hydrolysis process to extract and hydrolyze the protein at a certain temperature for a period of time.

The solution is then neutralized by soda ash. The neutralized solution is then filtered and evaporated to the required total nitrogen content of 2.4% and 3.0% which is required by the market. The solution is then stored in aging tanks before it is sterilized for packaging into the food grade jerrycan.

NFV Production



Raw material in the form of refined sugar is diluted to a certain concentration. Yeast is added to start the fermentation process. The centrifugal separator then separates the fermented solution. The filtrate will be pumped into the acetator where the crude vinegar is being produced.

The membrane filter machine then filters the crude vinegar and finally the NFV is pasteurized to achieve the required quality and clarity before packing.

6.5. Research and Development/Quality Control

TARB Group's R&D team comprises 2 personnel. In November 1995, the Group set-up a laboratory for the purpose of quality control and product development. All staff are provided with on-the-job training.

TARB Group conducts R&D for the following purposes:-

- To research and implement cost saving measures to improve the value of the finished products.
- To devise production processes that will increase the productivity of its plant
- To ensure that the products maintain its quality.
- To research the technical aspects of production which may include modification and improvement on the machinery to produce better quality products and maintaining the efficiency of the production.

TARB Group is currently researching into improvements to its existing products as well as adding variety to its Caramel Colour product range. Further, the Group have implemented its ISO standards in its production process and is currently in the process of obtaining its ISO certification.

Further, in 2001, Glucose/Maltose Syrup was successfully commercialised, leveraging on the Group's strength in Caramel Colour production as it shares common raw materials and certain stages of production process. Caramel Colour and HVP in its dry powder form is planned to be commercialized within the next 4 years.

The R&D department also conducts quality control ("QC") procedure. This include sampling the production output and putting the samples to various tests for viscosity, texture and other properties to ensure quality products are being produced.

6.6. Approvals, Licenses and Permits Obtained

The Group is currently operating under the following licenses:-

| Licensor | Date of License | Term (years) | Nature of License |
|---|-----------------|--------------|---|
| Jabatan Kemajuan Islam Malaysia. | March 2002 | 1 | Halal Certification for its Caramel, HVP and NFV |
| Jabatan Kemajuan Islam Malaysia. | September 2001 | 1 | Halal certification for its Glucose and Maltose Syrup |
| Jabatan Kemajuan Islam Malaysia. | August 2001 | 1 | Halal Certification for its Glucose and Maltose Syrup |
| Majlis Perbandaran Shah Alam | December 1999 | - | Industrial License |
| Ministry of International Trade and Industry | April 1989 | - | Manufacturers Licence Under Sales Tax Act,1972 |
| Ministry of International Trade and Industry (A012288)* | June 2000 | - | Manufacturing License under the Industrial Co-ordination Act, 1975 for the products Caramel Colour, NFV and HVP |

* Conditions for this license, of which SSSF I has complied (where relevant), include the following:-

- Approval from the State Government and 'Jabatan Alam Sekitar'.
- The project must be implemented within 12 months of the license or such time as granted by the licensor. Failure to do so will result in the license being revoked.
- The composition of the Board of Directors must reflect the equity of the Company; the MITI must be told of any change in the composition of the Board of Directors of this Company.
- The Company must hire and train Malaysians to reflect the country's multi racial community.
- The Company must obtain written approval by the MITI if the Company plans to use second-hand machinery. Furthermore approval must also be granted before any increase or decrease in machinery used.
- The Company must use the services of companies owned by Malaysians (whenever possible).
- The Company must obtain written approval from the MITI before entering any agreement to transer tecnology with a foreign company. However this condition does not include the purchase of machinery that requires the sevice of a foreign technician to set up the said machinery.
- The products of this Company must meet the standards accepted by the Malaysian Government.
- The Company must select (whenever possible) companies owned by Malaysians for local distribution of their products. The distribution by Bumiputera distributors must account for at least 30% of the Company's sales. The selection of distributors must be approved by the MITI.
- The Company must abide by the Food Act of 1983 and any other rules set forth by the Ministry of Health.
- This project must abide all the conditions stipulated above along with any other rules and regulations in Malaysia.

6.7. Major Suppliers

The raw materials required by TARB Group for the production of its food products are flour (tapioca and/or sago); sugar; chemicals such as ammonia, lime and soda solution, sulphur and enzymes; and water.

Of the above, the principal raw materials used for the production of Caramel Colour and Glucose/Maltose Syrup are flour (tapioca and or sago) and sugar. The principal raw materials used for the production of NFV and HVP are sugar and soya bean respectively.

These raw materials are mainly sourced from Sarawak, Indonesia and Thailand. Sarawak produces a large proportion of the world consumption of quality sago flour. The Group does not have formal agreements with vendors to supply raw materials on a continuing basis. Nevertheless, the principal

suppliers have been trading with TARB Group since the incorporation of SSSFI, which allows the Group to secure prompt supply and competitively priced source of materials. The said raw materials can also be sourced from a number of alternative suppliers.

Details of the major suppliers that individually supply more than 10% of the Group's total purchases in the year ending 31 December 2001 are as follows:

| Suppliers | Product | Length of relationship (years) | % of total purchases |
|--------------------------------|---------------|--------------------------------|----------------------|
| Sinn Kian Hin Sdn Bhd | Tapioca flour | > 10 | 36.7 |
| Central Sugar Refinery Sdn Bhd | Sugar | > 10 | 17.2 |

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7. FINANCIAL AND OTHER GROUP INFORMATION

7.1. Profit and Dividend Records

The table below sets out a summary of the audited proforma consolidated results of TARB Group for the past five (5) financial years ended 31 December 2001 and are provided for illustrative purposes based on the audited financial statements of TARB and its subsidiary company, prepared on the assumption that the group structure has been in place throughout the period under review :-

| Year ended 31 December | 1997 | 1998 | 1999 | 2000 | 2001 |
|--|--------|---------|--------|---------|---------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 18,001 | 18,933 | 18,487 | 22,268 | 23,735 |
| Profit before depreciation, interest and taxation | 6,091 | 4,517 | 3,945 | 4,901 | 4,912 |
| Depreciation | (636) | (732) | (961) | (1,173) | (1,161) |
| Interest | (613) | (1,128) | (764) | (660) | (696) |
| Profit before taxation | 4,842 | 2,657 | 2,220 | 3,068 | 3,055 |
| Taxation | (471) | (440) | 96 | (627) | (622) |
| Profit after taxation | 4,371 | 2,217 | 2,316 | 2,441 | 2,433 |
| Gross EPS (sen) (iv) | 4.82 | 2.64 | 2.21 | 3.05 | 3.04 |
| Net EPS (sen) (iv) | 4.35 | 2.21 | 2.30 | 2.43 | 2.42 |
| Gross Dividend (%) | - | - | - | - | - |

Notes:-

- i. The audited results of TARB Group have been prepared based on accounting policies consistent with those adopted in the preparation of the Company's audited financial statements.
- ii. There were no exceptional items, share of profits from joint ventures or extraordinary items for the financial years under review
- iii. No dividends were declared or paid by TARB Group during the financial years under review.
- iv. Based on the enlarged share capital prior to Public Issue of 100.5 million Shares

7.2. Proforma Consolidated Cash Flow Statement

The table below sets out the proforma consolidated cash flow statement of the TARB Group for the financial year ended 31 December 2001 and are provided for illustrative purposes based on the audited financial statements of TARB and its subsidiary company, prepared on the assumption that the structure of the Group had been in existence throughout the period under review :-

| | RM'000 |
|---|--------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Loss before taxation | (6) |
| Working capital changes: | |
| Payables | 6 |
| Cash used in operations | - |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|---|----------------|
| Acquisition of a subsidiary company* | (6,579) |
| Purchase of property, plant and machinery | <u>(2,000)</u> |
| Net cash used in investing activities | <u>(8,579)</u> |

CASH FLOWS FROM FINANCING ACTIVITIES

| | |
|--|----------------|
| Proceeds from Public Issue | 9,875 |
| Payment of estimated listing expenses | (1,500) |
| Repayment of term loans | <u>(1,838)</u> |
| Net cash generated from financing activities | <u>6,537</u> |

NET DECREASE IN CASH AND CASH EQUIVALENTS (2,042)

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR -

CASH AND CASH EQUIVALENTS AT END OF YEAR (2,042)

* Please refer to the Accountant's Report for further details.

