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OVERSEA ENTERPRISE BERHAD
(formerly known as *Restoran Oversea Corporation Sdn Bhd*)
(Company No. 317155-U)
(Incorporated in Malaysia under the Companies Act, 1965)

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OVERSEA ENTERPRISE BERHAD
(formerly known as *Restoran Oversea Corporation Sdn Bhd*)
(Company No. 317155-U)
(Incorporated in Malaysia under the Companies Act, 1965)

INITIAL PUBLIC OFFERING IN CONJUNCTION WITH OUR LISTING ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD COMPRISING -

(I) PUBLIC ISSUE OF 56,900,000 NEW ORDINARY SHARES OF RM0.20 EACH ("SHARES") IN OVERSEA ENTERPRISE BERHAD COMPRISING -

- 12,000,000 SHARES MADE AVAILABLE TO THE MALAYSIAN PUBLIC;
- 35,400,000 SHARES BY WAY OF PRIVATE PLACEMENT TO IDENTIFIED INVESTORS; AND
- 9,500,000 SHARES MADE AVAILABLE TO THE ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OVERSEA ENTERPRISE BERHAD AND ITS SUBSIDIARIES;

AND

(II) OFFER FOR SALE OF 9,500,000 SHARES BY WAY OF PRIVATE PLACEMENT TO IDENTIFIED INVESTORS.

AT AN ISSUE/OFFER PRICE OF RM0.23 PER SHARE, PAYABLE IN FULL UPON APPLICATION.

Adviser, Sponsor, Underwriter and Placement Agent

OSK

OSK Investment Bank Berhad (14133-V)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THE PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

THERE ARE CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER. TURN TO SECTION 4 HEREIN FOR "RISK FACTORS".

YOU ARE ADVISED TO NOTE THAT COMPANIES LISTED ON THE ACE MARKET MAY BE OF HIGH INVESTMENT RISK.

THIS PROSPECTUS IS DATED 15 MARCH 2010

PROSPECTUS

Our Directors, Promoters and Offerors (as defined herein) have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other fact which if omitted, would make any statement in this Prospectus false or misleading.

OSK Investment Bank Berhad ("OSK"), being our Adviser, Sponsor, Underwriter and Placement Agent, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the IPO (as defined herein).

A copy of this Prospectus has been registered with the Securities Commission Malaysia ("SC"). The registration of this Prospectus should not be taken to indicate that the SC recommends the IPO or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment.

The Public Issue (as defined herein) and Offer for Sale (as defined herein) in respect of the IPO are exempt transactions under Section 213 of the Capital Markets and Services Act 2007 ("CMSA") and are therefore not subject to the approval of the SC.

The SC is not liable for any non-disclosure in this Prospectus on our part and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus. A copy of this Prospectus, together with the application form, has also been lodged with the Registrar of Companies who takes no responsibility for its contents.

Companies listed on the ACE Market may have a limited operating history or may not have any profit track record prior to listing. Such companies may be of high investment risk. As with all investments, you should be aware of all potential risks in investing in such companies and should make the decision to invest after giving due and careful consideration by referring to, amongst others, the Prospectus, latest financial statements and corporate announcements. You are strongly recommended to seek advice from a securities professional/ adviser.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF OUR IPO AND YOUR INVESTMENT IN OUR SHARES. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

You are advised to note that recourse for false or misleading statements or acts made in connection with this Prospectus is directly available through Sections 248, 249 and 357 of the CMSA.

Approval has been obtained from Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for the IPO Shares (as defined herein) on 27 January 2010. Admission to the Official List of the ACE Market of Bursa Securities is not to be taken as an indication of the merits of the IPO, our Company or our Shares.

Bursa Securities shall not be liable for any non-disclosure on our part and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

Securities listed on Bursa Securities are offered to the public premised on full and accurate disclosure of all material information concerning the IPO for which any of the persons set out in Section 236 of the CMSA, e.g. directors and advisers, are responsible.

This Prospectus can also be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com.

This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or with or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

We will not, prior to acting on any acceptance in respect of the IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith.

It shall be your sole responsibility if you are or may be subject to the laws of countries or jurisdictions other than Malaysia, to consult your legal and/ or other professional advisers as to whether the IPO would result in the contravention of any law of such countries or jurisdictions.

Further, it shall also be your sole responsibility to ensure that your application for the IPO would be in compliance with the terms of the IPO and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected. We will further assume that you had accepted the IPO in Malaysia and will be subjected only to the laws of Malaysia in connection therewith.

However, we reserve the right, in our absolute discretion to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

No action has been or will be taken to ensure that this Prospectus complies with the laws of any country or jurisdiction other than the laws of Malaysia. It shall be your sole responsibility to consult your legal and/ or other professional adviser on the laws to which the IPO or you are or might be subjected to. Neither us nor our Adviser nor any other advisers in relation to the IPO shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, avoidable or void in any country or jurisdiction.

ELECTRONIC PROSPECTUS

The contents of the Electronic Prospectus and the copy of this Prospectus registered with the SC are the same. You may download a copy of the Electronic Prospectus from the websites of Affin Bank Berhad at www.affinOnline.com, Malayan Banking Berhad at www.maybank2u.com.my, CIMB Investment Bank Berhad at www.eipocimb.com and CIMB Bank Berhad at www.cimbclicks.com.my.

You are advised that the internet is not a fully secured medium, and that your Internet Share Application (as defined herein) may be subject to the risks of problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions (as defined herein). These risks cannot be borne by the Internet Participating Financial Institutions.

If you doubt the validity or integrity of an Electronic Prospectus, you should immediately request from us, or the Issuing House, a paper/ printed copy of this Prospectus. If there is any discrepancy arising between the contents of the Electronic Prospectus and the contents of the paper/ printed copy of this Prospectus for any reason whatsoever, the contents of the paper/ printed copy of this Prospectus, which is identical to the copy of the Prospectus registered with the SC, shall prevail.

In relation to any reference in this Prospectus to third party internet sites (referred to as "Third Party Internet Sites"), whether by way of hyperlinks or by way of description of the Third Party Internet Sites, you acknowledge and agree that:-

- (i) we and our Adviser do not endorse and are not affiliated in any way to the Third Party Internet Sites. Accordingly, we and our Adviser are not responsible for the availability of, or the content or any data, information, file or other material provided on the Third Party Internet Sites. You shall bear all risks associated with the access to or use of the Third Party Internet Sites;

- (ii) we and our Adviser are not responsible for the quality of products or services in the Third Party Internet Sites, particularly in fulfilling any of the terms of your agreements with the Third Party Internet Sites. We and our Adviser are also not responsible for any loss or damage or cost that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance on any data, information, file or other material provided by such parties; and
- (iii) any data, information, file or other material downloaded from the Third Party Internet Sites is done at your own discretion and risk. We and our Adviser are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, file or other material.

Where an Electronic Prospectus is hosted on the website of the Internet Participating Financial Institutions, you are advised that:-

- (i) the Internet Participating Financial Institutions are only liable in respect of the integrity of the contents of the Electronic Prospectus, to the extent of the contents of the Electronic Prospectus situated on the web server of the Internet Participating Financial Institutions which may be viewed via your web browser or other relevant software. The Internet Participating Financial Institutions shall not be responsible in any way for the integrity of the contents of an Electronic Prospectus, which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institutions and thereafter communicated or disseminated in any manner to you or other parties; and
- (ii) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of an Electronic Prospectus cannot be guaranteed as the internet is not a fully secured medium.

The Internet Participating Financial Institutions are not liable (whether in tort or contract or otherwise) for any loss, damage or cost, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracy, change, alteration, deletion or omission in respect of the information provided in an Electronic Prospectus which may arise in connection with or as a result of any fault or faults with web browsers or other relevant software, any fault or faults on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institution, and/ or problems occurring during data transmission, which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

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INDICATIVE TIMETABLE

The following events are intended to take place on the following tentative dates:-

Events	Tentative Dates
Issuance of this Prospectus/ Opening of the applications for the IPO	15 March 2010
Closing of the applications for the IPO	22 March 2010
Balloting of the applications for the Issue Shares (as defined herein)	24 March 2010
Allotment of the Issue Shares to successful applicants	30 March 2010
Listing	1 April 2010

This timetable is indicative and is subject to changes which may be necessary to facilitate the implementation procedures. The application period for the IPO will close at the date stated above or such later date as our Directors and our Underwriter in their absolute discretion may mutually decide.

In the event the closing date of the application is extended, we will advertise the notice of the extension in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia prior to the original closing date of the application. Following this, the dates for the balloting of the applications for the Issue Shares, allotment of the Issue Shares and Listing would be extended accordingly.

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PRESENTATION OF INFORMATION

All references to "our Company" or "the Company" or "Oversea" in this Prospectus are to Oversea Enterprise Berhad (317155-U) and references to "our Group" are to our Company and our subsidiaries taken as a whole and references to "we", "us", "our" and "ourselves" are to our Company and our subsidiaries, save where the context otherwise requires. Unless the context otherwise requires, references to "Management" are to our Directors, key management and key technical personnel as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

The word "approximately" used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest tenth or one (1) decimal place. Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

Words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Prospectus shall be reference to Malaysian time, unless otherwise stated.

The information on our website, or any website directly or indirectly linked to such website does not form part of this Prospectus and you should not rely on it.

This Prospectus includes statistical data provided by us and various third parties and cites third-party projections regarding growth and performance of the industries in which we operate. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originates from us. In particular, certain information in this Prospectus is extracted or derived from report(s) provided by Vital Factor Consulting Sdn Bhd, an independent business and market research consultants. We believe that the statistical data and projections cited in this Prospectus are useful in helping you understand the major trends in the industries in which we operate. However, neither we nor our advisers have independently verified these data. Neither we nor our advisers make any representation as to the correctness, accuracy or completeness of such data and accordingly, you should not place undue reliance on the statistical data cited in this Prospectus. Similarly, third-party projections, including the projections from the Independent Business and Market Research Consultants, cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. Hence, you should not place undue reliance on the third-party projections cited in this Prospectus.

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FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements. All statements other than those of historical facts included in this Prospectus, including, without limitation, those regarding our Group's financial position, business strategies, plans and objectives of our Management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our Group's present and future business strategies and the environment in which our Group will operate in the future. Such forward-looking statements reflect our Management's current view with respect to future events and are not a guarantee of future performance.

Some of these forward-looking statements can be identified by the use of forward-looking terminology such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:-

- (i) demand for our products and services;
- (ii) our business strategies;
- (iii) plans and objectives of our Management for future operations;
- (iv) our financial position; and
- (v) our future earnings, cash flows and liquidity.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:-

- (i) the economic, political and investment environment in Malaysia and globally; and
- (ii) government policy, legislation or regulation.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to those discussed in **Section 4 – Risk Factors** and **Section 11.2 – Management's discussion and analysis of financial conditions, results of operations and prospects** of this Prospectus. Due to these and other uncertainties, we cannot assure you that the forward-looking statements included in this Prospectus will be realised.

The forward-looking statements in this Prospectus are based on information available to us at the date of this Prospectus. We expressly disclaim any obligation or undertaking to release publicly any update or revision to any forward-looking statement contained in this Prospectus to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

You will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the forward-looking statements that are contained herein.

DEFINITIONS

The following terms in this Prospectus bear the same meanings as set out below unless the term is defined otherwise or the context requires otherwise:-

COMPANIES WITHIN OUR GROUP

Company or Oversea	: Oversea Enterprise Berhad (317155-U) (formerly known as Restoran Oversea Corporation Sdn Bhd)
Group or Oversea Group	: Oversea and its subsidiary companies
Haewaytian Cake House	: Haewaytian Cake House Sdn Bhd (207619-T)
Haewaytian Food Industries	: Haewaytian Food Industries Sdn Bhd (424776-P)
Haewaytian Restaurant	: Haewaytian Restaurant Sdn Bhd (85886-A)
Haewaytian Trading	: Haewaytian Trading Sdn Bhd (433227-K)
Oversea BBSP	: Restoran Oversea (Bandar Baru Sri Petaling) Sdn Bhd (152605-H)
Oversea Confectioneries	: Restoran Oversea Confectioneries Sdn Bhd (727154-M)
Oversea Dian Xin	: Restoran Oversea Dian Xin (Sri Petaling) Sdn Bhd (439479-U)
Oversea Holdings	: Restoran Oversea Holdings Sdn Bhd (309259-X)
Oversea Imbi	: Restoran Oversea (Imbi) Sdn Bhd (103814-W)
Oversea Jaya 1	: Restoran Oversea (Jaya 1) Sdn Bhd (450188-U)
Oversea PJ	: Restoran Oversea (P.J.) Sdn Bhd (207643-U)
Oversea Subang Parade	: Restoran Oversea (Subang Parade) Sdn Bhd (433850-A)
Tenshou Trading	: Tenshou Trading Sdn Bhd (442181-H)
Tsim Tung	: Restoran Tsim Tung Sdn Bhd (673332-U)

GENERAL

ACE Market Listing Requirements	: Listing Requirements of Bursa Securities for the ACE Market
Acquisitions	: Collectively, the acquisition of Haewaytian Cake House, Haewaytian Food Industries, Haewaytian Restaurant, Haewaytian Trading, Oversea BBSP, Oversea Confectioneries, Oversea Dian Xin, Oversea Holdings, Oversea Imbi, Oversea Jaya 1, Oversea PJ, Oversea Subang Parade, Tenshou Trading and Tsim Tung, as further described in Section 5.3(II) of this Prospectus
Act	: The Companies Act, 1965
ADA	: Authorised Depository Agent

DEFINITIONS (Cont'd)

Application	: The application for the Issue Shares by way of Application Form, Electronic Share Application and/ or Internet Share Application
Application Form(s)	: The printed application form(s) for the application of the Issue Shares
ATM	: Automated teller machine
Authorised Financial Institution(s)	: The authorised financial institution(s) participating in the Internet Share Application, with respect to payments for the Issue Shares made available for application under the Public Issue
Board	: Our Board of Directors
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	: Bursa Malaysia Securities Berhad (635998-W)
CDS	: Central Depository System
CDS Account(s)	: Account(s) established for a depositor by Bursa Depository for the recording of deposits or withdrawals of securities and for dealings in such securities by the Depositor
Cergas Damal	: Cergas Damai (M) Sdn Bhd (200350-X)
CMSA	: Capital Markets and Services Act 2007
Director(s)	: Our Director(s) and shall have the meaning given in Section 4 of the Act
EBITDA	: Earnings before interest, taxation, depreciation and amortisation
Electronic Share Application	: An application for the Issue Shares through Participating Financial Institutions' ATM
EPS	: Earnings per share
FYE	: Financial year ended/ ending 31 December, as the case may be
Great Idea	: Great Idea Sdn Bhd (184178-T)
Internet Participating Financial Institution(s)	: Participating organisation(s) in the Internet Share Application as listed in Section 16 of this Prospectus
Internet Share Application(s)	: Application for the Issue Shares through an online share application service provided by the Internet Participating Financial Institutions
IPO	: Initial public offering of the Issue Shares and Offer Shares in conjunction with our listing of and quotation for our entire enlarged issued and paid-up share capital on the ACE Market of Bursa Securities
IPO Price	: The Issue Price/ Offer Price of RM0.23 per IPO Share
IPO Share(s)	: Collectively, the Issue Shares and Offer Shares
Issue Price	: RM0.23 for each Issue Share

