

6. BUSINESS OVERVIEW (Cont'd)

The process flow for the manufacture of moon cakes begins with the order and receiving of raw materials, ingredients and packaging. The goods receivable are then stored accordingly, ready for production usage.

Lotus beans, red beans and green beans are the main ingredients used for moon cake filling and pastes. Lotus beans are washed and its outer skin removed and peeled. It is sometimes put in cold storage until it is required.

Red beans are washed and its outer skin removed and peeled before it is subjected to boiling for approximately thirty (30) minutes with other additional seasoning or ingredients. Green beans are washed before it is steamed for approximately forty five (45) minutes. After the boiling and steaming process, each type of beans are then crushed or mashed into a paste before it undergoes a further cooking process. Other ingredients are added during this process according to the recipe for each type of bean paste.

In-process inspections are carried at various stages of the above processes for quality evaluation and control. The bean paste is cooled and sometimes vacuum packed for storage until required for usage. The process for making moon cake skin begins with the preparation and weighing of ingredients required. Shortening, flour, colouring and water are the main ingredients used for making the moon cake skin.

These ingredients for moon cake skin are prepared according to its recipe and are mixed in an automatic mixer or manually mixed by hand until it is thoroughly mixed to form a smooth paste. The moon cake paste and moon cake skin are combined together in the next stage of the moon cake manufacturing process where the bean paste is mixed again manually in a mixer, with ingredients such as melon seeds, olive seeds, oil and other nuts and seeds depending on the recipe for various types of moon cake end products.

Egg yolks are manually inserted by hand into the paste as required and according to recipe and type or variety of moon cake. The combined moon cake paste and moon cake skin are then moulded into shape using various shapes of engraved wooden moulds with designs or patterns. These moulds are moulded externally onto the moon cake skin.

Inspections and other visual checks on equipment, oven temperatures and products during the manufacturing process are undertaken frequently for product quality control. The moulded moon cakes are then placed in an oven and baked for about forty five (45) minutes at 200°C and then cooled down before being individually sealed in plastic bags or containers and repacked in cartons and boxes for delivery.

We have in-house expertise and skills to manufacture a range of moon cakes comprising a variety of fillings. Some of the common moon cakes we manufacture have the following types of fillings:-

- pure lotus paste;
- white lotus paste;






6. BUSINESS OVERVIEW (Cont'd)

- lotus paste with egg yolk (one (1), two (2) and four (4) egg yolks);
- red bean paste;
- coconut paste with egg yolk;
- coffee paste with egg yolk;
- green tea paste with egg yolk; and
- assorted fruits and nuts.

Since the commencement of our manufacturing operations, we have developed and manufactured a range of specialty moon cakes using our in-house proprietary recipes. This includes the following:-

Name	Description	Year of launch
'Evergreen'	Blend of lotus seed paste with 'Yacon' and 'Lily bulb'.	2009
		
'Yinyang'	Blend of lotus seed paste with Hong Kong style milk tea and coffee.	2008
		
'Creamy Milk Tea'	Blend of lotus seed paste with Hong Kong style milk tea.	2008
		
'Cherry Blossom'	Blend of lotus seed paste with imported Sakura flowers.	2006
		
'Noble Delight'	Blend of dragon fruit with lotus seed as paste and filled with pumpkin seeds.	2004
		

6. BUSINESS OVERVIEW (Cont'd)

Name	Description	Year of launch
'Royal Fairy'	Blend of white and red beans as paste with another layer of lotus seed paste.	2003
		
'Scent Temptation'	Blend of selected white lotus seed with 'Rula Graveolens' flavour.	2003
		
'Golden Starlight'	Filled with two different layers of pastes including a layer of lotus seed paste with 'Pandan' flavour and another layer of green bean paste.	2001
		
'Golden Emerald'	A mixture of lotus seed paste with coconut milk and 'Pandan' flavour.	1996
		
'Shanghai Moon Cake'	Lotus seed paste and egg yolk surrounded with a thick layer of crispy and crunchy pastry.	1986
		

To date, we have successfully developed and commercialised ten (10) different types of specialty moon cakes. All of our in-house manufactured moon cakes are sold under the brand name of "Restoran Oversea" (海外天).