7.3. Key financial/operating ratios

The table below sets out key financial ratios which are provided for illustrative purposes based on the audited financial statements of TARB Group, prepared on the assumption that the structure of the Group had been in existence throughout the period under review:-

| | 1997 | 1998 | 1999 | 2000 | 2001 |
|---|------------|------------|------------|------------|------------|
| | RM | RM | RM | RM | RM |
| Shareholders' funds | 9,003,910 | 11,220,770 | 19,513,504 | 19,762,770 | 22,201,304 |
| Total assets | 21,836,918 | 25,256,559 | 31,191,200 | 33,292,937 | 42,940,399 |
| Net tangible assets (NTA) | 9,003,910 | 11,220,770 | 19,513,504 | 19,762,770 | 22,201,304 |
| NTA per share (RM)* | 0.09 | 0.11 | 0.19 | 0.19 | 0.22 |
| Revenue | 18,000,649 | 18,932,814 | 18,487,205 | 22,268,155 | 23,735,237 |
| Pre-tax profit | 4,841,502 | 2,656,622 | 2,219,536 | 3,069,203 | 3,054,679 |
| Profit after tax | 4,370,508 | 2,216,860 | 2,315,797 | 2,441,716 | 2,432,384 |
| Effective tax rate (%) | 15.07 | 19.65 | 10.59 | 19.29 | 24.97 |
| Pre-tax profit margin (%) | 26.90 | 14.03 | 12.01 | 13.78 | 12.87 |
| Trade debtors turnover (days) | 112 | 95 | 122 | 115 | 120 |
| Current ratio | 0.64 | 0.63 | 1.09 | 0.84 | 0.69 |
| Total borrowings | 7,095,147 | 9,004,975 | 8,521,272 | 7,949,046 | 12,689,625 |
| Gearing | 0.79 | 0.80 | 0.44 | 0.40 | 0.57 |
| Interest expense | 613,416 | 1,128,334 | 763,752 | 659,698 | 695,938 |
| Interest coverage ratio | 8.89 | 3.35 | 3.91 | 5.66 | 5.47 |
| After tax return on shareholders' funds (%) | 48.54 | 19.76 | 11.87 | 12.35 | 10.96 |

* Calculated based on the enlarged share capital before public issue of 100,500,010 Shares.

7.4. Significant accounting policies

a) Basis of Accounting

The financial statements of the Company and of the Proforma Group are prepared under the historical cost convention, unless otherwise stated in this summary of significant accounting policies, and comply with applicable approved accounting standards issued by the Malaysian Accounting Standards Board

b) Basis of Consolidation

The proforma consolidated statement of assets and liabilities have been prepared based on the audited financial statements of TARB and SSSFI as at 31 December 2001. The revenue of SSSFI is included in the Proforma Group financial statements from the date of acquisition based on the acquisition method of accounting.

All inter-company transactions and balances are eliminated on consolidation.

Reserve on consolidation represents the difference between the consideration paid for the shares in the subsidiary company and the fair value of attributable net assets acquired. Reserve on consolidation is separately disclosed in the statement of assets and liabilities.

c) Property Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Gain or losses arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in the income statement.

The carrying amounts of the property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an item of property, plant and equipment exceeds its recoverable amount. The impairment loss is charged to income statement unless it reverses a previous revaluation in which case it is treated as a decrease in the revaluation surplus.

Long leasehold land and capital work-in-progress are not depreciated. Short leasehold land with unexpired lease periods of less than 50 years are amortised over the remaining period of the lease.

Depreciation on other property, plant and equipment is calculated on a reducing balance basis to write off the cost of the assets over their estimated useful lives. The principal annual rates used are as follows:-

| | |
|---|--------|
| Factory | 2.00% |
| Plant and machinery | |
| - acquired before 31.12.94 | 10.00% |
| - acquired after 31.12.94 | 6.60% |
| Tools and implements | 10.00% |
| Furniture, fittings, lab and office equipment | 10.00% |
| Renovation and electrical installation | 10.00% |
| Motor vehicles | 10.00% |
| Fire hydrant system | 10.00% |

d) Property, plant and equipment under hire purchase

Property, plant and equipment acquired under hire purchase agreements are capitalised at their purchase cost and depreciated according to the policy in (c) above. The total amount repayable under hire purchase arrangements are included under hire purchase payables. The interest charges are allocated to the income statement over the period of the agreements

e) Borrowing costs

Borrowing costs incurred on the construction of property, plant and equipment which require a substantial period of time to get them ready for the intended use are capitalised and included as part of the related assets. Capitalisation of the borrowing costs will cease when the assets are ready for their intended use.

f) Investment in subsidiary company

Investment in the subsidiary company and investments which are held on a long term basis are stated at cost. Allowance for impairment loss in value of the investment is only made if the impairment in value of investment is of a permanent nature. Permanent impairment in value of investment is recognised as an expense in the period in which the impairment is identified.

g) Inventories

Inventories are valued at the lower of cost and net realisable value. In arriving at the net realisable value, due allowance is made for all damaged and slow moving items.

Cost is determined on the first-in first-out method. The cost of raw materials comprises the original purchase price plus cost incurred in bringing the inventories to their present location. The cost of work in progress and finished goods comprises the cost of raw materials, direct labour and a proportion of production overheads. Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

h) Receivables

Known bad debts are written off and specific provision is made for any debts considered to be doubtful of collection.

i) Payables

Payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company or SSSFI.

j) Provisions

Provisions are recognised when the Company or SSSFI has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

k) Deferred Taxation

Deferred taxation is provided for on all material timing differences using the liability method except where it can be demonstrated with reasonable probability that these timing differences will not reverse in the foreseeable future. Deferred tax benefits are not recognised in the financial statements unless there is reasonable expectation of realisation in the near future.

l) Foreign Currencies

Transactions in foreign currencies are recorded in Ringgit Malaysia at the rates of exchange which approximate the exchange rates ruling at the dates of the transactions. Assets and liabilities in foreign currencies at balance sheet date are reported in Ringgit Malaysia at rates ruling at that date. Exchange differences are dealt with through the income statement.

m) Revenue Recognition

Revenue from sale of goods is recognised upon delivery of products and when the risks and rewards of ownership has passed.

7.5. Analysis and commentary on financial information

Revenue

Despite the Asian financial crisis, the Group still managed to register a growth from its manufacturing products of 16.83% in 1998 as compared to 1997 while recording 6.7% growth in 1999. In 2000 and 2001, turnover of manufacturing products increased due to the realization of marketing efforts for the overseas market.

Turnover from trading of raw materials for 1998 till 2001 shows an overall declining trend mainly due to the change of strategy by the Group to focus on the manufactured products which contribute higher profit margins.

Profitability

Profit before taxation declined from RM4.84 million in 1997 to RM2.66 million in 1998 mainly due to higher operating expenses which mainly comprised interests on bank borrowings and provision for doubtful debts of approximately RM1.13 million and RM0.38 million respectively. This is mainly attributable to the hike in interest rates as a result of the economic crisis.

In addition to the interest cost, profit before tax and margins shows a decline, for the year ended 1998 and 1999 due to expenses relating to promotional activities for new product as well as product development, examples of which includes the introduction of NFV in 1998 and HVP in 1999. In 2000, the decrease in raw material prices increased the margins of the Group while marketing efforts of the management resulted in the increase in profitability. In 2001, profit before taxation shows a slight drop mainly due to higher interest cost arising from the Group's expansion in the Glucose/Maltose Syrup plant.