DEFINITIONS (Cont'd)

Issue Share(s)	: 56,900,000 Shares to be issued pursuant to the Public Issue, subject to the terms and conditions of this Prospectus
Issuing House	: Malaysian Issuing House Sdn Bhd (258345-X)
Listing	: Our admission to the Official List of the ACE Market of Bursa Securities and the listing of and quotation for our entire enlarged issued and paid-up share capital of RM49,000,000 comprising 245,000,000 Shares on the ACE Market of Bursa Securities
Listing Scheme	: The Public Issue, Offer for Sale and Listing, collectively
LPD	: 17 February 2010, being the latest practicable date for ascertaining certain information contained in this Prospectus
Malaysian Public	: Citizen of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
Market Day	: A day on which Bursa Securities is open for trading in securities
Maximum Bonus	: Maximum Bonus Sdn Bhd (349918-M)
NA	: Net assets
Offeror(s)	: Lee Lim & Sons Sdn Bhd, Lee Pek Yoke and Khong Yik Kam
Offer for Sale	: Offer for sale of 9,500,000 Offer Shares at the Offer Price of RM0.23 per share by the Offerors to identified investors by way of private placement
Offer Price	: The offer price of RM0.23 for each Offer Share
Offer Share(s)	: Share(s) being offered pursuant to the Offer of Sale
OSK	: OSK Investment Bank Berhad (14152-V)
Oversea Share(s) or Share(s)	: Ordinary share(s) of RM0.20 each in Oversea
Participating Financial Institutions(s)	: Participating financial institution(s) for Electronic Share Application
PAT	: Profit after taxation
PBT	: Profit before taxation
PE Multiple	: Price-to-earnings multiple
PRC	: People's Republic of China
Promoter(s)	: Promoter(s) of Oversea, namely Yu Soo Chye @ Yee Soo Chye, Lee Lim & Sons Sdn Bhd, Lee Pek Yoke, Khong Yik Kam and Lee Seng Fan
Public Issue	: Public issue of 56,900,000 new Shares at the Issue Price payable in full upon application subject to the terms and conditions of the Prospectus

DEFINITIONS (Cont'd)

QC	:	Quality control
R&D	:	Research and Development
RM and Sen	:	Ringgit Malaysia and sen, respectively
SC	:	Securities Commission Malaysia
Share Split	:	Subdivision of every four (4) ordinary share of RM1.00 each into twenty (20) ordinary shares of RM0.20 each
Underwriter	:	OSK
Underwriting Agreement	:	The underwriting agreement dated 22 February 2010 made between the Company and the Underwriter for the underwriting of 21,500,000 Issue Shares
US	:	United States of America

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1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Address	Occupation	Nationality
Yu Soo Chye @ Yee Soo Chye	No. 12, Jalan 6/149K Bandar Baru Sri Petaling 57000 Kuala Lumpur	Chairman/ Group Managing Director	Malaysian
Lee Pek Yoke	No. 12, Jalan 6/149K Bandar Baru Sri Petaling 57000 Kuala Lumpur	Executive Director	Malaysian
Khong Yik Kam	No. 32, Jalan Pandan 11 Pandan Jaya, Cheras 55100 Kuala Lumpur	Executive Director	Malaysian
Lee Seng Fan	No. 22, Jalan Pandan 11/1 Pandan Jaya, Cheras 55100 Kuala Lumpur	Executive Director	Malaysian
Koong Lin Loong	No.18, Jalan BU 12/4 Bandar Utama, Damansara 47800 Petaling Jaya Selangor Darul Ehsan	Independent Non-Executive Director	Malaysian
Chiam Soon Hock	No. 55, Jalan Setiabakti Bukit Damansara 50490 Kuala Lumpur	Independent Non-Executive Director	Malaysian
Yau Ming Teck	No. 52, Jalan 1/149K Seri Petaling 57000 Kuala Lumpur	Independent Non-Executive Director	Malaysian

AUDIT COMMITTEE

Name	Designation	Directorship
Koong Lin Loong	Chairman	Independent Non-Executive Director
Yau Ming Teck	Member	Independent Non-Executive Director
Chiam Soon Hock	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Chiam Soon Hock	Chairman	Independent Non-Executive Director
Yu Soo Chye @ Yee Soo Chye	Member	Group Managing Director
Yau Ming Teck	Member	Independent Non-Executive Director

NOMINATING COMMITTEE

Name	Designation	Directorship
Yau Ming Teck	Chairman	Independent Non-Executive Director
Koong Lin Loong	Member	Independent Non-Executive Director
Chiam Soon Hock	Member	Independent Non-Executive Director

1. CORPORATE DIRECTORY (Cont'd)

COMPANY SECRETARIES	: Angelina Cheah Gaik Suan (MAICSA 7035272) 42-1121, Tiara View Jalan Loh Poh Heng 11200 Tanjung Bungah Pulau Pinang Lim Ming Toong (MAICSA 7000281) 42, Jalan BK5B/1D Bandar Kinrara 47180 Puchong Selangor Darul Ehsan
REGISTERED OFFICE	: 10 th Floor, Menara Hap Seng 1 & 3, Jalan P. Ramlee 50250 Kuala Lumpur Telephone No. : 03-2382 4288 Facsimile No. : 03-2382 4170
HEAD OFFICE	: Lot 13, Jalan Utarid U5/16, Seksyen U5 Kawasan Perindustrian "Mah Sing Integrated" 40150 Shah Alam, Selangor Telephone No. : 03-7845 9680 Facsimile No. : 03-7845 4000 Website : www.oversea.com.my
PRINCIPAL BANKERS	: Public Bank Berhad (6384-H) 40-42, Jalan Radin Tengah Bandar Baru Sri Petaling 57000 Kuala Lumpur Telephone No. : 03-9058 1791 Facsimile No. : 03-9057 0415 Hong Leong Bank Berhad (97141-X) 147, Jalan Imbi 55100 Kuala Lumpur Telephone No. : 03-2141 1420 Facsimile No. : 03-2141 1429 United Overseas Bank (Malaysia) Bhd (271809-K) 197-199, Jalan Imbi 55100 Kuala Lumpur Telephone No. : 03-2143 5722 Facsimile No. : 03-2148 9725
AUDITORS AND REPORTING ACCOUNTANTS	: Crowe Horwath (AF1018) <i>(formerly known as Horwath)</i> Level 16 Tower C Megan Avenue II 12 Jalan Yap Kwan Seng 50450 Kuala Lumpur Telephone No. : 03-2166 0000 Facsimile No. : 03-2166 1000
SOLICITORS FOR THE LISTING EXERCISE	: Cheang & Ariff 39 Court @ Loke Mansion 273A Jalan Medan Tuanku 50300 Kuala Lumpur Telephone No. : 03-2691 0803 Facsimile No. : 03-2692 4475

f. CORPORATE DIRECTORY (Cont'd)

INDEPENDENT BUSINESS AND MARKET RESEARCH CONSULTANTS	:	Vital Factor Consulting Sdn Bhd (266797-T) 75C & 77C Jalan SS22/19 Damansara Jaya 47400 Petaling Jaya Selangor Darul Ehsan Telephone No. : 03-7728 0248 Facsimile No. : 03-7728 7248
ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT	:	OSK Investment Bank Berhad (14152-V) 20 th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Telephone No. : 03-2333 8333 Facsimile No. : 03-2175 3217
ISSUING HOUSE	:	Malaysian Issuing House Sdn Bhd (258345-X) Level 6, Symphony House Pusat Dagangan Dana 1, Jalan PJU 1A/46 47301 Petaling Jaya, Selangor Darul Ehsan Telephone No. : 03-7841 8000 Facsimile No. : 03-7841 8150
SHARE REGISTRAR	:	Symphony Share Registrars Sdn Bhd (378993-D) Level 6, Symphony House Pusat Dagangan Dana 1, Jalan PJU 1A/46 47301 Petaling Jaya, Selangor Darul Ehsan Telephone No. : 03-7841 8000 Facsimile No. : 03-7841 8151
LISTING SOUGHT	:	ACE Market of Bursa Securities

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2. INFORMATION SUMMARY

THIS SECTION IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT US AND THE IPO. YOU SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS BEFORE YOU DECIDE WHETHER TO INVEST IN US.

2.1 Overview

We were incorporated in Malaysia on 22 September 1994 under the Act as a private limited company under the name Restoran Oversea Corporation Sdn Bhd. Subsequently, we changed our name to Oversea Enterprise Sdn Bhd on 23 September 2009. We were converted to a public company and assumed our present name on 6 November 2009.

We are a leading Chinese restaurant group in Malaysia which operates seven (7) restaurants under the brand name "Restoran Oversea" (海外天). We are widely known for our offering of exquisite contemporary Chinese cuisine with special emphasis on unique Cantonese themed restaurant. From the establishment of our first restaurant, namely Oversea Imbi in 1977, we have diversified into manufacturing of moon cakes and other baked products in 1986.

Our business is focused on the operation of food services outlets and manufacturing of baked products. For the FYE 2009, the operation of food services outlets and manufacturing of baked products accounted for 84.0% and 15.7% of our total revenue respectively.

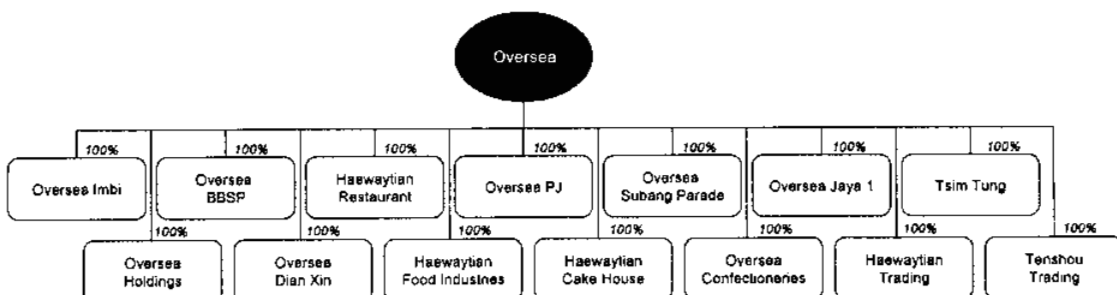
Our target market for our food services operations is the end-consumers, while our target market for our manufactured baked products are the end-consumers as well as intermediaries such as distributors, wholesalers and retailers. As at LPD, we have fifteen (15) distributors for our own manufactured baked products.

Our two-prong strategy of targeting end-consumers enables us to maximise profits, while targeting intermediaries enlarge our product distribution coverage.

Over the years, we have received numerous awards and accreditations, details of which are set out under **Section 6.4** of this Prospectus.

On 26 October 2009 and 5 November 2009, we have entered into a total of fourteen (14) sales and purchase agreements with the shareholders of Haewaytian Cake House, Haewaytian Food Industries, Haewaytian Restaurant, Haewaytian Trading, Oversea BBSP, Oversea Confectioneries, Oversea Dian Xin, Oversea Holdings, Oversea Imbi, Oversea Jaya 1, Oversea PJ, Oversea Subang Parade, Tenshou Trading and Tsim Tung respectively, whereby all the companies became wholly-owned subsidiaries of Oversea. The aggregate purchase consideration of RM37.6 million was arrived at after taking into consideration the individual subsidiaries' audited NA as at 31 July 2009.

Our Group's corporate structure after the re-organisation and prior to the IPO is as follows:-



2. INFORMATION SUMMARY (Cont'd)

During the four (4) FYE 2006 to 2009, we achieved continuous growth in revenue and profitability. Our total revenue increased from approximately RM56.8 million in 2006 to approximately RM65.1 million in 2009. During the same period, our net profit increased from approximately RM2.4 million in 2006 to approximately RM5.2 million in 2009. Our PAT for the FYE 2009 would have been approximately RM5.9 million, prior to deducting the expenses incurred pursuant to our Listing amounting to approximately RM742,000, which was recognised in accordance with the Financial Reporting Standards Implementation Committee ("FRSIC") Consensus 13.

Further information on our Group, history and business activities are set out in **Section 5** and **Section 6** of this Prospectus

2.2 Competitive advantages

Our Directors believe that our competitive advantages include the following:-

- (i) Established "Restoran Oversea" (海外天) brand name and reputable industry player;
- (ii) Award-winning restaurant;
- (iii) Economies of scale derived from our network of various eateries and retail outlets;
- (iv) Business diversity ranging from food services business to manufacturing business; and
- (v) Export markets with overseas presence in seven (7) countries.

2.3 Strategies and future plans

As at LPD, we operate seven (7) restaurants. Our strategic objective is to become one of the most highly regarded Chinese restaurant group which provide quality food, service and dining experiences. We intend to implement the following strategies:-

- (i) Expansion of Chinese restaurants
We plan to open one (1) additional Chinese restaurant under the "Restoran Oversea" (海外天) brand name in Klang Valley by 2010.
- (ii) Chain of casual and contemporary Chinese restaurants
To address the younger age group market, we will be introducing a new concept of casual and contemporary dining under the brand name of "Restoran Oversea" (海外天), specialising in local Cantonese cuisine. We plan to open one (1) outlet in Ipoh by 2010, followed by one (1) outlet in Jakarta by 2011.
- (iii) Expansion of café
To expand our café business, which focuses on casual dining similar to the Hong Kong-style "Char Chan Teng" type of menu providing a combination of Hong Kong style cuisine, local Malaysian fare and Western cuisine, we intend to establish an additional outlet in the Klang Valley by 2011.

2. INFORMATION SUMMARY (Cont'd)**(iv) Licensing programme**

We plan to commence our licensing business in Jakarta by 2011 and Hong Kong and Singapore by 2012. It is one of our strategies to expand our market presence and accelerate the market penetration particularly in overseas countries. At the same time, it reduces our capital outlay in opening new outlets. The new licensing system will be marketed under the brand name of "Restoran Oversea" (海外天).

(v) Upgrading and expansion of existing Chinese restaurants

We intend to upgrade and refurbish the existing Chinese restaurants to cater for expansion of business. The upgrading and refurbishing activities will be in stages and we plan to commence by 2010.

(vi) Purchase of new machinery and equipment

We intend to purchase new machinery and equipment for the manufacturing operation by 2010 to achieve better product consistency and quality.

Please refer to **Section 6.23** of this Prospectus for detailed discussion on our future plans.

2.4 Summary of financial information

The following table sets forth a summary of our proforma combined financial information for the past four (4) FYE 2006 to 2009 based on the assumption that we have been in existence throughout the financial years. Prior to the Acquisitions, each subsidiary operates as a separate entity.