For the FYE 2009, revenue derived from our in-house manufactured moon cakes contributed RM10.0 million, which accounted for 15.4% of our Group's total revenue.

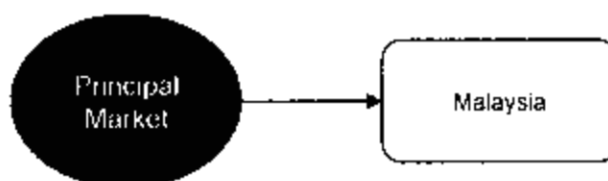
6. BUSINESS OVERVIEW (Cont'd)**Other Baked Products**

We also manufacture other baked products, which mainly comprise of egg rolls and cookies. This is undertaken during the off-season for manufacturing moon cakes when we have spare capacity.

For the FYE 2009, other baked products contributed RM244,000, which accounted for 0.3% of our Group's total revenue.

6.2 Our Principal Markets

For the FYE 2009, our principal market is Malaysia.



For the FYE 2009, our revenue segmentation by geographical markets is as follows:-

States in Malaysia and Overseas Countries	Revenue for FYE 2009	
	RM'000	%
States in Malaysia	64,216[^]	98.7
Kuala Lumpur	29,225	44.9
Selangor	22,441	34.5
Perak	10,114	15.5
Johor	773	1.2
Penang	592	0.9
Sarawak	305	0.5
Kedah	175	0.3
Pahang	156	0.2
Malacca	143	0.2
Negeri Sembilan	140	0.2
Kelantan	64	0.1
Terengganu	47	0.1
Perlis	30	"
Sabah	12	"
Overseas Countries	836	1.3
Australia	295	0.5
Netherlands	209	0.3
US	208	0.3
Indonesia	67	0.1
PRC	38	0.1
Papua New Guinea	15	"
New Zealand	4	"
Total	65,053[^]	100.0

6. BUSINESS OVERVIEW (Cont'd)

Notes:-

- * Total does not add-up due to rounding.
- Insignificant proportion
- Via Malaysian distributor.

For the FYE 2009, 98.7% of our Group's total revenue was derived from Malaysia. For the FYE 2009, seven (7) overseas countries contributed the remaining 1.3% of our Group's total revenue.

Within the local markets, Kuala Lumpur and Selangor represented our top local state and territory, which contributed 44.9% and 34.5% to our Group's total revenue respectively for the FYE 2009. The remaining 19.3% was spread across twelve (12) states within Malaysia.

6.3 Location of operations

(i) Operational facilities and principal assets

Our Group's operational and administrative facilities are located as follows:-

Purpose	Location of operations	
Headquarters, warehouse and a production floor	Shah Alam	Lot 13, Jalan Utarid U5/16, Seksyen U5 Kawasan Perindustrian "Mah Sing Integrated" 40150 Shah Alam, Selangor
Production floor	Shah Alam	No. 55 (Ground, First and Second), Jalan B U5/B (PS), Seksyen U5 (Panasuria), 40150 Shah Alam, Selangor
Restaurant	Klang Valley	Jalan Imbi, Kuala Lumpur Plaza Armada, Petaling Jaya Subang Parade, Subang Jaya Jaya One, Petaling Jaya Bandar Baru Sri Petaling, Kuala Lumpur
	Perak	Jalan Seenivasagam, Ipoh Jalan Datoh, Ipoh
Café	Klang Valley	Pandan Indah, Kuala Lumpur
"Dim sum" outlet	Klang Valley	Bandar Baru Sri Petaling, Kuala Lumpur

(ii) Registered office

Our Group also maintains its registered office at 10th Floor, Menara Hap Seng, 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur.

Details of the ownership of the properties owned and leased by our Group are set out in **Section 6.6** of this Prospectus.