Liquidity

Specific provisions for irrecoverability have been made in respect of debts which are doubtful of collection. The Board of Directors believe that all debts not provided for are fully recoverable albeit payments may be slow. It is the Group's policy to monitor and follow up on all outstanding debts to ensure their recovery

The decrease in trade debtors to RM5.25 million in 1998 was mainly due to tighter credit control and increase in collection efforts. In line with this, trade creditors decreased significantly in 1997 mainly due to shorter credit period granted by the suppliers.

Trade debtors increased from RM5.25 million in 1998 to RM6.52 million in 1999 while recording RM7.15 million in 2000 and RM7.81 million in 2001 mainly due to the relaxation on the credit terms given to the customers as well as the revenue growth of the Group as a result of the economic recovery from the Asian financial crisis.

Taxation

The effective tax rates for the financial years ended 31 December 1997, 1998, 2000 and 2001 were lower than the statutory tax rates due to the availability of reinvestment allowance while in 1999, the positive balance is due to the tax waiver year.

Further, the Group is currently paying the Inland Revenue Board (“IRB”) RM48,000 per month, being instalment payments for additional taxation charges as imposed by IRB for income underdeclared for year of assessments 1994 till 1999, amounting to RM2.2 million.

7.6. Turnover analysis - product constituents

An analysis of TARB Group’s total turnover based on its products reflects an increasing trend in contribution from liquid Caramel Colour sales over the past 5 years; the details of which are as follows:-

| Manufactured Products | 1997 | 1998 | 1999 | 2000 | 2001 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| | RM | RM | RM | RM | RM |
| Caramel Colour | 13,224,296 | 15,394,306 | 15,545,367 | 18,403,652 | 18,657,063 |
| Glucose/Maltose Syrup | - | - | - | - | 1,230,263 |
| NFV | 263,758 | 116,539 | 262,932 | 337,037 | 305,259 |
| HVP | - | 247,519 | 1,048,582 | 1,659,857 | 2,270,865 |
| Turnover from manufactured products | 13,488,054 | 15,758,364 | 16,856,881 | 20,386,773 | 22,463,450 |
| Turnover from trading | 4,512,595 | 3,174,450 | 1,630,324 | 1,881,382 | 1,271,787 |
| TOTAL | 18,000,649 | 18,932,814 | 18,487,205 | 22,268,155 | 23,735,237 |

The decline observed in the contribution to turnover from the trading activity arises from the refocusing of the Group’s operations to manufacturing activities.

The management of the Group expects this trend to continue to its advantage. The Group’s increasing manufacturing activities, particularly for High Colour Caramel and NFV, provide comparatively higher margins and ultimately, profitability.

7.7. Working Capital, Borrowings, Capital Commitments and Contingent Liabilities

The Directors of the Company are of the opinion that after taking into consideration the cashflow forecast including the proceeds from the Public Issue and banking facilities available, the TARB Group will have adequate working capital for its present and foreseeable future requirements.

As at 18 June 2002, (being the last practical date prior to the printing of this Prospectus) the Group’s total bank borrowings amounted to approximately RM17.514 Million comprising term loans, overdraft and other banking facilities as follows :

| Bank Borrowings | Payable within twelve (12) months RM’000 | Payable after twelve (12) months RM’000 |
|-----------------------------------|---|--|
| Bank Overdraft | 9,232 | - |
| Banker’s acceptance/Trust Receipt | 6,554 | - |
| Term Loan | 471 | 1,130 |

Save as disclosed above, the Group does not have any other capital outstanding or loan capital created but unissued or mortgages or charges outstanding on that date.

As at 18 June 2002, (being the last practical date prior to the printing of this Prospectus) the Group's material capital commitments and contingent liabilities are as follows :

| Nature | RM'000 |
|---------------------------------|--------|
| Contracted but not provided for | 2,863 |
| Approved but not contracted for | 1,750 |

7.8. Related-Party Transactions

There are no on-going related party transactions or arrangements between TARB Group and its shareholders and/or directors save for the transactions pursuant to the restructuring and listing exercise, and ongoing sales of Caramel Colour at arms length basis to a soy sauce manufacturer owned by Mr Fong Chiew Hean and Mr Foong Chiew Fatt, who are directors and shareholders of the Group. For the year ended 31 December 2001, the sales amounts to RM405,773 or 1.7% of Group turnover.

Also, Prabir Mitra, a key management of the Group is also a director and shareholder of MP Advisory Sdn Bhd, a company which provides secretarial services to the Group for an amount of RM6,150 per annum.

Save as disclosed above, none of the directors and substantial shareholders have any interest, direct or indirect in other businesses and corporations carrying on similar trade as the Group.

The audit committee will ensure that any future or recurring related party transactions shall be carried out at arms length terms.

7.9. Related Companies with Similar Trade

The directors and substantial shareholders have no interest, direct or indirect in other businesses and corporations carrying on similar trade as the Group.

7.10. Declaration Of Interest

AmMerchant Bank, the adviser to the proposed listing, does not have any interest in the Proposed Listing of TARB Group.

AmMerchant Bank, Jeff Leong, Poon & Wong and Ernst & Young believe there is no issue of conflict of interest in respect of their respective roles in the Proposed Listing of TARB.

7.11. Break-even Analysis and Sensitivity Analysis

The analysis below is for illustrative purposes only. Variation in Turnover- due to variation in selling price of products assuming other factors remaining constant.

| | For the financial year ending 31 December 2001 | | | | | |
|----------|--|-------------|---------------|-------------|---------------|-------------|
| | Turnover RM'000 | % Variation | PBT RM'000 | % Variation | PAT RM'000 | % Variation |
| Actual | 23,735 | | 3,061 | | 2,439 | |
| Up 10 % | 26,080 | 9.9 | 4,752 | 55.2 | 3,656 | 49.9 |
| Up 5% | 24,908 | 4.9 | 3,579 | 16.9 | 2,812 | 15.3 |
| Down 5% | 22,563 | (4.9) | 1,234 | (59.7) | 1,123 | (54.0) |
| Down 10% | 21,390 | (9.9) | 62 | (98.0) | 279 | (88.6) |

Variation in Turnover- due to variation in volume of products assuming other factors remaining constant.

| | For the financial year ending 31 December 2001 | | | | | |
|----------|--|-------------|---------------|-------------|---------------|-------------|
| | Turnover RM'000 | % Variation | PBT RM'000 | % Variation | PAT RM'000 | % Variation |
| Actual | 23,735 | | 3,061 | | 2,439 | |
| Up 10 % | 26,080 | 9.9 | 4,105 | 34.1 | 3,191 | 30.8 |
| Up 5% | 24,908 | 4.9 | 3,583 | 17.0 | 2,815 | 15.4 |
| Down 5% | 22,563 | (4.9) | 2,538 | (17.1) | 2,062 | (15.5) |
| Down 10% | 21,390 | (9.9) | 2,015 | (34.2) | 1,686 | (30.9) |

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8. STATUTORY INFORMATION ON THE TARB GROUP

8.1. Incorporation

TARB was incorporated in Malaysia on 21 April 1999 as a private limited company under the Companies Act, 1965 as Three-A Resources Sdn Bhd. Pursuant to the Listing Proposals, the Company was converted into a public limited company on 23 December 2000 and assumed its present name.

TARB is a company formed for the purpose of carrying out the Listing Proposals and it is principally an investment holding company with one (1) subsidiary company namely SSSFI. The TARB Group is principally involved in manufacture of Caramel Colour, HVP and NFV. The Group currently operates in Sungai Buloh, Selangor, which also functions as the Head Office of the TARB Group.

As at 18 June 2002, TARB Group had 108 employees of which 19 are foreigners with valid work permits.