The proforma combined financial information are presented for illustrative purposes only and should be read in conjunction with the Accountants' Report and its accompanying notes and assumptions in **Section 12** of this Prospectus and the Management's discussion and analysis of financial conditions, results of operations and prospects as set out in **Section 11.2** of this Prospectus.

Proforma Group combined income statements

	←-----Audited-----→			
	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
Revenue	58,768	60,316	62,765	65,053
Cost of sales	(28,589)	(29,201)	(29,542)	(29,171)
Gross profit	30,179	31,115	33,223	35,882
Other income	4,728	4,966	6,849 ¹	5,061
Administrative expenses	(5,727)	(5,183)	(5,766)	(6,085) ²
Selling and distribution expenses	(24,985)	(25,328)	(26,264)	(27,662)
Profit from operations	4,195	5,570	8,042	7,196
Finance costs	(258)	(191)	(136)	(373)
PBT	3,937	5,379	7,906	6,823
Taxation	(1,559)	(1,653)	(1,933)	(1,671)
PAT	2,378	3,726	5,973	5,152

2. INFORMATION SUMMARY (Cont'd)

	←-----Audited----->			
	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
Attributable to:				
Equity holders of Oversea	2,378	3,726	5,973	5,152
Minority Interest	-	-	-	-
	2,378	3,726	5,973	5,152
EBITDA	7,775	8,867	11,059	9,949
Weighted average number of ordinary shares ('000)	2,259	2,286	2,311	2,311
Gross EPS (RM)	1.7	2.4	3.4	3.0
Net EPS (RM)	1.1	1.6	2.6	2.2
Gross profit margin (%)	51.4	51.6	52.9	55.2
PBT margin (%)	6.7	8.9	12.6	10.5
PAT margin (%)	4.0	6.2	9.5	7.9
Effective tax rate (%)	39.6	30.7	24.4	24.5

Notes:-

¹ The increase in other income for the FYE 2008 is mainly attributable to the insurance claim of approximately RM1.6 million relating to a fire accident in 2006 at Haawaytien Cake House.

² Inclusive of expenses incurred pursuant to our Listing amounting to approximately RM742,000, which was recognised in accordance with FRSIC Consensus 13.

Our audited financial statements for the past financial years have not been subjected to any audit qualification. There were no extraordinary items in the audited financial statements of our Group during the years under review.

Proforma Group combined balance sheets

	Audited as at 31 December 2009 RM'000	Proforma I After Public Issue and utilisation of proceeds RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	26,869	32,919
Investment properties	7,723	7,723
Prepaid land lease payments	2,746	2,746
Other investments	653	653
Intangible assets	83	83
Long term receivables	32	32
	38,106	44,156

2. INFORMATION SUMMARY (Cont'd)

	Audited as at 31 December 2009 RM'000	Proforma I After Public Issue and utilisation of proceeds RM'000
Current assets		
Inventories	5,165	5,165
Trade receivables	3,439	3,439
Other receivables, deposits and prepayments	2,313	2,313
Tax refundable	1,290	1,290
Fixed deposits with licensed banks	3,302	3,302
Cash and bank balances	5,946	9,915
	<u>21,455</u>	<u>25,424</u>
TOTAL ASSETS	<u>59,561</u>	<u>69,580</u>
EQUITY AND LIABILITIES		
Share capital	37,620	49,000
Share premium	-	1,092
Retained profit	1,910	1,540
Total Equity	<u>39,530</u>	<u>51,632</u>
Non-current liabilities		
Hire purchase payables	195	195
Term loans	7,114	5,114
Deferred tax liabilities	687	687
	<u>7,996</u>	<u>5,996</u>
Current liabilities		
Trade payables	6,107	6,107
Other payables and accruals	4,342	4,259
Amount owing to directors	8	8
Hire purchase payables	115	115
Term loans	601	601
Bank overdrafts	854	854
Provision for taxation	8	8
	<u>12,035</u>	<u>11,952</u>
TOTAL LIABILITIES	<u>20,031</u>	<u>17,948</u>
TOTAL EQUITY AND LIABILITIES	<u>59,561</u>	<u>69,580</u>
Number of ordinary shares of RM0.20 each in issue ('000)	188,100	245,000
NA	39,530	51,632
NA per ordinary share (RM)	0.2	0.2

2. INFORMATION SUMMARY (Cont'd)

2.5 Principal statistics of the IPO

The following statistics relating to our IPO are derived from the full text of this Prospectus and should be read in conjunction with that text.

Issue/ Offer Price per Share **RM0.23**

IPO of 66,400,000 Shares comprising:-

(i)	Issue Shares made available for subscription by:-	
	• Malaysian Public via balloting	12,000,000
	• identified investors via private placement	35,400,000
	• eligible Directors, employees and persons who have contributed to the success of our Group	9,500,000
(ii)	Offer Shares made available via private placement to identified investors	9,500,000
	Total enlarged issued and paid-up share capital after Listing	245,000,000

Market capitalisation at the Issue/ Offer Price upon Listing RM56,350,000

The IPO Price is payable in full upon Application, subject to the terms and conditions of this Prospectus. Detailed information on the basis of arriving at the IPO Price is set out in **Section 3.7** of this Prospectus.

2.6 Use of proceeds

We expect the total net proceeds from the Public Issue to amount to approximately RM11.4 million, after deducting the estimated expenses in relation to the Public Issue. We intend to use the gross proceeds in the following manner:-

Purpose	RM'000	Estimated time frame for utilisation
Capital expenditure and business expansion plans	6,050	Within two (2) years after Listing
Working capital	3,310	Within two (2) years after Listing
Repayment of borrowings	2,000	Within one (1) year after Listing
Estimated listing expenses	1,727	Upon Listing
Total	13,087	

There is no minimum subscription to be raised from the IPO.

Further details on the utilisation of proceeds are set out in **Section 3.8** of this Prospectus.

Net proceeds from the Offer for Sale

The net proceeds attributable to the Offerors from the sale of the Offer Shares, after deducting their share of the estimated expenses of RM73,000, will be approximately RM2.1 million. We will not receive any part of the proceeds. The Offerors shall bear all expenses relating to the Offer Shares.

2. INFORMATION SUMMARY (Cont'd)**2.7 Risk factors**

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, certain risks and investment considerations that may affect our future financial performance. The following is a summary of the key risks and investment considerations (which may not be exhaustive) that we currently face or that may develop in the future:-

2.7.1 Risks relating to our industry and business

- (i) We may face difficulties in maintaining customer loyalty due to the unpredictable nature of consumer spending.
- (ii) We face intense competition in our industry.
- (iii) We may face the risks of food contamination and deterioration and consumer scare.
- (iv) We may face risks of non-renewal and revocation of permits and/ or business licences.
- (v) Our operations may be affected by the increase in rental and non-renewal of rental agreements.
- (vi) We have no long term contract with our suppliers.
- (vii) Dependence on chef, Directors, key management and skilled workforce.
- (viii) Disruptions to business operations.
- (ix) Pilferage by employees will harm our business and financial performance.
- (x) We may face the risks of public liability.
- (xi) Our business may be affected by any outbreak of disease in livestock or food scares of any outbreak of any contagious or virulent disease.
- (xii) Global financial crisis.

2.7.2 Risks relating to investment in our Issue Shares

- (i) No prior market for our Shares and possible volatility of Share prices.
- (ii) Trading price and volume of Oversea Shares.
- (iii) Ownership and control by our existing shareholders.
- (iv) Underwriting risk.
- (v) Failure or delay in our Listing.
- (vi) Forward-looking statements.

Further information on our risk factors is disclosed under **Section 4** of this Prospectus.

3. PARTICULARS OF IPO

3.1 Opening and closing of Applications

Your applications will be accepted from 10:00 a.m. on 15 March 2010 and will be closed at 5:00 p.m. on 22 March 2010 or such other later time and date or dates as our Directors and Underwriter may in their absolute discretion mutually decide. Late applications will not be accepted.

Our Directors and Underwriter may in their absolute discretion mutually decide to extend the closing date and time for application of the IPO to any later date or dates. In the event the closing date for application is extended, we will advertise the notice of the extension in a widely-circulated English and Bahasa Malaysia daily newspaper in Malaysia prior to the original closing date of the application. Following this, the dates for the balloting of the application for the Issue Shares, allotment of the Issue Shares and Listing would be extended accordingly.

3.2 Purposes of the IPO

The purposes of the IPO are as follows:-

- (i) to obtain the listing of and quotation for the 245,000,000 Shares on the ACE Market of Bursa Securities;
- (ii) to provide us with access to the equity capital market and allow us to raise funds for future expansion and growth;
- (iii) to enhance our stature in the marketing of our products and services and to assist us in expanding our customer base in Malaysia and abroad; and
- (iv) to provide an opportunity for Malaysian investors (including all our eligible Directors and employees) to participate in our equity and continuing growth.

3.3 Share capital

	No. of Shares	Share Capital RM
Authorised share capital	<u>500,000,000</u>	<u>100,000,000</u>
Existing issued and paid-up share capital	188,100,000	37,620,000
- New shares to be issued pursuant to the Public Issue	56,900,000	11,380,000
Enlarged share capital upon Listing	<u>245,000,000</u>	<u>49,000,000</u>
Existing shares to be offered pursuant to the Offer for Sale	<u>9,500,000</u>	<u>1,900,000</u>
Market capitalisation (based on the IPO Price and enlarged issued and paid-up share capital after Listing)		RM56,350,000

We only have one (1) class of shares, being ordinary shares of RM0.20 each, all of which rank *pari passu* with each other.

The Issue Shares shall rank *pari passu* in all respects with our existing issued shares, including voting rights and rights to all dividends and distributions that may be declared, paid or made subsequent to the date of allotment thereof.

3. PARTICULARS OF IPO (Cont'd)

Subject to any special rights attaching to any of our Shares which we may issue in the future, our shareholders shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share the profits paid out by us as dividends and other distributions. Similarly, if our Company is liquidated, our shareholders shall be entitled to the surplus, in accordance with our Articles of Association and provisions of the Act.

Each of our shareholders shall be entitled to vote at any of our general meetings in person, by proxy or by attorney. On a show of hands, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote. On a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each Share held. A proxy may but need not be a member or a qualified legal practitioner, or an approved company auditor or a person approved by the Registrar and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.

3.4 Details of the IPO

The IPO Shares at the IPO Price shall be subject to the terms and conditions of this Prospectus and, upon acceptance, will be allocated in the following manner:-

(i) **Public Issue**

The public issue of 56,900,000 Issue Shares, representing approximately 23.2% of our enlarged issued and paid-up share capital, is offered at the Issue Price to the following:-

(a) **Malaysian Public**

12,000,000 Issue Shares, representing 4.9% of our enlarged issued and paid-up share capital, will be made available for application by the Malaysian Public, to be allocated via ballot.

(b) **Placement**

35,400,000 Issue Shares, representing 14.4% of our enlarged issued and paid-up share capital, will be placed out to identified investors.

(c) **Eligible Directors, employees and persons who have contributed to the success of our Group**

9,500,000 Issue Shares, representing 3.9% of our enlarged issued and paid-up share capital, will be reserved for eligible Directors, employees and persons who have contributed to the success of our Group.

(ii) **Offer for Sale**

The Offer for Sale of 9,500,000 Offer Shares, representing 3.9% of our enlarged issued and paid-up share capital, to identified investors by way of private placement.

All the 21,500,000 Issue Shares available for application by the Malaysian Public and our eligible Directors, employees and persons who have contributed to our success will be underwritten while the 44,900,000 IPO Shares reserved for placement to identified investors will be placed out by our Placement Agent, OSK. Please refer to **Section 3.10** and **Section 3.11** of this Prospectus for further details on the underwriting and placement arrangements.

Any of the pink form allocation or shares for identified investors not subscribed for shall be made available by the Malaysian Public and vice versa.

3. PARTICULARS OF IPO (Cont'd)

Any remaining re-offered Issue Shares under **Section 3.4(i)(a)** and **Section 3.4(i)(c)** of this Prospectus that are not subscribed for will then be subscribed by the Underwriter based on the terms of the Underwriting Agreement as set out in **Section 3.11** of this Prospectus.

The basis of allocation for the Issue Shares shall take into account the desirability of distributing the Issue Shares to a reasonable number of applicants in view of broadening our shareholding base to meet the public spread requirements and to establish a liquid and adequate market in the Shares. Applicants will be selected in a fair and equitable manner to be determined by our Directors.

There is no over-allotment or 'greenshoe' option that will result in an increase in the amount of IPO Shares.

3.5 Allocation of the Issue Shares to the eligible Directors, employees and persons who have contributed to the success of our Group

We have allocated 9,500,000 Issue Shares to the eligible Directors, employees and persons who have contributed to the success of our Group as follows:-

Category	No. of persons/ corporations	No. of Issue Shares allocated
Eligible Directors	5	1,100,000
Eligible employees	433	5,676,000
Persons who have contributed to the success of the Group	80	2,724,000

The criteria of allocation for the above mentioned Issue Shares to our Directors and employees (as approved by our Board) are based on, *inter-alia*, the following:-

- (i) Full time employee of at least eighteen (18) years old;
- (ii) Job position; and
- (iii) Length of service.

The Issue Shares to be allotted to the persons who have contributed to the success of our Group shall be based on their length of relationship with us and their contribution and support to our Group, as approved by our Board. The persons who have contributed to the success of our Group include business contacts, suppliers, customers and others.

Details of the proposed allocation to our Directors are as follows:-

Name	Designation	No. of Issue Shares allocated
Yu Soo Chye @ Yee Soo Chye	Group Managing Director	600,000
Lee Pek Yoke	Executive Director	100,000
Lee Seng Fan	Executive Director	200,000
Koong Lin Loong	Independent Non-Executive Director	100,000
Chiam Soon Hock	Independent Non-Executive Director	100,000

3. PARTICULARS OF IPO (Cont'd)**3.6 Selling shareholders**

Our shareholders who are offering the Offer Shares for sale and their respective relationships with our Group within the past three (3) FYE 2007 to 2009 are as follows:-

Name	Address	Material relationship with our Group	Before the IPO		Shares offered pursuant to the Offer for Sale			No. of Shares	No. of Shares	% of the enlarged share capital
			No. of Shares	%	No. of Offer Shares	% ¹	% ²			
Lee Lim & Sons Sdn Bhd	Lot 13, Jalan Utrand U5/16, Seksyen U5 Kawasan Perindustrian "Mah Sing Integrated" 40150 Shah Alam, Selangor	Substantial shareholder	55,398,358	29.5	4,500,000	2.4	1.8	50,898,358	20.8	
Lee Pek Yoke	No. 12, Jalan 6/149K, Bandar Baru Sri Petaling, 57000 Kuala Lumpur	Director and substantial shareholder	22,255,593	11.8	2,000,000	1.1	0.8	20,355,593	8.3	
Khong Yik Kam	No. 32, Jalan Pandan 11, Pandan Jaya, Cheras, 55100 Kuala Lumpur	Director and substantial shareholder	12,752,438	6.8	3,000,000	1.6	1.2	9,752,438	4.0	

Notes:-

¹ Based on the issued and paid-up share capital of 188,100,000 Shares, i.e. before the Public Issue.