6. BUSINESS OVERVIEW (Cont'd)

6.4 Key achievements/ milestones/ awards

Our Group has received the following awards:-

Year	Types of awards and recognitions	Awarded by
2009	Voted as one of Asia's finest restaurants	Ate Media Pte Ltd in the Miele Guide 2009/2010
2009	Winner of Malaysia Independence Award 1957 under the 'Star Company' category	The Secretariat of 'Malaysia Independence Award 1957'
2008	International Restaurant of Chinese Cuisine	The World Chinese Cuisine Association
2006	Chinese Cuisine Culture Contribution Award	China Hotel Association
2005	Greatest Tables in Kuala Lumpur	Tables and Independent Restaurant Guide
2005	World Association of Chinese Cuisine - Red Pocket International Culinary Competition Gold Medal	The World Association of Chinese Cuisine
2005	The World Golden Chef Competition under the category of 'The Best Design of Display Stand'	The Malaysia Selangor and Federal Territory Ku Su Shin Choong Hung Restaurant Association
2002	Good Business Recognition Certification 2002	Ministry of Domestic Trade, Co-operative and Consumerism and Business Ethics Institute of Malaysia
1998	Winner of World Gold Kitchen Cooking Grand Competition	The Malaysia Selangor and Federal Territory Ku Su Shin Choong Hung Restaurant Association
1994	Gu Shu Kam Cup Cooking Stove Grand Bronze Award 1994	The Malaysia Selangor and Federal Territory Ku Su Shin Choong Hung Restaurant Association
1992	The 1st World Performance Award for Chinese Cuisine 1992	The World Association of Chinese Cuisine
1992	Winner of the World Chinese Cuisine Competition	The Selangor and Federal Territory Restaurant Keepers' Association

Our Group's key milestones since inception are as follows:-

Year	Description of Events
1977	We opened our first "Restoran Oversea" (海外天) in Jalan Imbi, Kuala Lumpur with an initial seating capacity of approximately fifty (50) seats. This later expanded to eight hundred and fifty (850) seating capacity.
1982	We ventured into Ipoh, Perak to open a restaurant under the brand name of "Restoran Oversea" (海外天).
1986	We expanded our business vertically into the making of moon cakes. At the time, all our moon cakes were handmade and were sold as part of our Chinese restaurants' business.
1986	We opened an additional Chinese restaurant under the brand name "Restoran Oversea" (海外天) in Central Market, Kuala Lumpur.
1994	We opened an additional Chinese restaurant under the brand name "Restoran Oversea" (海外天) in Plaza Armada, Petaling Jaya.
1995	We moved into our manufacturing facility at Sungai Buloh with a built-up area of approximately 20,000 square feet.

6. BUSINESS OVERVIEW (Cont'd)

Year	Description of Events
1997	We incorporated Haewaytian Food Industries to focus on marketing of our in-house manufactured moon cakes and other baked products.
1997	We opened an additional Chinese restaurant under the brand name "Restoran Oversea" (海外天) in Subang Parade.
1998	We opened a Chinese restaurant under the brand name "Restoran Oversea" (海外天) in Amcorp Mall.
1999	We ventured into the manufacturing of egg rolls to utilise our manufacturing facilities during the off-season for moon cakes.
2000	Our moon cakes were exported to Australia via our Malaysian distributor. We have since expanded our export market to cover Netherlands, Indonesia, New Zealand, Papua New Guinea, the US and the PRC.
2002	We moved from our manufacturing facility in Sungai Buloh to our current two (2) facilities in Shah Alam with a total built-up area of 62,535 square feet.
2003	We shifted from our initial restaurant location in Central Market, Kuala Lumpur to Sri Petaling.
2004	We ventured into the operation of a café outlet under the brand name of "Tsim Tung" in Kuala Lumpur.
2005	We expanded into the operation of a "dim sum" outlet under the brand name of "Restoran Oversea" (海外天) in Kuala Lumpur.
2008	We shifted from our initial restaurant location in Amcorp Mall to Jaya One.
2009	We opened an additional restaurant in Ipoh, Perak under the brand name of "Restoran Oversea" (海外天).