8.2. Share Capital And Changes In Share Capital

TARB's present authorised share capital is RM50,000,000 comprising 250,000,000 Shares. The present issued and paid-up capital of the Company is RM20,100,002 comprising 100,500,010 Shares. Upon completion of the Public Issue, the enlarged issued and paid-up share capital of TARB will be RM28,000,002 comprising 140,000,010 Shares.

The details of the changes in the Company's issued and paid-up share capital since its incorporation are set out below:-

| <u>Date of allotment</u> | <u>No. of shares</u> | <u>Par value (RM)</u> | <u>Consideration</u> | <u>Total (RM)</u> |
|--------------------------|----------------------|-----------------------|---|-------------------|
| 21.04.1999 | 2 | 1.00 | Subscriber shares | 2 |
| 30.04.2002 | 20,100,000 | 1.00 | Otherwise than in Cash. This represents the consideration for the Acquisition of SSSFI pursuant to the Listing Proposals | 20,100,002 |
| 17.06.2002 | 80,400,008 | 0.20 | Share Split | 100,500,010 |

8.3. Approvals and Conditions

The listing proposal is subject to the approval of the following authorities:-

| <u>Name of authority</u> | <u>Date of approval</u> | <u>Conditions</u> | <u>Status of Compliance</u> |
|---|---|---|---|
| MESDAQ (now under KLSE pursuant to the merger on the 18 March 2002) | 7 August 2001 (reissued by KLSE on the 14 March 2002) | a) MESDAQ approval be obtained for the independent directors. b) TARB to obtain at least a temporary certificate of fitness ("TCF") for the HVP and NFV factory built on Lot 4196, Mukim Sungai Buloh, Daerah Petaling or a letter of confirmation from relevant land office that it is permissible to occupy and operate the said factory without a TCF and a TCF or CF will only be issued upon completion of all the development of the said land; and c) The balance of RM200,000 in the share application account is to be converted to equity prior to IPO. | a) Approval obtained on 14 June 2002. b) CF obtained on 8 January 2002. c) Capitalised on 14 June 2002. |

| Name of authority | Date of approval | Conditions | Status of Compliance |
|-------------------|------------------|--|------------------------|
| SC | 3 August 2001 | a) TARB to disclose the status of utilization of proceeds in its quarterly and annual report until the utilization is completed b) TARB to make adequate disclosure in the prospectus about transactions and agreements between TARB Group and any parties related to the directors, promoters, main shareholders and key management. c) Any existing transactions or future transactions between TARB Group and any parties related to the directors, promoters, main shareholders and key management must be on an arm's length basis and not on terms to the detriment of TARB Group. The Audit Committee of TARB is required to monitor and the Board is to report any such transactions in the annual report. | Will be met |
| MITI | 13 March 2001 | a) SC and FIC approval be obtained b) The bumiputra allocation amounting to 7,630,000 Shares is subject to MITI approval | a) Met b) To be met |
| FIC | 19 January 2001 | a) TARB to increase its direct bumiputra equity to at least 30% on IPO. b) TARB to obtain the approval of FIC and MITI for the Listing Proposals | a) To be met b) Met |

8.4. Listing Proposals/Restructuring Scheme

In conjunction with the listing of and quotation for the entire enlarged issued and paid-up share capital of TARB on MESDAQ Market, the Company implemented the listing proposal which involves the following:-

8.4.1. Acquisition of SSSFI

On 20 December 2000, TARB signed a conditional sales and purchase agreement to acquire the entire issued and paid-up share capital of SSSFI for a total purchase consideration of RM20,100,000, satisfied by an issuance of 20,100,000 TARB Shares, credited as fully paid at an issue price of RM1.00 per Share to the following vendors :

| Vendors | No. of SSSFI Shares acquired by TARB | % of SSSFI | Purchase consideration RM | No. of TARB Shares issued |
|----------------------------|--------------------------------------|------------|---------------------------|---------------------------|
| Fang Chew Ham | 1,381,800 | 46.06 | 9,258,060 | 9,258,062 |
| Foong Chiew Fatt | 236,880 | 7.90 | 1,587,096 | 1,587,096 |
| Fong Chiew Hean | 236,880 | 7.90 | 1,587,096 | 1,587,096 |
| Fong Chu King | 118,440 | 3.95 | 793,548 | 793,548 |
| Dato' Mohd Nor Abdul Wahid | 126,000 | 4.20 | 844,200 | 844,200 |
| PNS | 900,000 | 30.00 | 6,030,000 | 6,030,000 |
| Total | 3,000,000 | 100.00 | 20,100,000 | 20,100,000 |

The purchase consideration was based on the audited NTA of SSSFI as at 31 December 1999 of RM19.514 million. The issued and paid-up share capital of each of the above companies were acquired free from all liens, claims, charges, pledges and/or any other encumbrances whatsoever and with all rights, benefits and distributions attaching thereto and accruing thereon.

The acquisition of SSSFI by TARB was completed on 30 April 2002 when new ordinary shares of TARB were issued to the respective vendors. Saved for as disclosed herein, none of the directors and/or substantial shareholders of TARB are interested in the Restructuring Exercise.

8.4.2. Share Split

Each ordinary share of RM1.00 each will be split into five (5) ordinary shares of RM0.20.

8.4.3. Public Issue

The final stage in the Restructuring Exercise involves a Public Issue of 39,500,000 new Shares at an issue price of RM0.25 each. Upon completion of the Public Issue, the issued and paid-up share capital of TARB will be increased from RM20,100,002 to RM28,000,002 comprising 140,000,010 Shares.

The Public Issue of a total of 39,500,000 Shares representing 28.2% of the enlarged share capital of 140,000,010 are to be issued to the following parties :-

- 29,275,000 ordinary shares of RM0.20 each representing approximately 20.9% of the enlarged share capital of 140,000,010 Shares have been made available for placement to selected investors which includes Bumiputera investors nominated by the Company and approved by MITI;
- a maximum of 5,225,000 ordinary shares of RM0.20 each representing approximately 3.7% of the enlarged share capital of 140,000,010 ordinary shares of RM0.20 each have been reserved for eligible directors and employees of TARB Group; and
- 5,000,000 ordinary shares of RM0.20 each representing approximately 3.6% of the enlarged share capital of TARB of 140,000,010 ordinary shares of RM0.20 each have been made available for application to the Malaysian Public, companies, societies, co-operatives and institutions.

All the new ordinary shares issued pursuant to the Proposed Listing rank pari passu in all respects with the existing ordinary shares of TARB including voting rights and the rights to all dividends and/or distribution that may be declared or paid subsequent to the completion of the restructuring exercise and any surplus in the event of the liquidation of the Company.

8.5. Information on Subsidiary Companies

Information on SSSFI, TARB's only wholly-owned subsidiary company, are detailed below. TARB does not have any associated companies.

SSSFI was incorporated in Malaysia on 27 February 1989 under the Companies Act 1965 as a private limited company. SSSFI is principally engaged in the manufacturing of Caramel Colour, HVP and NFV. SSSFI's present authorised share capital is RM5,000,000 comprising RM5,000,000 Shares. The present issued and paid-up capital of SSSFI is RM3,200,000 comprising 3,200,000 Shares

SSSFI is the manufacturing arm of TARB through its factory located on a 5.3 acres land in Sungai Buloh, Selangor, part of which is still available for expansion. SSSFI does not have any subsidiary or associated companies. As at 18 June 2002, the Group has 108 employees. The changes in the issued and paid-up share capital of SSSFI since its incorporation are as follows :-

| Date of allotment | No. of shares allotted | Par value RM | Consideration | Total issued and paid-up share capital RM |
|--------------------------|-------------------------------|---------------------|---|--|
| 27.02.89 | 4 | 1.00 | Subscribers' shares | 4 |
| 13.06.89 | 180,000 | 1.00 | Cash | 180,004 |
| 23.09.94 | 201,000 | 1.00 | Cash | 381,004 |
| 04.11.96 | 118,996 | 1.00 | Cash | 500,000 |
| 02.04.97 | 500,000 | 1.00 | Cash | 1,000,000 |
| 10.06.99 | 1,000,000 | 1.00 | Bonus Issue | 2,000,000 |
| 15.06.99 | 100,000 | 1.00 | Rights Issue | 2,100,000 |
| 03.08.99 | 900,000 | 1.00 | Rights Issue | 3,000,000 |
| 14.06.02 | 200,000 | 1.00 | Capitalisation of share application account | 3,200,000 |

9. SUMMARY OF BUSINESS DEVELOPMENT PLAN

The following is a summary of the business development plan dated 18 June 2002 prepared by TARB for the purpose of inclusion in this Prospectus.