² Based on the issued and paid-up share capital of 245,000,000 Shares, i.e. after the Public Issue.

³ Assuming all the pink form allocation is fully subscribed by the eligible directors and employees.

3. PARTICULARS OF IPO (Cont'd)

3.7 Basis of arriving at the IPO Price

Our Directors together with OSK acting as the Adviser, has determined and agreed on the IPO Price of RM0.23 per IPO Share, after taking into consideration the following factors:-

- (i) Our Group's net EPS of 3.2 sen (computed based on our proforma combined PAT for the FYE 2008 and the number of Shares in issue after the Acquisitions of 188,100,000 Shares) and the net PE Multiple of approximately 7 times;
- (ii) Our proforma combined NA per Share as at 31 July 2009 of RM0.20, based on our enlarged issued and paid-up share capital of 245,000,000 Shares upon listing;
- (iii) The competitive strengths and advantages as well as our strategies, future plans and prospects of our Group as outlined in **Section 6.11** and **Section 6.23** respectively of this Prospectus;
- (iv) The prevailing market conditions and prospects of our Group and the industry, as outlined in **Section 7.3** and **Section 6.23(ii)** respectively of this Prospectus; and
- (v) The experience of our Board, key management and key technical personnel.

Prior to the IPO, there has been no public market for our Shares within or outside Malaysia. You should note that the market price of our Shares upon and subsequent to our Listing is subject to the vagaries of market forces and other uncertainties, which may affect the market price of our Shares.

You are reminded to carefully consider the risk factors as set out in **Section 4** of this Prospectus and form your own views on the valuation of our Shares before deciding to invest in our Shares.

3.8 Utilisation of proceeds from the Public Issue

Based on the Issue Price, we expect to raise approximately RM13.1 million from the Public Issue. The proceeds shall come to Oversea and we shall bear all expenses relating to the listing of and quotation for our entire issued and paid-up share capital on the ACE Market of Bursa Securities which include professional fees, fees to authorities, underwriting commission, brokerage and placement fees, printing, advertising and issuing house fees and other fees, the aggregate of which is estimated to be approximately RM1.7 million.

We expect the proceeds to be utilised in the following manner:-

Purpose	Notes	RM'000	Estimated time frame for utilisation
Capital expenditure and business expansion plans	(i)	6,050	Within two (2) years after Listing
Working capital	(ii)	3,310	Within two (2) years after Listing
Repayment of borrowings	(iii)	2,000	Within one (1) year after Listing
Estimated listing expenses	(iv)	1,727	Upon Listing
Total		13,087	

3. PARTICULARS OF IPO (Cont'd)

(i) Capital expenditure and business expansion plan

Since our strength is in the Chinese cuisine restaurants, we intend to upgrade and expand our business in Malaysia using our existing brands within the next two (2) years in the following manner:-

- (a) We will continue to expand our network of restaurants in Malaysia at prime locations. We target to open one (1) restaurant under "Restoran Oversea" (海外天) brand in Klang Valley, two (2) new casual and contemporary concept restaurant in Ipoh and Jakarta under "Restoran Oversea" (海外天) brand and one (1) café under "Tsim Tung" brand in Klang Valley. The total estimated capital expenditure of RM3.95 million is mainly for renovation of premises, acquisition of equipments and furniture. The cost for establishing the "Restoran Oversea" (海外天) brand restaurant is estimated to be higher than the cost of establishing the new concept restaurant and café as the "Restoran Oversea" (海外天) brand restaurant entails complete banquet facilities including reception area, stage area as well as audio and visual equipments to cater for larger functions. Henceforth, the floor space as well as equipments, furniture and fittings requirements are expected to be higher than that of the new concept restaurant and café;
- (b) We intend to utilize approximately RM100,000 for the new licensing business to expand our market presence and accelerate the market penetration particularly in overseas countries such as Jakarta, Hong Kong and Singapore. The licensing system will be market under the brand name of "Restoran Oversea" (海外天);
- (c) We intend to utilize approximately RM1.5 million for the upgrading and refurbishing of the existing Chinese restaurants to cater for expansion of our business. The upgrading and refurbishing activities will be in stages and we plan to commence by 2010 and complete by end of year 2011; and
- (d) In line with our strategy to penetrate more markets for our moon cake products, we propose to utilize approximately RM500,000 to purchase new machineries for Haewaytian Cake House. The new machineries are expected to improve our product consistency and quality.

In the event that there is an increase in funding requirements for our capital expenditure and business expansion plan, the amount will be adjusted from the RM3.3 million allocated for working capital purposes.

(ii) Working capital

RM3.3 million of the proceeds from the Public Issue has been earmarked for the working capital of our Group. The cash proceeds are to be used for our day-to-day operations such as purchase of raw materials, payments of salaries and wages. Purchase of raw materials forms a major portion of our cost of sales. The additional working capital allows the Group to capitalize on benefits of economies of scale through bulk purchasing of raw materials for our day-to-day restaurant operations. Further, the additional working capital can be used to fund any new restaurants or outlets proposed to be set-up in the next few years without draining the existing cash flow of the Group.

3. PARTICULARS OF IPO (Cont'd)**(iii) Repayment of borrowings**

In 2007, we had constructed a two (2) storey building located at No. 28, Jalan Datoh, 30000, Ipoh, Perak. The building is currently used as the premises for Haewaytian Restaurant (Jalan Datoh). The cost of construction (after capitalising the estimated interest) is approximately RM6.96 million. We have obtained bank borrowings amounting to approximately RM4.12 million to part finance the construction with the remaining balance being financed through internally generated funds. As at LPD the loan outstanding amounted to RM4.07 million and will mature in year 2022. We expect to enjoy interest savings of approximately RM110,000 per annum from this partial repayment of our bank borrowings. Further details of the bank borrowings are as follows:-

Lender	: Public Bank Berhad
Interest rate	: 1st Year BLR-3.75% 2nd Year BLR-1.5% 3rd-10th Year BLR+0.3% 11th Year onwards BLR + 0.2%
Terms of repayment	: 1st Year RM28,469 per month 2nd Year RM32,843 per month 3rd-10 th Year RM36,364 per month 11th Year onwards RM36,277 per month
Purpose of borrowings	: To finance the construction of a two (2) storey building on a parcel of commercial land
Amount to be settled using the proceeds raised from the Public Issue	: RM2.0 million

(iv) Estimated listing expenses

The estimated listing expenses and fees incidental to the IPO are as follows:

	RM
Professional fees	1,000,000
Fees to authorities	65,500
Underwriting commission, brokerage and placement	300,000
Printing, advertising and issuing house fees	350,000
Miscellaneous	11,500
Total	<u>1,727,000</u>

We will bear all expenses and fees incidental to the listing of and quotation for our entire enlarged issued and paid-up share capital on the ACE Market of Bursa Securities, the aggregate of which is estimated to be RM1.7 million.

In the event of an excess/ deficit in the actual quantum of listing expenses, such amount will be adjusted against the amount allocated for working capital purposes accordingly.

There is no minimum subscription to be raised from the IPO.

3. PARTICULARS OF IPO (Cont'd)

Pending the eventual utilisation of the proceeds from the Public Issue for the above purposes, the proceeds would be placed in deposits with financial institutions or short-term money market instruments and/ or used for working capital requirements as our Directors may deem fit.

The Offer for Sale will raise total net proceeds of approximately RM2.1 million. All the proceeds from the Offer for Sale will be credited to the Offerors and we will not receive any part of the proceeds. The Offerors shall bear all expenses including registration and transfer fee relating to their respective portion of the Offer for Sale, the aggregate of which is estimated to be RM73,000.

The proforma financial impact arising from the utilisation of proceeds on our combined balance sheets are set out in **Section 11.3**.

3.9 Dilution

Dilution is the amount of which the proforma NA per Share immediately after the IPO is less than the IPO price to be paid for the Oversea Shares. Our audited NA per Share as at 31 December 2009 was RM0.20. Pursuant to the implementation of the IPO, our NA per Share would be RM0.20.

The following table illustrates such dilution on a per Share basis:-

	sen
IPO Price	23
Audited NA per Share as at 31 December 2009 (before adjusting for the Public Issue)	20
Increase in NA per Share contributed by existing shareholders	-
NA per Share after the Public Issue	20
Dilution in NA per Share to new investors	3
Dilution in NA per Share to new investors as a percentage of the IPO Price	13.0%

The following table summarises the total number of Shares received by our Directors/ substantial shareholders from the Acquisitions and the cost per Share to them and to the new public investors who subscribe for and/ or purchase the IPO Shares pursuant to the IPO:-

	Total number of Shares received from the Acquisitions No. of Shares	Total consideration RM'000	Cost per Share RM
Directors/Substantial shareholders			
Yu Soo Chye @ Yee Soo Chye	82,044,270	16,409	0.20
Lee Lim & Sons Sdn Bhd	55,398,358	11,080	0.20
Lee Pek Yoke	22,255,593	4,451	0.20
Khong Yik Kam	12,752,438	2,550	0.20
Lee Seng Fan	5,668,496	1,134	0.20
	Total number of IPO Shares No. of Shares	Total RM'000	Cost per Share RM
New investors	66,400,000	15,272	0.23

3. PARTICULARS OF IPO (Cont'd)

Apart from the Oversea Shares received by the Directors/ substantial shareholders pursuant to the Acquisitions, there is no material acquisition of any existing Shares that involved cash in our Company by our Directors, senior management, substantial shareholders or persons connected with them, or in which they have the right to acquire, during the past three (3) years prior to the date of this Prospectus.

3.10 Placement, brokerage and underwriting expenses

(i) Placement fee

We will pay our Placement Agent a placement fee at the rate of 2.0% of the value of the 44,900,000 IPO Shares at the IPO Price to be placed out to placees identified by our Placement Agent and a placement fee at the rate of 1.0% of the 44,900,000 IPO Shares at the IPO Price to be placed out to placees identified by our Group. Placement fee in respect of the 9,500,000 Offer Shares shall be borne by our Offerors.

(ii) Brokerage

We will bear the brokerage fee in respect of the Issue Shares at the rate of 1.0% of the Issue Price in respect of successful applications which bear the stamp of member companies of Bursa Securities, member of the Association of Banks in Malaysia, member of the Malaysian Investment Banking Association in Malaysia or the Issuing House. Brokerage fee in respect of the Offer Shares shall be borne by the Offerors.

(iii) Underwriting commission

Our Underwriter has agreed to underwrite up to 21,500,000 Issue Shares as set out in Section 3.4(i)(a) and Section 3.4(i)(c) of this Prospectus. We will pay the Underwriter an underwriting commission at the rate of 2.0% of the total value of the underwritten Shares at the Issue Price. There will be no managing underwriter fees payable to OSK.

3.11 Salient terms of the Underwriting Agreement

We had on 22 February 2010 entered into an Underwriting Agreement with OSK, whereby OSK had agreed to underwrite 21,500,000 Issue Shares at the issue Price based on some of the salient terms set out below.

The following terms are reproduced from the Underwriting Agreement. Unless otherwise stated, the capitalised terms and numbering references used in this section shall have the respective meanings and numbering references as ascribed thereto in the Underwriting Agreement.

"4. Conditions

4.1 Details

The obligations of the Sole Underwriter to underwrite the Underwritten Shares under this Agreement are conditional on the performance by the Company of their obligations under this Agreement and on:-

4.1.1 The Sole Underwriter being provided with the reports and/ or confirmation in writing and the Sole Underwriter being satisfied on the Closing Date that:-

- (a) there has been no material change or any development likely to result in a material adverse change in the financial position, business operations or conditions (financial or otherwise) of the Company or Group taken as a whole from that subsequent to the date of this Agreement; or

3. PARTICULARS OF IPO (Cont'd)

- (b) there has not occurred any event or the discovery of any facts or circumstances which would render any representation, warranty or undertaking in Clause 8 (Representations, Warranties and Undertakings) materially untrue or inaccurate or result in a material breach of this Agreement by the Company;
- 4.1.2 The Sole Underwriter receiving a certificate in the form or substantially in the form contained in Schedule 3 (Certificate) of this Agreement dated the Closing Date signed by a Director of the Company for and on behalf of the Board stating that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as referred to in Clause 8 (Representations, Warranties and Undertakings) of this Agreement;
- 4.1.3 The Prospectus being issued not later than thirty (30) Market Days from the Agreement Date or such date the Company and Sole Underwriter may agree in writing;
- 4.1.4 The registration of the Prospectus with the SC and the issue by the SC of the relevant certificate of registration and the lodgement of the Prospectus with the CCM on or before the Issue Date;
- 4.1.5 The approvals of the respective relevant authorities referred to in Recital E remaining in full force and effect and that all conditions precedent to the approvals have been complied with;
- 4.1.6 The approval from Bursa Malaysia for the admission of the Company to the Official List of the ACE Market of Bursa Malaysia and for the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company on the ACE Market of Bursa Malaysia remaining in full force and effect and that all conditions precedent for the IPO have been completed and complied with;
- 4.1.7 The Sole Underwriter being satisfied with the arrangements of the Company to pay the expenses referred to in Clause 7 (Underwriting Commission);
- 4.1.8 The Sole Underwriter receiving the Company's Board of Directors Resolution which shall be in full force and effect and duly certified by the Director and/ or Secretary of the Company as true and accurate and in the form and substance acceptable to the Sole Underwriter in respect of the following:-
- 4.1.8.1 approving the Issue Documents, this Agreement and the transactions contemplated by them;
- 4.1.8.2 authorising a person to sign and deliver this Agreement on behalf of the Company;
- 4.1.8.3 authorising the issuance of the Issue Documents
- 4.1.9 This Agreement being duly signed by all parties and stamped;
- 4.1.10 The IPO not being prohibited or impeded by any statute, order, rule, directive or regulation promulgated by any legislative, executive or regulatory body or authority of Malaysia and all consents, approvals, authorisations or other orders required by the Company under such laws for or in connection with the IPO and/ or listing of and quotation for the entire enlarged issued and paid-up share capital of the Company on the ACE Market of Bursa Malaysia have been obtained and are in force on the Closing Date or the Sole Underwriter being reasonably satisfied that the same will be in force on the Closing Date; and

3. PARTICULARS OF IPO (Cont'd)

4.1.11 The Sole Underwriter being satisfied that the Company has complied with the policies, guidelines and requirements of the SC, Bursa Malaysia and other relevant authorities and all revisions, amendments and/ or supplements thereto.