6.5 Material capital expenditures and divestitures

Save as disclosed below, there are no other material capital expenditures and divestitures (including interests in other corporations) made by us for the past four (4) financial years up to the date of this Prospectus:-

	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000	1 January 2010 up to the date of this Prospectus RM'000
Expenditures					
Purchase of plant and equipment	1,481	610	6,204	4,965	124
Purchase of properties	444	1,179	4,375	1,457	-
Investment properties	1,497	2,370	580	80	-
Total expenditures	3,422	4,159	11,159	6,502	124
Divestitures					
Disposal of leasehold land and building	346	-	-	3,300	-
Disposal of plant and equipment	493	-	-	-	1
Disposal of investment	-	339	-	-	-
Disposal of subsidiaries	-	-	-	592	-
Total divestitures	839	339	-	3,892	1

6. BUSINESS OVERVIEW (Cont'd)

The above material capital expenditures were financed by term loans, hire purchase and internally generated funds.

As at the date of this Prospectus, we do not have any material capital expenditures and divestitures currently in progress, within or outside Malaysia.

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6. BUSINESS OVERVIEW (Cont'd)**6.6 Property, land and building**

A summary of the material land and buildings owned by us is as follows:-

Registered owner/ Beneficial owner	Title details/ Address	Description/ Existing use	Tenure	Monthly rental income (RM'000)	Land area/ Gross built-up area (sq ft)	Encumbrances	Audited net book value as at 31 December 2009 (RM'000)
Haerwaytian Cake House ¹	Hakmilik 24396 Lot 64637 Mukim Sungai Buloh Daerah Petaling Negeri Selangor	2-storey detached warehouse cum factory with 1- storey office attached/ warehouse, factory cum office	Leasehold (99 years) Expiry: 11.12.2096	-	84,066/ 58,330	Charged to United Overseas Bank (M) Bhd	6,830
Oversea Imbi	H-0-07 & H-1-07 (Lot H-07) Pusat Perdagangan, Kuchai No.2, Jalan 1/127, Off Jalan Kuchai Lama 58200 Kuala Lumpur	2-storey shop office/ property investment	Freehold ²	1.3	1,430/ 2,487	Charged to United Overseas Bank (M) Bhd	1,227
Oversea Imbi	H-0-08 & H-1-08 (Lot H-08) Pusat Perdagangan, Kuchai No.2, Jalan 1/127, Off Jalan Kuchai Lama 58200 Kuala Lumpur	2-storey shop office/ property investment	Freehold ²	1.3	1,430/ 2,487	Charged to United Overseas Bank (M) Bhd	1,227

6. BUSINESS OVERVIEW (Cont'd)

Registered owner/ Beneficial owner	Title details/ Address	Description/ Existing use	Tenure	Monthly rental income (RM'000)	Land area/ Gross built-up area (sq ft)	Encumbrances	Audited net book value as at 31 December 2009 (RM'000)
Oversea Imbi	H-0-09 & H-1-09 (Lot H-09) Pusat Perdagangan, Kuchai No.2, Jalan 1/127, Off Jalan Kuchai Lama 58200 Kuala Lumpur	2-storey shop office/ property investment	Freehold ²	1.3	1,430/ 2,487	Charged to United Overseas Bank (M) Bhd	1,200
Oversea Imbi	H-0-10 & H-1-10 (Lot H-10) Pusat Perdagangan, Kuchai No.2, Jalan 1/127, Off Jalan Kuchai Lama 58200 Kuala Lumpur	2-storey shop office/ property investment	Freehold ²	-	2,379/ 3,983	Charged to United Overseas Bank (M) Bhd	2,000
Oversea P.J	32B-3-4 Block B, Kelab Le Chateau Apartment Kondominium Lorong Syed Putra, Tmn Desa Seputih 58000 Kuala Lumpur	Apartment/ property investment	Freehold ³	1.1	Built-up area: 1,543	-	320
Oversea P.J	H-0-2 & H-1-02 Pusat Perdagangan Kuchai Lama No. 2, Jln 1/127, Off Jln Kuchai Lama 58200 Kuala Lumpur	2-storey shop office/ property investment	Freehold ²	4.0	1,430/ 2,487	-	1,227