9.1. Background

The Group is primarily involved in the food based industry and the Board believes that it is uniquely positioned to capture a significant portion of the market with its range of products and experience in the industry. The Group's vision is to be a provider of a whole range of Caramel Colour products in the region while diversifying its product range to achieve higher revenue growth. Its promoters, bringing with them their vast experience in this industry will be able to guide the Group well to achieve its vision.

9.2. Plans and Strategies

The Group's mission is to produce a complete range of Caramel Colour products and aims to be among the main producers in the Asia Pacific region.

The Group has plans to market its product internationally. Currently the Group's products are marketed regionally which includes Singapore, Indonesia, Philippines, Hong Kong, Vietnam and Taiwan. Through flexible pricing policies and market expansion evaluation, the Group is venturing into other undeveloped markets and the management is continuously searching for potential markets to tap. Currently, exports amounts to approximately 26% of Group's turnover for the year ended 31 December 2001.

With continuous product R&D coupled with tight quality control, the Group plans to be among the frontrunners of the competition and enables the Group to enjoy a long-term relationship with its customers. In addition, with the vision to diversify its product range as well as strengthen its revenue growth, the Group is already in the progress of venturing into other food related products in the form of HVP as well as NFV.

As consumer tastes shift towards healthy living, TARB Group is well positioned to take advantage of this shift in consumer demand and is poised to ride on this anticipated wave of growth with its natural products i.e. Caramel Colour and NFV.

9.3. Human Resource Policy

Although the production technology to the Group's products is a closely guarded secret of the top management, the Group believes that its human resource is important and retention of good personnel is a difficult process. As such, the Group is continuously maintaining a good working relationship with its personnel and a conducive working environment is created as a motivating factor.

9.4. Conclusion

With the above in mind, the Group believes it is able to capitalise on its strength and take initiative of opportunities arising to register growth not only locally or regionally but internationally as well.

10. SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL**10.1. Substantial Shareholders and Promoters****10.1.1. Shareholdings in TARB**

Based on the Register of Substantial Shareholders of TARB as at the date of this Prospectus, the direct and indirect interest of the substantial shareholders in the issued share capital of the Company before and after the Public Issue are as follows :-

| Shareholders | Nationality / Country of Incorporation | <u>Before the Public Issue</u> | | | | <u>After the Public Issue</u> ^(v) | | | |
|--|--|--------------------------------|-------|----------------------------|-------|--|-------|---------------------------|-------|
| | | ----- Direct ----- | | ----- Indirect ----- | | ----- Direct ----- | | -----Indirect ----- | |
| | | No of shares (‘000) | % | No. of shares (‘000) | % | No.of shares (‘000) | % | No.of shares (‘000) | % |
| Fang Chew Ham ^{(i) (iv)} | Malaysian | 46,291 | 46.06 | 19,838 | 19.75 | 48,791 | 34.85 | 19,838 | 14.17 |
| Foong Chiew Fatt ^{(i) (iv)} | Malaysian | 7,935 | 7.90 | 58,194 | 57.91 | 7,935 | 5.67 | 60,694 | 43.35 |
| Fong Chiew Hean ^{(i) (iv)} | Malaysian | 7,935 | 7.90 | 58,194 | 57.91 | 7,935 | 5.67 | 60,694 | 43.35 |
| Fong Chu King ^{(i) (iv)} | Malaysian | 3,968 | 3.94 | 62,161 | 61.86 | 3,968 | 2.83 | 64,661 | 46.19 |
| Dato’ Mohd Nor Abdul Wahid ^{(i) (iii)} | Malaysian | 4,221 | 4.20 | - | - | 4,221 | 3.01 | - | - |
| PNS ⁽ⁱⁱ⁾⁽ⁱⁱⁱ⁾ | Malaysia | 30,150 | 30.0 | - | - | 30,150 | 21.54 | - | - |

Notes:

- (i) Promoters, substantial shareholders and Directors.
- (ii) Promoter and substantial shareholder
- (iii) Pursuant to a Share subscription agreement dated 10 May 1999, Dato’ Mohd Nor has the option to purchase two thirds of the shareholdings of PNS, of which he has serve a notice of exercise to PNS dated 18 June 2002. As such, after the exercise of the Option, Dato’ Mohd Nor will hold 24.321 million Shares (17.4%) after the Public Issue.
- (iv) Fang Chew Ham, Foong Chiew Fatt, Fong Chiew Hean and Fong Chu King are brothers. Hence, they are deemed interested by virtue of the other brother’s shareholdings.
- (v) Assuming full subscription of the pink form allocation (Managing Director and Deputy Executive Chairman – 2,500,000 Shares, Non executive directors – 100,000 Shares)

The promoters of TARB are Mr. Fang Chew Ham, Mr. Fong Chiew Hean and Mr. Fong Chiew Fatt, Mr Fong Chu King, Dato’ Mohd Nor Abdul Wahid and PNS. A brief background on the substantial shareholders and promoters of TARB, apart from those who are also directors of the Company, are as follows :

PNS, which was formerly known as PERNAS (Perbadanan Nasional Berhad) was incorporated in Malaysia on 29 November 1969 under the Companies Act 1965. In September 1996, PERNAS was privatised through a “management buy-out” (“MBO”) in which its selected assets were taken over by Pernas International Holdings Berhad. The new MBO set-up adopted the existing acronym PERNAS for their new organisation and hence, Perbadanan Nasional Berhad adopted “PNS” as its new acronym.

PNS is principally an investment holding company which embarked on its commercial operations of investing in companies with potential in October 1997 at a new premise located on the 9th Floor of Pusat Dagangan Putra. With an authorised share capital of RM1 billion and current issued and paid up share capital of RM751 million, the Ministry of Finance is the substantial shareholder with 99.44% of the shareholdings. PNS operates under the ambit of the Ministry of Entrepreneur Development, Malaysia. Its directors include Dato’ Md Desa b.

Pachi, Datuk Haji Hanafi b. Ramli, Datuk Zakiah bt. Hashim, Datuk Syed Tamim Ansari b. Syed Mohamed, Puan Hanifah bt. Hassan, Tuan Haji Mustaffa Kamil b. Md Ismail, Tuan Haji Ithnin bin Haji Hassan and Cik Halimah bt. Sulaiman. PNS, with its experience in the corporate world is able to contribute to the growth of the Group by giving feedback in the corporate affairs of the Group.

10.1.2. Directorships In Other Public Corporations

None of the substantial shareholders and promoters of TARB has directorships in any other **public** corporations for the past two (2) years, save for Dato' Seri Utama Tan Sri Abdul Samad Idris and Dato' Mohd Nor Abdul Wahid whose details are shown in the Section on "Directorships Of Directors In Other Public Corporations."