4.2 Waiver

The Sole Underwriter, without prejudice to any of its rights, may waive in writing all or any of the Conditions except for those required by rule of law or governmental, public or regulatory authorities in connection with this Agreement. Any waiver granted shall not preclude the Sole Underwriter from insisting that such condition waived be subsequently complied with at a later date.

4.3 Non satisfaction

Subject to Clause 4.2 (Waiver) in the event any of the Conditions are not fulfilled or complied with to the satisfaction of the Sole Underwriter on or before the Closing Date, the Sole Underwriter shall be entitled to terminate this Agreement by notice in writing to the Company and in such event the provisions of Clause 11 (Termination) shall apply but without prejudice to the rights of the Sole Underwriter under Clause 7 (Underwriting Commission), Clause 8.4 (indemnity provision in favour of the Sole Underwriter) and Clause 9 (Costs and Expenses) .

11. Termination

11.1 Notwithstanding anything contained in this Agreement, the Sole Underwriter may, after consultation with the Company in such manner as the Sole Underwriter shall reasonably determine, by notice in writing to the Company given at any time before the Closing Date, terminate, cancel and withdraw its Underwriting Commitment if:-

11.1.1 there is any breach by the Company of any of the representations, warranties or undertakings contained in Clause 8 (Representations, Warranties and Undertakings), which is not capable of remedy or, if capable of remedy, is not remedied within thirty (30) days from the date of receipt by the Company of the written notice of such breach; or

11.1.2 there is failure on the part of the Company to perform any of its obligations contained in this Agreement; or

11.1.3 there is withholding of information of a material nature from the Sole Underwriter which is required to be disclosed pursuant to this Agreement which, in the opinion of the Sole Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group or the success of the IPO; or

11.1.4 there shall have occurred, or happened any material and adverse change in the business or financial condition of the Company or the Group; or

11.1.5 any matter which arose immediately before the date of the Prospectus, would have constituted a material and adverse omission in the context of the IPO; or

11.1.6 any event, act or omission which gives or is likely to give rise to any liability which will have a material and adverse effect on the Company pursuant to the indemnities contained under this Agreement.

3. PARTICULARS OF IPO (Cont'd)

11.1.7 there shall have occurred, or happened any of the following circumstances:-

- 11.1.7.1 any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or
- 11.1.7.2 any event or series of events beyond the reasonable control of the Sole Underwriter including (without limitation) national disorder, declaration of a state of national emergency, acts of terrorism, respiratory or virus outbreak, acts of government, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, tsunami, civil commotion, sabotage, acts of war or accidents; or
- 11.1.7.3 any change in laws, regulations, directives, policies or rulings in any jurisdiction; or
- 11.1.7.4 the FTSE Bursa Malaysia Kuala Lumpur Composite Index falling below 600 points and has stayed below 600 points for at least five (5) consecutive Market Days between the date of this Agreement and the Closing Date, both dates inclusive

which, in the reasonable opinion of the Sole Underwriter would have or can reasonably be expected to have, a material adverse effect on, and/ or materially prejudice the business or the operations of the Group as a whole, or the success of the IPO, or market conditions generally or which has or is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms.

- 11.2 Upon any such notice(s) being given pursuant to Clause 11.1 (Termination), the Sole Underwriter shall be released and discharged of its obligations without prejudice to their rights under this Agreement, and where the Sole Underwriter has terminated or withdrawn its Underwriting Commitments pursuant to Clause 11.1 (Termination), this Agreement shall be of no further force or effect, save and except that the Company shall remain liable in respect of its obligations and liabilities under Clause 7 (Underwriting Commission), Clause 8.4 (indemnity provision in favour of the Sole Underwriter) and under Clause 9 (Costs and Expenses) for the payment of costs and expenses already incurred up to the date of or in connection with such termination and under Clause 5.3.2 for the payment of any taxes, duties or levies, and for any antecedent breach.

The Sole Underwriter shall have the rights to terminate this Agreement by notice in writing served on the Company in the event that the approval of Bursa Malaysia for the admission of the Company to the Official List of the ACE Market of Bursa Malaysia and for the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company on the ACE Market of Bursa Malaysia is withdrawn or procured but subject to conditions not acceptable to the Sole Underwriter and upon such termination, the obligations of the Company and the Sole Underwriter shall become null and void and none of the parties shall have a claim against each other and that each party shall return any moneys paid to the other or others under this Agreement save for those paid and remaining payable under Clauses 7 (Underwriting Commission), Clause 8.4 (indemnity provision in favour of the Sole Underwriter) and 9 (Costs and Expenses) within five (5) Market Days of the receipt of such notice.

4. RISK FACTORS

NOTWITHSTANDING OUR PROSPECTS AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS (WHICH MAY NOT BE EXHAUSTIVE) THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE, BEFORE PARTICIPATING IN THE IPO. THESE RISK FACTORS COULD, IF THEY EVENTUATE, HAVE A SIGNIFICANT INFLUENCE ON OUR OPERATING AND FINANCIAL PERFORMANCE.

IF YOU ARE IN ANY DOUBT AS TO THE INFORMATION CONTAINED IN THIS SECTION, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER.

4.1 Risks relating to our industry and business

- (i) **We may face difficulties in maintaining customer loyalty due to the unpredictable nature of consumer spending**

As our products (namely food and beverages, moon cakes and other baked products) are consumer products, we are generally affected by consumer spending and behaviour. Consumers generally exhibit unpredictable/ inconsistent behaviour in making spending choices on consumer goods and services and base their decisions on various factors such as consumer preferences, level of disposable incomes, spending alternatives, product and services differentiation (including branding, quality and pricing).

Due to the capricious nature of consumer spending, our continued growth and success depend on, *inter alia*, our ability to ensure customer loyalty to our brands and products.

To mitigate this risk, we endeavour to increase the market recognition of our brands, improve on our marketing and promotional strategies, maintain the quality of our products and customer service, react swiftly to changes in consumer preferences, dietary habits and tastes and compete effectively against our direct competitors and substitute products.

Should our customers turn to our competitors or purchase substitute products, this will result in a decrease in demand for our products, which in turn would have a material adverse impact on our businesses and financial performance.

- (ii) **We face intense competition in our industry**

We operate in an industry that is highly competitive where the barriers to entry are low. The competitors include large and diverse groups of restaurant chains and individual restaurants. We compete directly with certain other Chinese restaurants and indirectly with other operators in other market segments (i.e. fast food outlet and other non-Chinese cuisine) in terms of location, pricing, services, food quality and variety.

We believe that we can leverage on our competitive strengths to mitigate the competition from existing competitors. Our competitive strengths include our long established track record, our reputable "Restoran Oversea" (海外天) brand name, our experience in building and maintaining a significant image in the industry as well as our innovative and health conscious food preparations with quality. Further details of our competitive strengths are set out in **Section 6.11** of this Prospectus. In the event that we are unable to remain competitive, the business and financial performance of our Group will be materially and adversely affected.

4. RISK FACTORS (Cont'd)**(iii) We may face the risks of food contamination and deterioration and consumer scare**

Food contamination and deterioration are risks inherent to all food industry participants. Given the nature of raw materials used in food production processes, in particular the contaminable and perishable nature, there is always the possibility of contamination and/ or deterioration in raw materials and food products during the production process. Any contamination or deterioration in our raw materials or products, whether through improper handling, outbreak of diseases, illegal tampering or otherwise, may result in our raw materials and products being found unsafe for production and consumption respectively. This may lead to delays in production or delivery of our products to our customers, a loss in revenue, costs incurred in the purchase of replacement raw ingredients and/ or payment of compensation to our customers for delays, which in turn may materially and adversely affect our reputation, businesses and financial performance.

Further, in the event that the food contamination and deterioration in our food products are not discovered by the production and quality control staff at our production premises and/ or our original equipment manufacturer suppliers, before our food products are distributed, consumers may fall ill upon eating our food products and consequently complain and make claims against us. In addition, our food industry permits and business licences may be revoked or not renewed by the authorities. These may in turn materially and adversely affect our reputation, businesses and financial performance.

Operators in the food and services industry including Chinese restaurants are highly sensitive to public opinion. This is because foods served in restaurants are consumed and may have a negative effect or reaction on the consumers. Contamination of food either due to poor storage or handling during the process of preparation, cooking and serving may cause food poisoning. This would have an adverse impact on the market reputation and brand name of the operator.

In addition, outlets may be target of sabotage or malicious rumours designed to cause harm to the outlets. As such, any adverse public opinion or perception would have a significant negative impact on the operator.

To the best of our Directors' knowledge, in the recent years, none of our businesses and operations have been affected by any food contamination incident or consumer scare. We believe that continuous safe and proper handling of cooked and uncooked foods and ingredients through the whole process from procurement to storage, processing and serving to the end-consumers, would significantly reduce the risk of adverse reactions to our food. Keeping the premises clean and hygienic would also avoid incidents of contaminations. Further, we have been awarded or recognised for cleanliness by the relevant authorities as evident in **Section 6.14(i)** of this Prospectus, which may help build our consumers' confidence on our cleanliness and hygiene.

(iv) We may face risks of non-renewal and revocation of permits and/ or business licences

As a pre-requisite for carrying on our businesses in Malaysia, we are required to obtain certain permits, licences and certificates from various governmental authorities. Details of our permits, licences and certificates are set out in **Section 6.16** of this Prospectus.

4. RISK FACTORS (Cont'd)

Non-renewal or revocation of our permits, licences and certificates will have a material adverse effect on our operations. We will not be able to carry on our business without such permits, licences and certificates being granted or renewed. In addition, it may be costly for us to comply with any subsequent modifications of, additions or new restrictions to, these compliance standards. Should there be any subsequent modifications of, additions or new restrictions to the current compliance standards, we may incur additional costs to comply with the new or modified standards which may adversely affect our businesses and financial performance.

As at LPD, we have obtained all material permits and business licences for our business operations. However, some of these permits and business licences are subject to periodic renewal and reassessment as well as fulfillment of conditions imposed by the relevant governmental authorities and the standards of compliance required in relation thereto may from time to time be subject to changes.

The Board shall endeavour to fulfil all required conditions imposed by relevant authorities for the renewal of its business permits and licenses. In the past, our food industry permits and business licences have been renewed by the authorities as and when it is due.

(v) **Our operations may be affected by the increase in rental and non-renewal of rental agreements**

Several of our restaurants are housed under rented premises, the particulars of which are set out in **Section 6.6** of this Prospectus. Upon expiry of such tenancy agreements, the landlords have the rights to review and alter the terms and conditions of the tenancy agreements. We face the possibility of an increase in the rental prices by the landlords or not being able to renew the tenancy on terms and conditions which are favourable to us. Any increase in the rentals would inevitably increase our operating costs, thereby affecting our profits. In the event that we need to relocate any of our existing businesses, we will incur additional costs in reinstating the premises as well as relocation costs. As a result, our operations and profitability could be adversely affected.

However, we wish to highlight that only two (2) of our existing restaurants have relocated since commencement of business. Further, 26 of our tenancy agreements are for a period of three (3) years, with options to renew for a longer period.

(vi) **We have no long term contract with our suppliers**

The ability to source quality food ingredients at competitive prices in a timely manner is crucial to our business. The prices of raw materials are subject to fluctuations due to various factors beyond our control, including but not limited to severe changes in governmental regulations and outbreak of diseases, all of which may reduce supply and lead to increases in the costs of raw materials. In the event that we are unable to pass on any increase in the costs of raw materials to our customers, our business and financial performance may be materially and adversely affected.

We do not have any long term contract with suppliers save for the contract with a wine supplier. However, we have built a strong business relationship with our major suppliers. As disclosed in **Section 6.22** of this Prospectus, 75.0% of our top twenty (20) suppliers have been dealing with us for ten (10) years and above. As such, the said business relationship has enabled us to have access to regular supply of raw materials at competitive prices.

Notwithstanding the above, no assurance can be given that any fluctuation in raw material prices and shortage of raw materials will not affect our future profitability.

4. RISK FACTORS (Cont'd)**(vii) Dependence on chef, Directors, key management and skilled workforce**

The operation of Chinese restaurants is highly dependent on the experience and culinary skill of its chefs. Further, our Group employs additional temporary employees during the peak season for our moon cake production, which is typically between the months of July and September.

Being in an industry which is largely service-oriented, we believe that our continued success will depend, to a significant extent, upon the abilities, capabilities and continued efforts of our Directors, key management personnel as well as our skilled workforce. Accordingly, any shortages in skilled chefs or loss of any Director and key management may adversely affect our continued ability to compete in this industry.

However, we are a member of the The Malaysia Selangor and Federal Territory Ku Su Shin Choong Hung Restaurant Association, which provides chef academy training. As such, we have access to a pool of trained chefs from this association, if the need arises.

We recognise the importance of our ability to attract and retain our Directors and key management. Therefore, we have in place human resource strategies which include the adoption of succession planning for key positions and providing the employees with a variety of on-going training programmes to upgrade their knowledge and capabilities. However, we cannot provide any assurance that the above measures will be successful in attracting and retaining key management/ personnel or ensuring a smooth transition should changes occur.

The credentials and list of our Directors and key management are set out in **Section 8.2(ii)** and **Section 8.5(ii)** of this Prospectus respectively.

(viii) Disruptions to business operations

Our Group's restaurant business and production processes are susceptible to risks, which include, amongst others, fire, flood, energy crisis and sabotage, which can impede our Group's operations and ultimately result in a delay or failure to meet customers' demand. For example, our operations and production processes may be interrupted by disruption of electricity supply or machinery breakdown. Such disruptions may cause operations/ production downtime and delay in the delivery of products to our customers.

In the event that we experience any major system disruptions or any major machinery breakdown, floods, natural disasters, fire breakouts, energy crisis and any other emergency risk which significantly disrupts our business operations, our businesses and financial performance will be materially and adversely affected. Pursuant to the above, we have in place insurance policies such as (i) fire insurance on building, renovation, machinery tool and equipment (ii) fire insurance on stock-in-trade and cold room (iii) burglary and robbery insurance (iv) money insurance (v) fire consequential loss and (vi) machinery breakdown. Notwithstanding this, our Group's existing insurance policies may not compensate in full for the damage to, or loss, of our assets.

We had a fire incident at our factory in July 2006 which resulted in significant production downtime. For the FYE 2006, the manufacturing segment recorded a loss after tax of approximately RM631,000. However, we were able to mitigate the loss in production by successfully claiming for consequential loss insurance amounting to RM1.6 million, which was subsequently received and recognised in the FYE 2008.

4. RISK FACTORS (Cont'd)

(ix) Pilferage by employees will harm our business and financial performance

As most of our sales are conducted on cash basis, pilferage of cash may occur should there be any lapses in our cash management and control measures. Such pilferage of cash, if material, will adversely affect our business and financial performance. These wrong-doings will not only harm our operating results and profits, but also our reputation and branding.