6. BUSINESS OVERVIEW (Cont'd)

Registered owner/ Beneficial owner	Title details/ Address	Description/ Existing use	Tenure	Monthly rental income (RM'000)	Land area/ Gross built-up area (sq ft)	Encumbrances	Audited net book value as at 31 December 2009 (RM'000)
Oversea P.J	Pajakan Negeri 18472 Lot 40997 Mukim Sungai Buloh Daerah Petaling Negeri Selangor Darul Ehsan	1½-storey terrace/ factory, store room	Leasehold (99 years) Expiry: 11.12.2096	-	3,003/ 3,160	-	345
	No. 31, Jln U5/28 Bandar Pinggiran Subang, Seksyen U5 40150 Shah Alam						
Haewaytian Restaurant	Geran No. 55272 Lot 26181 Bandar Ipoh (U) Daerah Kinta Negeri Perak	1½-storey detached building/ restaurant	Freehold	-	25,764/ 27,185	Charged to Public Berhad	8,821
	No. 28, Jln Datoh 30000, Ipoh, Perak						
Haewaytian Restaurant	H.S.(D) Ka 752579 Lot PT No.18013, Daerah Kinta, Bandar Ipoh Negeri Perak	4-storey shop office (intermediate unity/ restaurant, storage facilities and staff hostel	Leasehold (99 years) Expiry: 20.12.2078	-	1,900/ 4,800	Charged to Public Berhad	395
	No. 57, Jln Seenivasagam 30450 Ipoh, Perak.						

6. BUSINESS OVERVIEW (Cont'd)**Notes:-**

- Other disclosure on land and buildings owned by us are immaterial to disclose individually.
- ¹ Our two (2) separate manufacturing facilities located in Shah Alam, Selangor has a total built-up area of 62,535 square feet, whereby 58,330 square feet of built-up area is owned by us, whilst the remaining 4,205 square feet of built-up area is rented by us, details of which are set out in the summary of the material land and buildings leased/ rented by us below.
- ² Individual title for this property has yet to be issued by the relevant authorities. This property is currently held under the Master Titles as follows: Geran Mukim 2178 Lot No. 1229, Geran Mukim 2179 Lot 1228, Geran Mukim 1426 Lot 1230 and Geran Mukim 2278 Lot 1227, of which all are in the Mukim of Petaling, District of Kuala Lumpur, State of Wilayah Persekutuan.
- ³ Individual title for this property has yet to be issued by the relevant authorities. This property is currently held under the Master Title Geran Mukim 1334 and 1335, Lot No 10 and 11, Section 94B Mukim of Kuala Lumpur, District of Kuala Lumpur, State of Wilayah Persekutuan.

A summary of the material land and buildings leased/ rented by us is as follows:-

Tenant	Location	Description/ Existing use	Period of tenancy/ Date of expiry of lease	Yearly rental (RM'000)	Approximate age of building (years)	Built-Up area (sq ft)
Oversea Jaya 1	35-LG1-1, Palm Square, Jaya One No. 72A, Jln Universiti Block J Section 13, 46200 Petaling Jaya	Restaurant	01.12.07 to 30.11.08 01.12.08 to 30.11.09 01.12.09 to 30.11.10	395 655 738	1	13,854
Oversea PJ	Lot 28, Grid Floor, Plaza Armada Lorong Utara C, Section 52 46200 Petaling Jaya	Restaurant	30.07.09 to 29.07.11 30.07.11 to 29.07.12	1,076 1,151	> 20	12,547
Oversea Subang Parade	G14 & 28, Ground Floor Subang Parade No 5, Jalan SS 16/1 Subang Jaya, 47500 Petaling Jaya	Restaurant	01.02.08 to 31.01.11	524	> 20	14,076
Haewaytian Cake House	No 55 (Ground, First and Second), Jalan B U5/B, (PS), Seksyen U5 (Panasuria), 40150 Shah Alam, Selangor.	3-storey shop office (intermediate unity)/ factory, store room	01.07.2008 to 30.06.2010	19.2	> 16	1,765/ 4,205

6. BUSINESS OVERVIEW (Cont'd)

Note:-

* Other disclosure on land and buildings leased/ rented by us are immaterial to disclose individually. Some lease/ rentals which form part of the related party transactions are disclosed in Section 10.1 of this Prospectus.