10.1.3. Substantial Shareholdings In Other Public Corporations

None of the substantial shareholders and promoters of TARB has major shareholdings (more than (5%) direct or indirect in other **public** corporations as at 18 June 2002 except for the following :-

| Shareholder | Name of Company | Principal Activities | Shareholding | | | |
|-------------|--------------------------------------|--|------------------|---------|--------------------|---|
| | | | Direct ('000) | % | Indirect ('000) | % |
| PNS | Industrial Resins (M) Berhad | Plastic resins manufacturer | 7,000 | 47.00 | - | - |
| | Ingress Corporation Berhad | Fabrication of automobile parts | 1,389 | 2.17 | - | - |
| | Iris Corporation Berhad | Manufacture Smartcards | 9,500 | 10.18 | - | - |
| | Lankhorst Berhad | Property and construction | 10,112 | 25.28 | - | - |
| | Seacera Tiles Berhad | Manufacture ceramic tiles | 1,902 | 4.76 | - | - |
| | SMPC Metal Industries Berhad | Industrial Metal | 13,381 | 24.52 | - | - |
| | Supercomal Technologies Berhad | Manufacture Cabling | 5,160 | 25.48 | - | - |
| | Tomisho Holdings Berhad | Home furnishings | 7,800 | 19.43 | - | - |
| | Pernas International Holdings Berhad | Refines sugar, rubber, oil palm and hotels | 199,302 | 31.99 | - | - |
| | Yong Tai Berhad | Textiles and garments | 2,245 | 5.63 | - | - |
| UM Land Bhd | Property development | - | - | 74,979* | 32.37* | |

* by virtue of their substantial shareholdings in Pernas International Holdings Berhad

10.2. Changes In Shareholders

Changes in shareholders and their shareholdings in TARB since incorporation are as follows:-

| | Date | | No of shares acquired/ (disposed) | Balance | % |
|-----------------------------|------------|----------|---|---------|----|
| | Acquired | Disposed | | | |
| Aizul Izuan Bin Abdul Hamid | 21.04.1999 | 15.11.00 | 2 | - | - |
| Siti Rinawati Binti A.Wahab | 21.04.1999 | 20.11.00 | 2 | - | - |
| Nor Azura Binti Arbain | 15.11.2000 | 20.11.00 | 2 | - | - |
| Tan Kee @ Tan Zern Kee | 20.11.2000 | - | 1 | 1 | -@ |
| Ahmad Mahir bin Mohd Isa | 20.11.2000 | - | 1 | 1 | -@ |

| | Date | | No of shares acquired/ (disposed) | Balance | % |
|----------------------------|------------|----------|---|------------|-------|
| | Acquired | Disposed | | | |
| Fang Chew Ham | 30.04.2002 | - | 46,290,310* | 46,290,310 | 46.06 |
| Foong Chiew Fatt | 30.04.2002 | - | 7,935,480* | 7,935,480 | 7.90 |
| Fong Chiew Hean | 30.04.2002 | - | 7,935,480* | 7,935,480 | 7.90 |
| Fong Chu King | 30.04.2002 | - | 3,967,740* | 3,967,740 | 3.95 |
| Dato' Mohd Nor Abdul Wahid | 30.04.2002 | - | 4,221,000* | 4,221,000 | 4.20 |
| PNS | 30.04.2002 | - | 30,150,000* | 30,150,000 | 30.00 |

@ Negligible

* Adjusted for the proposed share split pursuant to the Listing Proposals.

10.3. Moratorium on Promoters' Shares

It is a condition of MMLR that shares held by the promoters amounting to 45% of the nominal issued and paid-up capital of the Company at the date of admission of the Company to the Official List of MESDAQ Market be put under moratorium.

The quantum and proportion of shares which are to be held under moratorium as depicted below is fully accepted by the following Promoters.

| | After the Public Issue | | Under Moratorium | |
|-----------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | No. of ordinary shares held | % of enlarged share capital | No. of ordinary shares held | % of enlarged share capital |
| Fang Chew Ham | 48,790,310 | 34.85 | 41,454,005 | 29.61 |
| Foong Chiew Fatt | 7,935,480 | 5.67 | 7,106,400 | 5.08 |
| Fong Chiew Hean | 7,935,480 | 5.67 | 7,106,400 | 5.08 |
| Fong Chu King | 3,967,740 | 2.83 | 3,553,200 | 2.54 |
| Dato' Mohd Nor Abdul Wahid* | 4,221,000 | 3.01 | 3,780,000 | 2.70 |
| PNS | 30,150,000 | 21.54 | - | - |
| | 103,000,010 | 73.57 | 63,000,005 | 45.00 |

* Pursuant to a Share subscription agreement dated 10 May 1999, Dato' Mohd Nor has the option to purchase two thirds of the shareholdings of PNS, of which he has serve a notice of exercise to PNS dated 18 June 2002. As such, after the exercise of the Option, Dato' Mohd Nor will hold 24.321 million Shares (17.4%) after the Public Issue.

The moratorium has been fully accepted by the Promoters. They will not be allowed to sell, transfer or otherwise dispose of any part of their interest in the Shares under the moratorium within one (1) year from the date of admission of the Company to the Official List of MESDAQ, and thereafter, they are permitted to sell, transfer or otherwise dispose of up to a maximum of one third per annum of their respective shareholdings under moratorium on a straight-line basis.

This restriction is specifically endorsed on the share certificates of TARB representing the respective shareholdings of the Promoters which are under moratorium to ensure that the Company's Registrars shall not register any transfer not in compliance with the moratorium restrictions.

10.4. Board of Directors

Dato' Seri Utama Tan Sri Abdul Samad Idris, aged 79, a respected administrator and former politician was appointed Chairman of SSSFII in 1996. He was a Minister during the late Tunku Abdul Rahman's and the late Tun Abdul Razak's Cabinet. He had held various Ministerial post from 1969 to 1980 and was the Pro-Chancellor of Universti Pertanian from 1990 to 1995 as well as the Chairman of Bank Pembangunan Malaysia Berhad from 1981 to 1994. He was appointed as Chairman of

Perbadanan Kemajuan Filem Nasional (FINAS) in 1994, a position which he still holds. He is also the Chairman of MWE Holdings Berhad since 1981 and Director of Astaka Budi Sdn. Bhd. since 1996.

Dato' Mohd Nor Abdul Wahid, aged 50, was appointed as the Executive Deputy Chairman of SSSFI in 1998. Dato' Mohd Nor holds a MBA in Finance from the American World University, Iowa, USA. He started his career with Bank Bumiputra Malaysia Berhad and was with the Bank Bumiputra Group for 23 years, rising from the position of Executive Trainee in the Bank's wholly owned subsidiary, Kewangan Bumiputra Berhad to a position of one of the Senior General Manager of the Bank, in-charge of Commercial Banking Division. He was appointed as director of several subsidiaries of the Bank and also at various strategic and project committees, of which the projects have been successfully completed, implemented and initiated. His experience includes conventional and interest-free (Islamic) banking.

In 1991, he was elected as Chairman of the Bank Staff Co-operative and President of the Staff Bank Club and held the said position for 6 years until 1997. In recognition of his contribution to the banking industry and business communities, he was conferred the Datoship title by HRH the Yang Dipertuan Besar of Negeri Sembilan Darul Khusus. Presently Dato' Mohd Nor, is the Managing Partner of Mohd Nor, Zaki & Partners, a financial management consultants firm. He also holds directorship in Setron (Malaysia) Bhd., Saship Holdings Bhd. and Aikbee Resources Bhd.

Mazlan Bin Ibrahim, aged 34, was appointed as Director in 2000. He is a graduate of the Chartered Institute of Management Accountants (UK) and currently a Senior Manager with the Investment Monitoring Department of PNS. Prior to joining PNS in 1998, he was a Senior Executive in the Financial Services Department of PUNB and served PUNB for 4 years. He started his career in Ban Hin Lee Bank as a Credit Officer in 1994. En Mazlan represents the interest of the PNS.