However, we have amongst others, the following internal control procedures to mitigate the above risk:-

- (a) There is clear segregation of duties between the restaurant's management and executives at the headquarters in recording of cash receipts and accounting entries;
- (b) Only authorized personnel have access to cash and cash is placed at secured register/ safe prior to depositing in a timely manner;
- (c) The restaurant's management performs daily and weekly reconciliation between actual cash receipts and the report;
- (d) The Group maintains financial accounting controls for each of its restaurants through a centralised accounting system. The systems and controls allow the Group to access each restaurant's sales and other financial data on a daily basis, enabling both the restaurant's management and senior management at the headquarters to respond promptly to minimize potential pilferage; and
- (e) The Group have sufficient insurance coverage in terms of burglary, cash in transit and cash in premise.

Oversea does not condone money laundering nor do our business practices facilitate money laundering.

(x) We may face the risks of public liability

The food services industry interacts directly with the public as the end-consumers of its products and services. As such, there is always a risk of public liability from the food and beverages served, as well as dining within the premises. Any incidents that occur on the premises would subject the operator to legal redress, which may impact financially on the business, as well as contribute to the bad publicity of the restaurant.

Some incidents are unavoidable and as such, operators of food services would normally take public liability insurance to help mitigate such risks. In this regard, our Group has undertaken public liability insurance with total coverage amounting to approximately RM18 million. Notwithstanding the above, our Group has not experience such risk of a material nature in the past three (3) years.

(xi) Our business may be affected by any outbreak of disease in livestock or food scares or any outbreak of any contagious or virulent disease

Any outbreak of diseases in livestock or food scares in the region and around the world may lead to a reduction in the consumption of the affected type of meat or food by consumers. We are not able to predict the outbreak and occurrences of such diseases, or when there might be an outbreak of new diseases affecting not only meat, but also seafood, vegetables or other ingredients used in our food products. In addition, a loss in consumer confidence arising from an outbreak of disease concerning any particular food ingredient may force us to reduce or totally eliminate the use of that food ingredient in our menu. In the event of any such outbreaks resulting in a severe loss of consumer confidence and a decline in the patronage at our restaurants, our business may be materially and adversely affected.

4. RISK FACTORS (Cont'd)

Further, we may also be affected by the spread or outbreak of any contagious or virulent diseases such as Avian flu, severe acute respiratory syndrome (SARS) or influenza A virus subtype H1N1, or more commonly known as A(H1N1), or other similar events, which could adversely affect our operations as well as the operations of our suppliers. We or our suppliers may be required to temporarily shut down any facility that is affected by such diseases. Consumer sentiments may be adversely affected, leading to a reduced willingness of our customers to dine at our restaurants. If any of our employees in any of our restaurants or central kitchen facility becomes infected with the disease, we may be required to shut down the relevant restaurant or facility to prevent the spread of the disease, which may have an adverse impact on our business operations and financial performance. Notwithstanding the above, we, our suppliers and employees of our Group have not been affected by such diseases as highlighted above in the past three (3) years.

(xii) **Global financial crisis**

Any prolonged and/ or widespread downturn, such as those of the recent global financial turmoil, has affected the global and Malaysian economies. The provision of food services is consumer-based and any downturn in the local economy will reduce disposable income and consumer confidence in spending on discretionary items. This will in turn reduce consumer spending on consumer products and services such as food services.

As evidenced in the past, the Malaysian Government's continued prompt policy flexibility in implementing pro-growth measures to sustain the country's growth momentum, by raising domestic demand to compensate for slower external growth, has helped Malaysian companies to counter some of the effects of the slowdown in the global economy.

In early November 2008, the Malaysian Government announced a RM7 billion stimulus package, which was to be channelled into fifteen (15) projects to promote business activity and help minimise the impact of the global financial crisis. On 10 March 2009, the Government tabled a mini budget as part of the second stimulus package. The second stimulus package was to be implemented over 2009 and 2010 and will include RM60 billion in spending and incentives.

It is expected that these measures will help to generate domestic business activities and domestic consumption, which will in turn help counter the slowdown in the local economy.

4.2 Risks relating to investment in our Issue Shares

(i) **No prior market for our Shares and possible volatility of Share prices**

Prior to this IPO, there has been no public market for our Shares. There can be no assurance that upon listing an active market in our Shares will develop, or, if developed, that such a market will be sustained. The IPO Price was determined through our negotiation with our Directors and OSK, as Adviser, after taking into account various factors. The basis for the determination of the IPO Price is set out in **Section 3.7** of this Prospectus.

There can be no assurance that the market price of our Shares will not decline below the IPO Price. We believe that a number of factors could cause our Share price to fluctuate, including but not limited to sales of substantial amounts of our Shares in the public market in the immediate future, announcements of developments relating to our business, fluctuations in our operating results, general industry conditions or the performance of the global economy.

4. RISK FACTORS (Cont'd)

(ii) **Trading price and volume of Oversea Shares**

The trading prices and volume of our Shares could be subject to fluctuations in response to various factors, some of which are not within our control and may be unrelated or disproportionate to our operating results. These factors may include variations in the results of our operations, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

In addition, the performance of Bursa Securities is very much dependent on external factors such as the performance of the regional and world bourses and the inflow or outflow of foreign funds. Sentiments are also largely driven by internal factors such as economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price of our listed Shares.

Nevertheless, the profitability of our Group is not dependent on the performance of Bursa Securities as the business activities of the Group have no direct correlation with the performance of securities listed on Bursa Securities.

(iii) **Ownership and control by our existing shareholders**

As disclosed in **Section 8.1(i)** of this Prospectus, our Promoters will directly and indirectly, own in aggregate approximately 69.2% of our enlarged issued and paid-up share capital. As a result, the Promoters, will have voting control over our Group and as such, will likely influence the outcome of certain matters requiring the vote of our Group's shareholders, unless it is required that the Promoters abstain from voting either by law and/ or by the relevant authorities.

Nevertheless, our Group has appointed independent directors to ensure that any future transactions involving related parties are entered into on arms-length terms which are not detrimental to us, so as to facilitate good corporate governance whilst promoting greater corporate transparency.

(iv) **Underwriting risk**

Up to 21,500,000 of the Issue Shares are to be underwritten by the Underwriter. The underwriting commission is payable by our Group for the Issue Shares made available for the Malaysian Public and the unsubscribed portion of the Issue Shares reserved for the Directors, eligible employees and persons who have contributed to the success of our Group. However, the agreement of the Underwriter to underwrite up to 21,500,000 Issue Shares should not be taken as an indication of the merits or assurance of the value of the Issue Shares.

(v) **Failure or delay in our Listing**

The success of our Listing is also exposed to the risk that it may fail or be delayed due to, amongst others, the following reasons:-

- (a) The eligible Directors, employees and persons who have contributed to the success of our Group fail to subscribe for the portion of Issue Shares allocated to them;
- (b) The identified investors under the private placement tranche fail to acquire the Issue Shares allocated to them;
- (c) The Underwriter exercising their rights pursuant to the Underwriting Agreement discharging themselves from their obligations thereunder; and/ or

4. RISK FACTORS (Cont'd)

- (d) We are unable to meet the public shareholding spread requirements i.e. at least 25.0% of our entire enlarged issued and paid-up share capital must be held by a minimum number of 200 public shareholders holding not less than 100 Shares each, at the time of Listing.

Generally, the above risks are mitigated by the following:-

- (a) The portion of the Issue Shares reserved for the eligible Directors, employees and persons who have contributed to the success of our Group are fully underwritten; and
- (b) Our Directors and OSK, as Adviser, will endeavour to ensure that our Group is able to meet the public spread requirements by allocating the Issue Shares applied for by the Malaysian Public to the required number of public shareholders during the balloting process. The Issue Shares allocated to the Malaysian Public are fully underwritten.

(vi) **Forward-looking statements**

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategy, plans and objectives of the management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such factors include, *inter-alia*, general economic and business conditions, competitions, the impact of new laws and regulations affecting us and the industry, changes in interest rates and changes in foreign exchange rates.

In light of these uncertainties, the inclusion of such forward-looking statement in this Prospectus should not be regarded as a representation or warranty by us or our advisers that such plans and objectives will be achieved.

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5. INFORMATION ON OUR GROUP

5.1 History and business

We were incorporated in Malaysia on 22 September 1994 under the Act as a private limited company under the name Restoran Oversea Corporation Sdn Bhd. Subsequently, we changed our name to Oversea Enterprise Sdn Bhd on 23 September 2009. We were converted to a public company and assumed our present name on 6 November 2009.

Our Group was founded by the late Lee Lim together with our Group Managing Director, Mr Yu Soo Chye @ Yee Soo Chye, and Director, Madam Lee Pek Yoke. Our active founders bring with them approximately fifty (50) years and thirty three (33) years of experience in the Chinese restaurant industry respectively. Our founders have been instrumental in the success, growth and development of our Group. Over the years, they have successfully established our Group as a reputable operator of a chain of Chinese restaurants under the "Restoran Oversea" (海外天) brand name.

Our business originated in the 1970's as a partnership between an independent third party and Mr Yu Soo Chye @ Yee Soo Chye with the establishment of their first restaurant, namely Oversea Imbi in Kuala Lumpur, with a seating capacity of approximately fifty (50) seats. The independent third party subsequently disposed off his interest to the late Lee Lim and in 1983, the partnership was converted to a private limited company. Since then, the same restaurant has clocked up approximately thirty three (33) years of operation and has grown to a seating capacity for eight hundred and fifty (850) people.

The success of our first "Restoran Oversea" (海外天) restaurant encouraged us to open our second restaurant in Ipoh in 1982. To date, we have developed our Chinese restaurant operations into a chain of seven (7) wholly-owned restaurants with five (5) outlets in Klang Valley and two (2) in Ipoh. All our Chinese restaurants specialise in serving local Cantonese cuisine.

In 1986, we expanded our business into making moon cakes. At that time all our moon cakes were hand made and were sold as part of our Chinese restaurant business. In 1995, we moved our moon cake operation to our manufacturing facility in Sungai Buloh with a built-up area of approximately 20,000 square feet. Subsequently in 2002, we moved our manufacturing facilities to Shah Alam, Selangor with a total built-up area of 62,535 square feet. In 1986, our output of moon cakes averaged 20,000 pieces per year and has since grown to 1.6 million pieces per year by 2009. Currently, the manufacturing activities are undertaken by our two (2) subsidiaries, namely Haewaytian Cake House and Oversea Confectioneries. For the FYE 2009, revenue contribution from our manufacturing business accounted for 15.7% of our total revenue.

In 1997, we incorporated Haewaytian Food Industries to focus on marketing our in-house manufactured moon cakes and other baked products such as egg rolls and cookies. In the same year, Haewaytian Trading was also incorporated and commenced operations as the procurement arm of our Group in 2008. Tenshou Trading was incorporated in 1997 and commenced business in year 2000 to undertake trading activities of third party brands of food products. To enhance the product offering to our existing clients, Tenshou Trading sold a variety of unique imported food stuff such as Konnyaku, dried bitter gourd tea and moon cakes purchased from selected overseas suppliers.

As part of our Group's strategy to expand our portfolio of in-house manufactured products, we also ventured into the production of egg rolls in 1999.

In 2000, our moon cakes were exported to Australia via our distributor. We have since expanded our export markets to cover the Netherlands, Indonesia, New Zealand, Papua New Guinea, the US and the PRC.

5. INFORMATION ON OUR GROUP (Cont'd)

To address new market segments while retaining our core competencies in operating Chinese restaurants, we expanded our business into the operation of cafés to target the casual dining segment. To further differentiate from our fine dining traditional Chinese restaurant, our café's offerings were focused on the Hong Kong style, commonly referred to as "Char Chan Teng". In 2004, we opened our first café in Pandan Indah, Kuala Lumpur under the brand name of "Tsim Tung".

In 2005, we continued our strategy to target new market segments by opening our first "dim sum" outlet in Sri Petaling, Kuala Lumpur.

Since the opening of our Group's restaurants, we have received many awards and recognitions, which include, amongst others, "Asia's Finest Restaurants", "Greatest Tables in Kuala Lumpur" and "Winner of World Gold Kitchen Cooking Grand Competition". Further details on our awards are set out in Section 6.4 of this Prospectus.

As at LPD, we have seven (7) fine dining Chinese cuisine restaurants and one (1) "dim sum" outlet operating under our "Restoran Oversea" (海外天) brand and one (1) café outlet operating under "Tsim Tung" brand. The following sets out the details on the location and seating capacity of all restaurants under the Oversea Group:-

	Location	Seating capacity (seats)
Restaurants		
1. Oversea Imbi 84-88, Jalan Imbi 55100 Kuala Lumpur	Kuala Lumpur	850
2. Oversea PJ Plaza Armada, Lot 28 Ground Floor Lorong Utara C, 46200 Petaling Jaya Selangor Darul Ehsan	Petaling Jaya	800
3. Oversea Subang Parade G14 & 28, Ground Floor Subang Parade No. 5 Jalan SS16/1, 47500 Subang Selangor Darul Ehsan	Subang Jaya	850
4. Oversea Jaya 1 35-LG1-1 Palm Square, Jaya One No. 72A, Jalan Universiti, Block J Section 13, 46200 Petaling Jaya Selangor Darul Ehsan	Petaling Jaya	700
5. Oversea BBSP No. 62-66, Jalan 1/149D Bandar Baru Sri Petaling 57000 Kuala Lumpur	Bandar Baru Sri Petaling	900
6. Haewaytian Restaurant 57-65 Jalan Seenivasagam 30450 Ipoh Perak Darul Ridzuan	Ipoh	500

5. INFORMATION ON OUR GROUP (Cont'd)

	Location	Seating capacity (seats)
7. Haewaytian Restaurant No. 28 Jalan Datoh 30000 Ipoh Perak Darul Ridzuan Café	Ipoh	1,140
1. Tsim Tung No. 18-28, Jalan Pandan Indah 4/6 Pandan Indah, 55100 Kuala Lumpur Dim sum outlet	Kuala Lumpur	400
1. Oversea Dian Xin 67 Jalan 1/149J Bandar Baru Sri Petaling 57000 Kuala Lumpur	Bandar Baru Sri Petaling	100
TOTAL		6,240

Since the incorporation of our first "Restoran Oversea" (海外天) restaurant in 1977, we have successfully established ourselves as a reputable operator of a chain of Chinese restaurants and manufacturer of moon cakes and other baked products with a total revenue of RM65.1 million for the FYE 2009.

5.2 Share capital

As at LPD, we have an authorised share capital of RM100,000,000, comprising 500,000,000 Shares while our present issued and paid-up share capital is RM37,620,000 comprising 188,100,000 Shares. Upon completion of the Public Issue, our enlarged issued and paid-up share capital will be RM49,000,000 comprising 245,000,000 Shares.

The details of the changes in our issued and paid-up share capital since the date of incorporation of our Company up to LPD are as follows:-

Date of allotment	No. of Shares	Par value (RM)	Consideration	Cumulative issued and paid-up share capital (RM)
22.09.1994	4	1.00	Subscribers' shares	4
28.10.2009	20	0.20	Share split	4
28.10.2009	86,200,000	0.20	Other than cash (Share swap)	17,240,004
05.11.2009	101,899,980	0.20	Other than cash (Share swap)	37,620,000

Save for the Acquisitions, Oversea has not undertaken any material acquisition or divestment of interest in the past three (3) years preceding the LPD.

As at LPD, we do not have any outstanding warrants, options, convertible securities or uncalled capital.

5. INFORMATION ON OUR GROUP (Cont'd)

5.3 Re-organisation

To streamline and rationalize our corporate structure and shareholding structure in preparation for the listing of our Company on the ACE Market of Bursa Securities, we implemented the following re-organisation exercise prior to the Public Issue:-

(i) Share Split

On 28 October 2009, our Company undertook a share split of four (4) ordinary shares to twenty (20) ordinary shares by sub-dividing the par value of the ordinary shares of RM1.00 each to RM0.20 per share.

(ii) Acquisition of subsidiaries

On 25 October 2009 and 5 November 2009, the respective legal and beneficial owners of the subsidiaries and Oversea entered into a total of fourteen (14) sale and purchase agreements pursuant to which the owners for the subsidiaries transferred their respective interests in each subsidiary to Oversea in consideration of the allotment of 188,099,980 Shares and RM14 to such owners or their nominees, the details of which are as follows:-

Subsidiary	NA as at 31 July 2009 (RM'000)	Consideration	
		(Shares)	(RM)
Haewaytian Cake House	6,543	32,700,000	6,540,000
Haewaytian Food Industries	129	650,000	130,000
Haewaytian Restaurant	3,776	18,900,000	3,780,000
Haewaytian Trading	610	3,050,000	610,000
Oversea BBSP	6	-	4
Oversea Confectioneries	55	300,000	60,000
Oversea Dian Xin	(375)	-	1
Oversea Holdings	(31)	-	2
Oversea Imbi	17,387	86,200,000	17,240,000
Oversea Jaya 1	872	4,400,000	880,000
Oversea PJ	6,544	31,000,000	6,200,000
Oversea Subang Parade	1,935	9,699,980	1,939,996
Tenshou Trading	(75)	-	7
Tsim Tung	234	1,200,000	240,000
		<u>188,099,980</u>	<u>37,620,010</u>

The purchase considerations for the subsidiaries were at a willing-buyer willing-seller basis after taking into consideration the audited NA of each individual subsidiary for as at 31 July 2009. The subsidiaries were acquired free from all charges, licenses, pledges and other encumbrances and with all rights, benefits and entitlement attaching thereto from the date of completion of the Acquisitions.

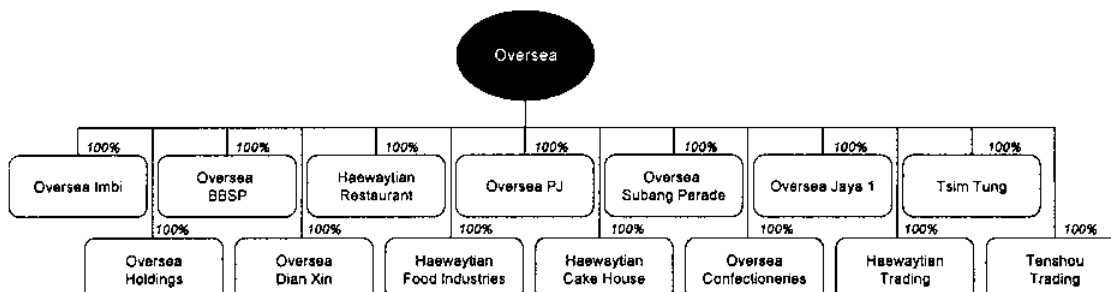
Immediately following these transfers, each subsidiary became a wholly-owned subsidiary of Oversea.

5. INFORMATION ON OUR GROUP (Cont'd)

(iii) Conversion of our Company

On 6 November 2009, our Company was converted into a public company and assumed its present name.

Our Group structure following the re-organisation exercise and as at LPD is as follows:-



5.4 Listing Scheme

Upon completion of the re-organisation, Oversea shall implement the following:-

(i) Public Issue

Pursuant to the Public Issue, we shall issue 56,900,000 Issue Shares at the Issue Price to be allocated in the following manner:-

- 12,000,000 Shares made available to the Malaysian Public;
- 35,400,000 Shares by way of private placement to identified investors; and
- 9,500,000 Shares made available to the eligible Directors, employees and persons who have contributed to the success of our Group.

(ii) Offer for Sale

In conjunction with our Listing, our Company will undertake an offer for sale of up to 9,500,000 Offer Shares to identified investors by way of private placement.

Our shareholders who are offering the Offer Shares for sale are as follows:-

Shareholders	No. of Offer Shares	% of the enlarged share capital
Lee Lim & Sons Sdn Bhd	4,500,000	1.8
Lee Pek Yoke	2,000,000	0.8
Khong Yik Kam	3,000,000	1.2
	<u>9,500,000</u>	<u>3.9[*]</u>

Note:-

^{*} Total does not add-up due to rounding.

5. INFORMATION ON OUR GROUP (Cont'd)**(iii) Listing**

Upon the completion of the IPO, the Company shall list its entire enlarged issued and paid-up share capital of RM49,000,000 comprising 245,000,000 Shares on the ACE Market of Bursa Securities.

5.5 Subsidiaries and associated companies

We are an investment holding company with fourteen (14) subsidiaries as set out below:-

Subsidiary companies	Date/ Place of Incorporation	Issued and paid-up share capital	Effective equity interest (%)	Current principal activities
Haewaytian Cake House	12.11.1990 Malaysia	RM150,000	100.0	Manufacturing of moon cakes
Haewaytian Food Industries	26.03.1997 Malaysia	RM250,000	100.0	Marketing of moon cakes and baked products
Haewaytian Restaurant	08.06.1982 Malaysia	RM300,200	100.0	Operation of restaurant
Haewaytian Trading	28.05.1997 Malaysia	RM100,000	100.0	Procurement of raw materials for food services outlet
Oversea BBSP	17.04.1986 Malaysia	RM180,002	100.0	Operation of restaurant
Oversea Confectioneries	17.03.2006 Malaysia	RM1,000	100.0	Manufacturing of moon cakes
Oversea Dian Xin	16.07.1997 Malaysia	RM100,000	100.0	Operation of "dim sum" outlet
Oversea Holdings	26.07.1994 Malaysia	RM2	100.0	Owner of trademarks
Oversea Imbi	05.07.1983 Malaysia	RM180,203	100.0	Operation of restaurant
Oversea Jaya 1	15.10.1997 Malaysia	RM150,200	100.0	Operation of restaurant
Oversea PJ	13.11.1990 Malaysia	RM500,000	100.0	Operation of restaurant
Oversea Subang Parade	04.06.1997 Malaysia	RM550,000	100.0	Operation of restaurant
Tenshou Trading	08.08.1997 Malaysia	RM500,002	100.0	Trading of food products
Tsim Tung	29.11.2004 Malaysia	RM250,000	100.0	Operation of café

5. INFORMATION ON OUR GROUP (Cont'd)

As at LPD, we do not have any other subsidiary or any associated companies. Further details on our subsidiaries are set out as follows:-

(i) Haewaytian Cake House

Haewaytian Cake House was incorporated in Malaysia on 12 November 1990 under the Act as a private limited company under the name Restoran Oversea (Cake House) Sdn Bhd and subsequently assumed its present name on 12 July 1994. Haewaytian Cake House commenced business in 1994.

Currently, Haewaytian Cake House is principally involved in the manufacturing of moon cakes.

The authorised share capital of Haewaytian Cake House is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each whilst its issued and paid-up share capital is RM150,000 comprising 150,000 ordinary shares of RM1.00 each. There has been no change in the issued and paid-up share capital of Haewaytian Cake House in the past three (3) years up to LPD.

Pursuant to the Acquisitions, Haewaytian Cake House has disposed of its 100.0% equity interest in Haewaytian Food Industries and 100.0% equity interest in Oversea Confectioneries to Oversea.

(ii) Haewaytian Food Industries

Haewaytian Food Industries was incorporated in Malaysia on 26 March 1997 under the Act as a private limited company under the name of Demand Glory Sdn Bhd and subsequently assumed its present name on 19 May 1997. Haewaytian Food Industries commenced business in 1997.

Currently, Haewaytian Food Industries is principally involved in the marketing of moon cakes and baked products. Haewaytian Food Industries sells and distributes confectionery products to the local market.

The authorised share capital of Haewaytian Food Industries is RM500,000 comprising 500,000 ordinary shares of RM1.00 each whilst its issued and paid-up share capital is RM250,000 comprising 250,000 ordinary shares of RM1.00 each. There has been no change in the issued and paid-up share capital of Haewaytian Food Industries in the past three (3) years up to LPD.

(iii) Haewaytian Restaurant

Haewaytian Restaurant was incorporated in Malaysia on 8 June 1982 under the Act as a private limited company. Haewaytian Restaurant commenced business on 18 August 1982. Subsequently, a new restaurant operation was officially opened in Jalan Datoh, Ipoh on 18 September 2009. The new restaurant was built to fulfill the rising demand for wedding banquet space and to support the additional walk-in customers of the earlier restaurant at Jalan Seenivasagam. Haewaytian Restaurant has maintained its existing restaurant at Jalan Seenivasagam, which is in the Ipoh business district area, to cater to its existing customers.

Currently, Haewaytian Restaurant is principally involved in the operation of restaurant. Haewaytian Restaurant produces fine Chinese cuisine with special emphasis on unique Cantonese themed restaurant.

5. INFORMATION ON OUR GROUP (Cont'd)

The authorised share capital of Haewaytian Restaurant is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each whilst its issued and paid-up share capital is RM300,200 comprising 300,200 ordinary shares of RM1.00 each. The changes in the issued and paid-up share capital of Haewaytian Restaurant in the past three (3) years up to LPD are as follows:-

Date of allotment	No. of shares	Par value (RM)	Consideration	Cumulative issued and paid-up share capital (RM)
Balance brought forward	300,000	1.00	Cash	300,000
31.07.2009	200	1.00	Conversion of non-cumulative convertible redeemable preference shares	300,200

(iv) Haewaytian Trading

Haewaytian Trading was incorporated in Malaysia on 28 May 1997 under the Act as a private limited company under the name of Matrix Place Sdn Bhd and subsequently assumed its present name on 14 August 1997. Haewaytian Trading commenced business in 1998.

Currently, Haewaytian Trading is principally involved in the procurement of raw materials for food services outlet.

The authorised share capital of Haewaytian Trading is RM100,000 comprising 100,000 ordinary shares of RM1.00 each whilst its issued and paid-up share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. There has been no change in the issued and paid-up share capital of Haewaytian Trading in the past three (3) years up to LPD.

(v) Oversea BBSP

Oversea BBSP was incorporated in Malaysia on 17 April 1986 under the Act as a private limited company under the name of Restoran Oversea (Central Market) Sdn Bhd and subsequently assumed its present name on 27 March 2003. Oversea BBSP commenced business in year 1986 at Central Market and thereafter Oversea BBSP's operation was shifted to Bandar Baru Sri Petaling on 18 May 2003.

Currently, Oversea BBSP is principally involved in the operation of restaurant. Oversea BBSP produces fine Chinese cuisine with special emphasis on unique Cantonese themed restaurant.

The authorised share capital of Oversea BBSP is RM300,000 comprising 300,000 ordinary shares of RM1.00 each whilst its issued and paid-up share capital is RM180,002 comprising 180,002 ordinary shares of RM1.00 each. There has been no change in the issued and paid-up share capital of Oversea BBSP in the past three (3) years up to LPD.

Pursuant to the Acquisitions, Oversea BBSP has disposed of its 100.0% equity interest in Oversea Dian Xin to Oversea.

5. INFORMATION ON OUR GROUP (Cont'd)**(vi) Oversea Confectioneries**

Oversea Confectioneries was incorporated in Malaysia on 17 March 2006 under the Act as a private limited company. Oversea Confectioneries commenced business on 3 July 2006.

Currently, Oversea Confectioneries is principally involved in manufacturing of moon cakes.

The authorised share capital of Oversea Confectioneries is RM100,000 comprising 100,000 ordinary shares of RM1.00 each whilst its issued and paid-up share capital is RM1,000 comprising 1,000 ordinary shares of RM1.00 each. The changes in the issued and paid-up share capital of Oversea Confectioneries in the past three (3) years up to LPD are as follows:-

Date of allotment	No. of shares	Par value (RM)	Consideration	Cumulative issued and paid-up share capital (RM)
Balance brought forward	2	1.00	Cash	2
01.09.2006	998	1.00	Cash	1,000

(vii) Oversea Dian Xin

Oversea Dian Xin was incorporated in Malaysia on 16 July 1997 under the Act as a private limited company under the name of Restoran Oversea Supreme Sharkfin Sdn Bhd and thereafter changed its name to Restoran Oversea (Sri Petaling) Sdn Bhd on 13 December 1997. On 16 May 2005, it changed its name to Restoran Oversea Tim Sum (Sri Petaling) Sdn Bhd and subsequently assumed its present name on 4 May 2006. Oversea Dian Xin commenced business on 1 June 2005.

Currently, Oversea Dian Xin is principally involved in the operation of "dim sum" outlet.

The authorised share capital of Oversea Dian Xin is RM100,000 comprising 100,000 ordinary shares of RM1.00 each whilst its issued and paid-up share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. There has been no change in the issued and paid-up share capital of Oversea Dian Xin in the past three (3) years up to LPD.

(viii) Oversea Holdings

Oversea Holdings was incorporated in Malaysia on 26 July 1994 under the Act as a private limited company.

Currently, Oversea Holdings is a dormant company and holds the trademarks of the Group.

The authorised share capital of Oversea Holdings is RM100,000 comprising 100,000 ordinary shares of RM1.00 each whilst its issued and paid-up share capital is RM2 comprising two (2) ordinary shares of RM1.00 each. There has been no change in the issued and paid-up share capital of Oversea Holdings in the past three (3) years up to LPD.

5. INFORMATION ON OUR GROUP (Cont'd)**(ix) Oversea Imbi**

Oversea Imbi was incorporated in Malaysia on 5 July 1983 under the Act as a private limited company. Oversea Imbi commenced business on 5 July 1983 by taking over the sole proprietor/ partnership business entity which commenced business on 16 September 1977.

Currently, Oversea Imbi is principally involved in the operation of restaurant. Oversea Imbi produces fine Chinese cuisine with special emphasis on unique Cantonese themed restaurant.