Fang Chew Ham, aged 55, is the Managing Director of the Company. He and his two other brothers, Mr Fong Chiew Hean and Mr Foong Chiew Fatt, started their family business producing soy sauce more than 25 years ago. In 1978, they set up the Soon Seng Sauce Mixture and Food Industry to manufacture Caramel Colour and this partnership was subsequently converted into San Soon Seng Food Industries Sdn. Bhd. in 1989. Equipped with significant experience in the sauce and Caramel Colour industry, he heads the management of SSSFI. His leadership together with the expanded management personnel both in corporate and production will result in broad and flexible goal setting, to meet the quality of the ever changing demands and the development of further products related to the manufacturing of soy sauce.

Mr Fang is also a co-opted member of The Working Group on Sauces which prepared the Malaysian Standard MS 513:1993 (SIRIM) – Specification for Caramel in the Manufacture of Soya Sauce.

Fong Chu King, aged 57, a Director and General Manager of TARB Group, joined SSSFI in May 2000 after his retirement from Megasteel Mills Sdn. Bhd., where he has been a non-executive director since 1996. Mr Fang who graduated with a Bachelor of Science in Chemical Engineering from the National Taiwan University, is the elder brother of Mr Fang Chew Ham. As a qualified Professional Engineer with Lembaga Jurutera Malaysia and a member of Institution Engineer Malaysia, he has more than 25 years of working experience in manufacturing industries. In his 20 years of service with the Lion Group of Companies, he held a number of positions including Manager of Amsteel Mills Sdn. Bhd. and General Manager of Megasteel Mills Sdn. Bhd. As a Director and an engineer, he has been participating actively in the production process of TARB Group.

Mr Fong Chu King is also a co-opted member of The Working Group on Sauces which prepared the Malaysian Standard MS 513:1993 (SIRIM) – Specification for Caramel in the Manufacture of Soya Sauce.

Fong Chiew Hean, aged 66, was appointed Director of TARB Group in 2000 and was one of the founders of SSSFI. With vast experience in the sauce making industry, he actively contributes to the long term success of the Group. He currently holds the position of Director in, and is the one of the founders of Seong Chan Sauce and Foodstuff Sdn. Bhd., which was incorporated in 1988 and produces soy sauce.

Foong Chiew Fatt, aged 70, was appointed Director of TARB Group in 2000 and was one of the initial founders of SSSFI with his two brothers. He brings with him vast experience in the sauce making industry and is one of the contributors to the long term strategy of the Group. He also holds the position

of Director in, and is one of the founders of, Seong Chan Sauce and Foodstuff Sdn. Bhd. which was incorporated in 1988 and produces soy sauce.

Chew Eng Chai, aged 52, was appointed Director of TARB Group in 2002. He is a Fellow of the Institute of Chartered Accountants in England and Wales and is also a member of the Malaysian Institute of Accountants as well as a member of the Malaysian Institute of Certified Public Accountants. He currently holds directorships in Yeo Hiap Seng (Malaysia) Berhad, a company he has joined since 1975. He brings with him 27 years of experience in the food and beverage industry.

Tan Chon Sing @ Tan Kim Tieng, aged 64, was appointed Director of TARB Group in 2002. He graduated in 1963 with a Bachelor of Commerce in Accounting from Nanyang University, Singapore. He has 38 years of combined experience in the banking and stock broking industry and is currently a director of Malpac Holdings Berhad and several private limited companies. He previously held positions in Pacific Bank (1970 ~ 1975) and Chew & Teo (currently known as Seremban Securities Sdn Bhd) (1976 ~ 1987).

Shareholdings In The Company

None of the Directors has shareholdings in the Company direct or indirect as at the date of this Prospectus except for the following :-

| Ordinary Shares of RM0.20 each | Direct ('000) | Indirect ('000) | Direct ('000) | Indirect ('000) |
|--------------------------------|------------------|--------------------|------------------|--------------------|
| Fang Chew Ham | 46,291 | 46.06 | 19,838 | 19.75 |
| Foong Chiew Fatt | 7,935 | 7.90 | 58,194 | 57.91 |
| Fong Chiew Hean | 7,935 | 7.90 | 58,194 | 57.91 |
| Fong Chu King | 3,968 | 3.94 | 62,161 | 61.86 |
| Dato' Mohd Nor Abdul Wahid* | 4,221 | 4.20 | - | - |

* Pursuant to a Share subscription agreement dated 10 May 1999, Dato' Mohd Nor has the option to purchase two thirds of the shareholdings of PNS, of which he has served a notice of exercise to PNS dated 18 June 2002. As such, after the exercise of the Option, Dato' Mohd Nor will hold 24.321 million Shares (17.4%) after the Public Issue.

Directorships Of Directors In Other Public Corporations

None of the Directors of TARB has other directorships in other public corporations for the past two (2) years, save for the following.

| Director | Name of Company | Date of appointment |
|--|---|---|
| Dato' Seri Utama Tan Sri Abdul Samad Idris | MWE Holdings Berhad (Chairman) | 1980 |
| | Utusan Melayu (M) Berhad | 28 January 1981 |
| Dato' Mohd Nor Abdul Wahid | Lankhorst Bhd (Director) | 18 September 1998 (Resigned on 18 May 2001) |
| | Setron (Malaysia) Berhad (Director) | 15 February 2000 |
| | Saship Holdings Bhd (Executive Chairman and Director) | 20 March 2000 |
| | Aikbee Resources Bhd (Chairman and Director) | 7 December 2000 |
| | Bridgecon Holdings Berhad (Director) | 1 October 1998 (Resigned on 2 October 2000) |
| Chew Eng Chai | Yeo Hiap Seng (Malaysia) Berhad | 28 March 1995 |
| | YHS Manufacturing Berhad (formerly known as Leong Sin Nam Farms Berhad) | 28 November 1978 |
| Tan Chon Sing @ Tan Kim Tieng | Malpac Holdings Berhad | 15 May 1990 |

Substantial Shareholdings of Directors in Other Public Corporations

None of the Directors of TARB has major shareholdings (more than 5%) direct or indirect in other **public** corporations as at the date of this Prospectus save for Mr Tan Chon Sing @ Tan Kim Tieng who holds 11,302,000 RM1.00 Shares (15.07%) in Malpac Holdings Berhad.

Directors' Remuneration

For the financial year ended 31 December 2001, RM850,128 remuneration was paid to the Directors of the TARB for the service in all capacities to the Company and its subsidiary. For the current financial year ending 31 December 2002, RM905,520 is payable to the Directors of TARB, the bandings of which are shown below.

| RM Banding | Number of directors | |
|-------------------|---------------------|------------|
| | 31.12.2001 | 31.12.2002 |
| 0 -50,000 | 3 | 5 |
| 50,001 - 150,000 | 1 | 1 |
| 150,001 - 250,000 | 2 | 2 |
| 250,001 - 400,000 | 1 | 1 |

10.5. Audit Committee

TARB has set up an Audit Committee which comprises the following Board members:-

| Name | Responsibility | Directorship |
|-------------------------------|----------------|------------------------------------|
| Chew Eng Chai | Chairman | Independent Non-Executive Director |
| Tan Chon Sing @ Tan Kim Tieng | Member | Independent Non-Executive Director |
| Dato' Mohd Nor Abdul Wahid | Member | Executive Chairman and Director |

The main functions of the Audit Committee include the review of audit plans and audit reports with the Auditors, review of Auditors' evaluation of internal accounting controls and management information systems, review of the scope of internal audit procedures, review of balance sheet and income statement and nomination of Auditors.

10.6. Key Management and Technical Personnel

Mr Ng Hock Aun, aged 58, who is the Operation Manager, joined TARB Group in 1998. Mr Ng has been in the food industry for more than 30 years. Prior to joining SSSFI, he was the Product Planning & Business Development Director of P.T. ABC Central Food, Indonesia for more than 6 years from January 1992 to August 1998. He was also the Deputy General Manager of Shanghai Guang Tai Yuan Food Industry Co. Ltd., Shanghai, China for one year from January 1996 to December 1996. From September 1987 till September 1991, he was Factory Manager of P.T. Salim Graha Food & Beverage Industry, Indonesia while from November 1981 till September 1987 he was Factory Manager of Yeo Hiap Seng (M) Bhd, Shah Alam. Over the years, he has held many positions in various food manufacturing companies.