The authorised paid-up share capital of Oversea Imbi is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each whilst its issued and paid-up share capital is RM180,203 comprising 180,203 ordinary shares of RM1.00 each. The changes in the issued and paid-up share capital of Oversea Imbi in the past three (3) years up to LPD is as follows:-

Date of allotment	No. of shares	Par value (RM)	Consideration	Cumulative issued and paid-up share capital (RM)
Balance brought forward	180,002	1.00	Cash	180,002
26.07.2009	1	1.00	Cash	180,003
31.07.2009	200	1.00	Conversion of cumulative convertible redeemable preference shares	180,203

Pursuant to the Acquisitions, Oversea Imbi has disposed of its 30.0% equity interest in Oversea Subang Parade to Oversea.

(x) Oversea Jaya 1

Oversea Jaya 1 was incorporated in Malaysia on 15 October 1997 under the Act as a private limited company under the name of Restoran Oversea Hong Kong Dian Xin Sdn Bhd and thereafter changed its name to Restoran Oversea (Amcorp Mall) Sdn Bhd on 7 September 1999. Subsequently, it assumed its present name on 18 September 2007. Oversea Jaya 1 commenced business on 18 June 1998.

Currently, Oversea Jaya 1 is principally involved in the operation of restaurant. Oversea Jaya 1 produces fine Chinese cuisine with special emphasis on unique Cantonese themed restaurant.

The authorised share capital of Oversea Jaya 1 is RM500,000 comprising 500,000 ordinary shares of RM1.00 each whilst its issued and paid-up share capital is RM150,200 comprising 150,200 ordinary shares of RM1.00 each.

5. INFORMATION ON OUR GROUP (Cont'd)

The changes in the issued and paid-up share capital of Oversea Jaya 1 in the past three (3) years up to LPD are as follows:-

Date of allotment	No. of shares	Par value (RM)	Consideration	Cumulative issued and paid-up share capital (RM)
Balance brought forward	150,000	1.00	Cash	150,000
31.07.2009	200	1.00	Conversion of cumulative convertible redeemable preference shares	150,200

(xi) Oversea PJ

Oversea PJ was incorporated in Malaysia on 13 November 1990 under the Act as a private limited company. Oversea PJ commenced business on 18 June 1994.

Currently, Oversea PJ is principally involved in the operation of restaurant. Oversea PJ produces fine Chinese cuisine with special emphasis on unique Cantonese themed restaurant.

The authorised share capital of Oversea PJ is RM500,000 comprising 500,000 ordinary shares of RM1.00 each whilst its issued and paid-up share capital is RM500,000 comprising 500,000 ordinary shares of RM1.00 each. There has been no change in the issued and paid-up share capital of Oversea PJ in the past three (3) years up to LPD.

Pursuant to the Acquisitions, Oversea PJ has disposed of its 70.0% equity interest in Oversea Subang Parade to Oversea.

(xii) Oversea Subang Parade

Oversea Subang Parade was incorporated in Malaysia on 4 June 1997 under the Act as a private limited company under the name of Restoran Oversea (Subang Jaya) Sdn Bhd and subsequently assumed its present name on 7 September 1999. Oversea Subang Parade commenced business on 18 August 1997.

Currently, Oversea Subang Parade is principally involved in the operation of restaurant. Oversea Subang Parade produces fine Chinese cuisine with special emphasis on unique Cantonese themed restaurant.

The authorised share capital of Oversea Subang Parade is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each whilst its issued and paid-up share capital is RM550,000 comprising 550,000 ordinary shares of RM1.00 each. The changes in the issued and paid-up share capital of Oversea Subang Parade in the past three (3) years up to LPD are as follows:-

Date of allotment	No. of shares	Par value (RM)	Consideration	Cumulative issued and paid-up share capital (RM)
Balance brought forward	500,000	1.00	Cash	500,000
22.07.2008	50,000	1.00	Bonus share	550,000

5. INFORMATION ON OUR GROUP (Cont'd)**(xiii) Tenshou Trading**

Tenshou Trading was incorporated in Malaysia on 8 August 1997 under the Act as a private limited company under the name of Food Court Oversea Sdn Bhd and subsequently assumed its present name on 1 June 2000. Tenshou Trading commenced business in year 2000.

Currently Tenshou Trading is principally involved in the trading of food products.

The authorised share capital of Tenshou Trading is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each whilst its issued and paid-up share capital is RM500,002 comprising 500,002 ordinary shares of RM1.00 each. There has been no change in the issued and paid-up share capital of Tenshou Trading in the past three (3) years up to LPD.

(xiv) Tsim Tung

Tsim Tung was incorporated in Malaysia on 29 November 2004 under the Act as a private limited company. Tsim Tung commenced business on 29 November 2004.

Currently, Tsim Tung is principally involved in the operation of café.

The authorised share capital of Tsim Tung is RM500,000 comprising 500,000 ordinary shares of RM1.00 each whilst its issued and paid-up share capital is RM250,000 comprising 250,000 ordinary shares of RM1.00 each. The changes in the issued and paid-up share capital of Tsim Tung in the past three (3) years up to LPD are as follows:-

Date of allotment	No. of shares	Par value (RM)	Consideration	Cumulative issued and paid-up share capital (RM)
Balance brought forward	100,000	1.00	Cash	100,000
02.07.2007	50,000	1.00	Cash	150,000
02.07.2009	100,000	1.00	Bonus share	250,000

Save as disclosed above:-

- (i) the subsidiaries do not have any subsidiaries or associated company; and
- (ii) the subsidiaries do not have any outstanding warrant, options, convertible securities or uncalled capital as at LPD.

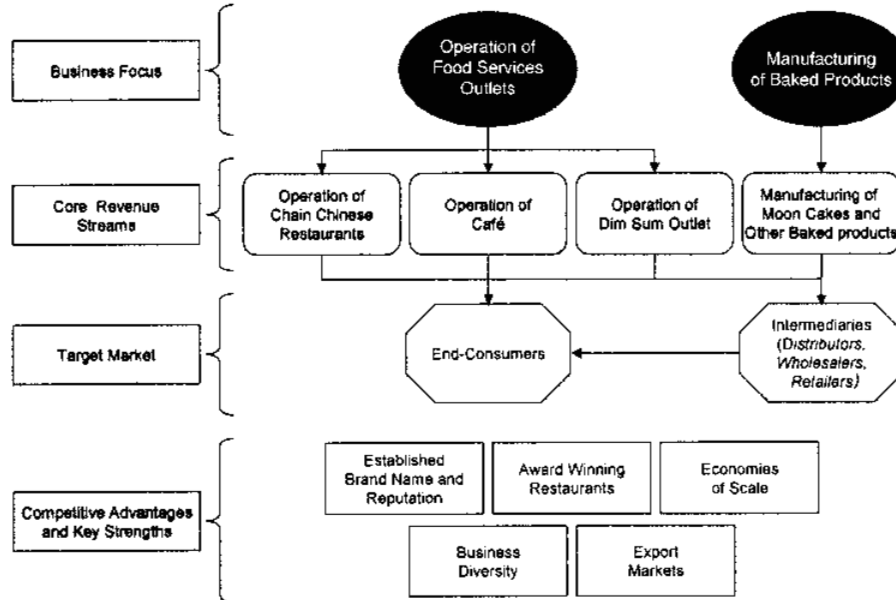
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6. BUSINESS OVERVIEW

6.1 Our principal activities, products and services

(i) Business model

Our business model is depicted in the figure below:-



Business Focus

Our business is focused on the operation of food services outlets and manufacturing of baked products. For the FYE 2009, the operation of food services outlets and manufacturing of baked products accounted for 84.0% and 15.7% of our total revenue respectively.

Core Revenue Streams

Our revenue streams are derived from the operation of a chain of Chinese restaurants, café and “dim sum” outlet and the manufacture of moon cakes and other baked goods.

We operate our chain of Chinese restaurants under the brand name “Restoran Oversea” (海外天), while our café and “dim sum” outlet operates under “Tsim Tung” and “Restoran Oversea” (海外天) brand respectively.

Our chain of “Restoran Oversea” (海外天) is focused on fine dining Chinese cuisine, while “Tsim Tung” is based on a café format to cater to casual dining. “Restoran Oversea” (海外天) also focuses on serving “dim sum”. Our diversity in food services format enlarges our potential market where we are able to cater to differing customer needs and segments, occasions and food preferences. Our business diversity, which incorporates manufacturing, provides us with avenues for business growth.

6. BUSINESS OVERVIEW (Cont'd)**Target Market**

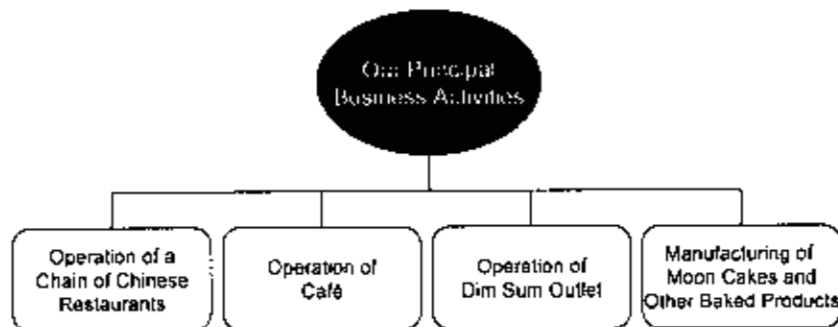
Our target market for our food services operations is the end-consumers, while our target market for our manufactured baked products are the end-consumers as well as intermediaries such as distributors, wholesalers and retailers. As at LPD, we have fifteen (15) distributors for our own manufactured baked products for the following countries:-

Country	No. of distributors
Malaysia	
- Johor	3
- Selangor	2
- Malacca	1
- Pahang	1
- Terengganu	1
Australia	1
New Zealand	1
PRC	1
Netherlands	1
Papua New Guinea	1
Indonesia	1
US	1
Total	15

Our two-prong strategy of targeting end-consumers enables us to maximise profits, while targeting intermediaries enlarge our product distribution coverage.

(ii) Principal activities

Our Group's business activities are depicted as follows:-



We are primarily involved in the operation of food services outlets comprising the following:-

- chain Chinese restaurants;
- café; and
- "dim sum" outlet.

We are also engaged in the manufacturing of baked products focusing on moon cakes and other baked products, including egg-rolls and cookies.

6. BUSINESS OVERVIEW (Cont'd)

(iii) Principal products and services

(a) Operation of chain Chinese restaurants

Our core competency is in the operation of chain Chinese restaurants, which are undertaken by the following subsidiaries:-

- Oversea Imbi;
- Oversea BBSP;
- Haewaytian Restaurant
 - Jalan Datch, Ipoh, Perak; and
 - Jalan Seenivasagam, Ipoh, Perak
- Oversea P.J;
- Oversea Subang Parade; and
- Oversea Jaya 1.



One of our Chinese restaurants located in Jalan Imbi, Kuala Lumpur

For the FYE 2009, the operation of chain Chinese restaurants contributed RM51.1 million, which accounted for 78.5% of our Group's total revenue.

Our Group's chain of Chinese restaurants operates under the brand name of "Restoran Oversea" (海外天). Our chain of Chinese restaurants specialises in local Cantonese cuisine.

Our menu of dishes extends to approximately one hundred and fifty (150) different dishes comprising meat, seafood, vegetables, bean curd and others. All these dishes are cooked in various methods including braising, steaming, stir-frying, deep frying, stewing and boiling. Furthermore, we have in-house capabilities to customise dishes based on requirements for walk-in customers.

In addition, we also provide banquet services for various ceremonial dinners and occasions, including wedding, full moon, birthday occasions as well as company annual dinners. With in-house facilities and expertise, we are capable of customising a banquet menu with a range of five (5) to nine (9) different dishes to meet customers' specifications and requirements.

Some of our local signature Cantonese dishes which we are famous for in our chain Chinese restaurants are as follows:-



Steamed Bamboo Fish in Soya Sauce



Braised Homemade Beancurd with Petola

6. BUSINESS OVERVIEW (Cont'd)



Pan Fried Tiger Prawn in Western Style



Stir Fried Mixed Vegetables with Belacan Sauce

(b) Operation of café

We are also engaged in the operation of café, which is undertaken by our wholly-owned subsidiary, Tsim Tung. The café is based on the Hong Kong style café concept commonly known in Cantonese as "Char Chan Teng". We serve casual fast food comprising a mixture of Hong Kong, local Malaysian fare and Western cuisine.

Currently, we have one café located in Pandan Indah, Kuala Lumpur operating under the brand name "Tsim Tung".



Some of the typical food provided in our café include:-

- noodles;
- mixed rice plates (including rice with meat and vegetables);
- others, including breads and cakes (such as French toast, butter and jam on toast, 'polo' buns and sandwiches), burgers and soups; and
- beverages (including Hong Kong style milk tea, lemon tea and coffee and others) and desserts.

For the FYE 2009, the operation of café outlet contributed 3.6% to our Group's revenue, which amounted to RM2.3 million.

(c) Operation of "dim sum" outlet

We currently operate a "dim sum" outlet, through our wholly-owned subsidiary company, namely Oversea Dian Xin. The "dim sum" outlet operates under our brand name of "Restoran Oversea" (海外天) and is located in Sri Petaling, Kuala Lumpur. The outlet has a floor area of 3,920 square feet. The opening hours of our "dim sum" outlet starts early in the mornings until the late afternoons.

6. BUSINESS OVERVIEW (Cont'd)

Our "dim sum" outlet is another type of Chinese cuisine covering a wide variety of dishes, which are commonly steamed or deep fried and served in small portions. They include a variety of buns, dumplings, meaty delights, crispy fried cakes, pastries and other savouries.

For the FYE 2009, revenue derived from the operation of "dim sum" outlet amounted to RM1.2 million, representing 1.9% of our Group's total revenue.

(d) Manufacturing of moon cakes and other baked products

Part of our business also involves the manufacturing of moon cakes and other baked products, which is undertaken by our two (2) wholly-owned subsidiaries, namely Haewaytian Cake House and Oversea Confectioneries. Currently, we have two (2) manufacturing facilities which are located near to each other in Shah Alam, Selangor with a total built-up area of 62,535 square feet. The two (2) separate facilities are to accommodate halal and non-halal products manufacturing.

For the FYE 2009, manufacturing of moon cakes and other baked products contributed RM10.2 million, which accounted for 15.7% our Group's total revenue.

Moon cakes

Moon cake is a type of Chinese pastry that is traditionally eaten during the Chinese Mid Autumn Festival between late September and early October. Moon cakes traditionally have a crust of pastry made mainly from sugar, flour and oil, which encase various ingredients including lotus paste, egg yolk, seed paste, bean paste and others.

Our production of moon cakes starts approximately three (3) months prior to the Mid Autumn Festival. Our first few batches of moon cakes are for our overseas markets, which requires more time for transportation. We have in-house facilities and capabilities to handle large volume production for a period of approximately three (3) months. For the FYE 2009, we manufactured approximately 1.6 million pieces of moon cakes.



Preparation and cooking of lotus seed paste

6. BUSINESS OVERVIEW (Cont'd)



Filling and moulding of moon cakes

Process flow for the manufacture of moon cakes