He graduated with a Bachelor of Science in Food Technology from Taiwan Provincial Chung-Hsing University in 1967 and is a pioneer and life member of Malaysian Institute of Food Technology since 1974 as well as a member of Malaysian Institute of Chemistry since 1977.

Prabir Kumar Mitra, aged 46, who is the Financial Controller / Company Secretary, joined the TARB Group in 2000 and is a member of the Malaysian Institute of Accountants. He was attached to local financial management consulting firm from 1997 till 2001, prior to which he spent four years with Syabinas Holdings Sdn. Bhd., with his final posting as General Manager - Finance and Administration, and was also responsible for the finance and administration of Nilai Inland Port, a subsidiary. Other duties involved the setting up the IT and costing systems for the inland port and the warehouses therein.

In 1986 he joined the Sime Darby Group, with his first appointment as Finance and Administration Executive in Sime Inax Sdn. Bhd., a manufacturer of sanitary wares, being involved in all aspects of financial management and administration. During his 7 years tenure in Sime Darby, he was posted to Sime Darby Marketing, Sime Footwear and the last appointment was in Sime-Swede Distribution where he was involved in the design and the implementation of the warehouse distribution systems. He trained with Cornelius, Barton & Company (Chartered Accountants) in the UK for 3 years from 1982.

Ms Lim Kwee Heong, aged 33, is the Finance Executive of TARB Group. She has been with the company for 12 years since 1988 and has completed her Diploma course in LCCI. She is responsible for supervising the day-to-day accounting functions and banking transactions. She is one of TARB Group pioneer employees who has gained extensive experience in the operations of TARB Group.

Mr Low Hock Siew, aged 58, joined TARB Group in 1994 as Sales Executive and has since been promoted to Sales Manager. He has vast experience in sales and marketing in the confectionery industry as well as sauce manufacturing industry. Prior to joining TARB Group, he worked for more than 10 years with Pulmas Sdn. Bhd., Bumi Pantai Sdn. Bhd. and New Century Sdn. Bhd., which manufactures Caramel Colour and glucose products.

Encik Musak Bin Hussin, aged 53, has been with the company for 11 years since 1989 and has gained extensive experience in the operations of Caramel Colour production. He was trained in various sections of the plant before assuming the present position as a Supervisor and is responsible for supervising the day-to-day production functions, overall co-ordination and scheduling duties for production workers and also organising as well as mobilising stock movements of Caramel Colour products.

Prior to joining TARB Group, he operated his own business in the construction industry in Singapore for approximately 14 years and he attended the Secondary Continuous School in Selangor.

Mr Leong Foh Meng, aged 59, joined TARB Group in 1997 as Adviser for the NFV plant. He completed his high school education in 1962 in Ipoh and has approximately 30 years of experience in vinegar, feed yeast and alcohol (industrial grade) fermentation, development and production.

He worked with Mauri Fermentation Sdn Bhd for 23 years from 1973 to 1996. Prior to this, he was with Good Meal Sdn. Bhd. from 1967 to 1972 where he supervised the production of feed yeast and Chemical Industry Sdn. Bhd. from 1965 to 1967 as production supervisor.

Mr Soon Po, aged 64, joined TARB Group in 1998 as HVP Chemist cum Adviser. He graduated with a Bachelor of Science degree from the Department of Chemistry, National Taiwan University in 1962 and is a member of the Malaysian Institute of Chemistry. He was with Malaysia Ve-Tsin Manufacturing Co. Bhd. for 30 years from 1968 to 1998 as Engineer and was later promoted to Production Manager being involved in the production of food seasonings. Prior to this, he also worked with Malayan Flour Mills as Chemist from 1965 to 1968, responsible for lab analysis work.

Ms Lee Ley Lin, aged 26, she started her career with TARB Group in 1998 as QC Executive after graduating with a Bachelor of Process and Food Engineering degree in 1998 from the University Putra Malaysia. She is responsible for the day-to-day quality control functions, production process control and improvements to ensure high and consistent product quality as well as the handling of customer complaints. During her third year in University Putra Malaysia, she underwent practical training for six months with Guolene Metal Can Sdn. Bhd. where she gained hands on experience on ISO 9002 Certification.

Mr Lee Kuan Loong, aged 27, joined TARB Group in 1999 and is currently the Marketing Manager. He graduated with a Bachelor of Food Science and Technology degree in 1998 from the University Putra Malaysia. Prior to joining TARB Group, he worked with Ajinomoto Malaysia Bhd as Technical Services Executive under R&D department. His experience includes providing technical support to customers, developing new recipe, product improvement, establishing new product processing, product specification as well as developing new product concepts. He was actively involved in the Quality Management System ISO 9002 and was appointed as a member in the Internal QC Auditor.

Ms Kow Pee Yen, aged 32, joined TARB Group in April 1999 and is currently the Human Resource Executive of the Group, prior to which she was the Personal Assistant to the Operations Manager. Ms Kow started her career as an accounts clerk with Mah Sing Enterprise Sdn. Bhd. In 1990 she was employed by Ban Tong Marketing Sdn. Bhd., as an accounts executive handling personnel functions (including foreign workers) and book-keeping until being promoted as Accounts Manager, responsible for the financial and administration function of the company, including the computerisation of the payroll function.

Mr. Chuah Choong Guan, aged 24, joined TARB as Purchasing Executive in November 2000. With a Degree in Anthropology and Sociology from UKM, he was attached to Tadcomm Cellular Sdn. Bhd. as sales assistant for six months, after graduation.

Ms. Jessica Fang Siew Yee, aged 22, joined TARB Group in 2001 as Assistant Manager to the MD. She graduated with an Honours Degree in Bachelor of Business Administration in 2001 from the University of Greenwich, UK. During her course, she spent two months time in Mennclarey Management Co, UK in assisting in the human resource function.

Mr. Derek Liew Kuo Shin, aged 25, joined TARB in 2001 as Assistant Factory Manager. He obtained his Diploma in Mechanical Engineering from a local polytechnic under Kementerian Pendidikan Malaysia in 1999 and prior to joining TARB Group, he was with General Vinyl Industries Sdn Bhd and Altendolf Asia Sdn Bhd as Sales Engineer.

Mr. Wong Cheong Khuen, aged 47, joined TARB in 2001. He is the Factory Manager for the Glucose/Maltose Plant. Prior to joining TARB Group, he was a plant manager of Zamcare Manufacturing (M) Sdn Bhd. He obtained his Diploma in Management from Malaysian Institute of Management and has over 20 years of experience in the manufacturing environment.

Directorships In Other Public Corporations

None of the abovementioned key management of TARB has other directorships in other public corporations for the past two (2) years save for Mr Prabir Mitra who is currently a director in MP Technology Resources Berhad, a dormant company.

Substantial Shareholdings In Other Public Corporations

None of the abovementioned key management of TARB has major shareholdings (more than 5%) direct or indirect in other *public* corporations as at the date of this Prospectus.

10.7. Relationships and Associates

There are no family and business relationship amongst the substantial shareholders, promoters, directors, management and key technical personnel of the TARB Group save for Mr Fang Chew Ham, Mr Foong Chiew Fatt, Mr Fong Chiew Hean and Mr Fong Chu King who are brothers and Ms Jessica Fang Siew Yee who is the daughter of Mr Fang Chew Ham. See "Financial and Other Group Information – Related Party Transactions" for details on any related party transactions.

10.8. Service Agreements

There are no existing and intended service agreements between the Company (or any other company in the Group) and its directors and key management.