To the best of their knowledge of the Board, none of the properties disclosed above are in any breach of land-use conditions and/ or are in material non-compliance with current statutory requirements, land rules or building regulations.

Save as disclosed above, there are no other material tangible fixed assets in our Group.

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6. BUSINESS OVERVIEW (Cont'd)**6.7 Material plant and equipment**

The details of the material plant and equipment used and owned by our Group as at 31 December 2009 are set out below:-

Location	Description	Tenure	Capacity	Utilisation rate (%)	Net book value (RM'000)
Lot 13, Jalan Utarid U5/16, Seksyen U5 Kawasan Perindustrian "Mah Sing Integrated" 40150 Shah Alam, Selangor	Thermal oil paste cooking system	Six (6) years	725,700 kg per three (3) months	28.7	- [*]
	Automatic egg roll producing machine	Five (5) years	14,040 kg per six (6) months	14.3	- [*]

Note:-

* Less than RM1,000.

Save as disclosed above, none of our machineries and equipment are individually material to disclose separately.

Our Board is of the opinion that our Group has sufficient capacity to meet the current and anticipated level of demand and will continue to monitor the capacity requirements to ensure that our Group's operations run smoothly.

6.8 Regulatory requirement and environmental issue

Our Group believes that we are in compliance in respect to all material regulatory requirements and environmental issues which may materially affect our Group's operations and/ or utilisation of assets. As at LPD, our Group is not aware of any environmental proceedings or investigations to which we are or might become a party to.

6.9 Material plans to construct, expand or improve facilities

As at LPD, our Group has no immediate plans to construct, expand or improve on existing facilities, save for the following:-

- (i) we intend to utilize approximately RM500,000 from the proceeds of the Public Issue to purchase new machineries for Haewaytian Cake House. The new machineries are expected to improve our product consistency and quality. The purchase of new machineries for the manufacturing operations will be undertaken by 2010; and
- (ii) we intend to utilize approximately RM1.5 million from the proceeds of the Public Issue 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.

All other construction or development works carried out by our Group are in the ordinary course of our business.

6. BUSINESS OVERVIEW (Cont'd)**6.10 Seasonality**

Generally, there is no seasonality for our chain Chinese restaurants with the exception of banquet operations where the business encounters a slowdown during the months of April, July and August due to the inauspicious Lunar months. Our banquet operations normally peak from October to March.

As for the manufacturing of moon cakes, we only operate three (3) months within a year, commonly from July to September, which is prior to the Mid Autumn Festival. During the off peak season for the manufacturing of moon cakes, the Group will produce egg rolls and cookies. The Group is currently negotiating the supply of egg rolls to Indonesia as well as the Australian market on a regular basis to further reduce the fixed cost of the manufacturing plant.

6.11 Our competitive strengths and advantages

We have a number of competitive advantages and key strengths that provide us with a strong platform to compete against other business operators and also facilitate business sustenance and growth.

(i) Established brand name and reputation

We have operated our chain of "Restoran Oversea" (海外天) Chinese restaurant since 1977 when we commenced our first outlet in Jalan Imbi, Kuala Lumpur. Since then we have opened another six (6) outlets in the Klang Valley and Ipoh. With an operational history spanning approximately thirty three (33) years, we have built significant brand equity on our "Restoran Oversea" (海外天) brand, which includes a high level of brand awareness and customer loyalty.

In addition, we have also extended and reinforced our "Restoran Oversea" (海外天) brand equity through our marketing and sales of our own manufactured moon cakes since 1986. With approximately twenty four (24) years in the market, we have established our brand of moon cakes, which as at LPD have been sold in all states of Malaysia and in seven (7) overseas countries.

Our established brand name, which is associated with fine Chinese dining and high quality food, provides us with a key competitive advantage to sustain as well as grow our business.

(ii) Award winning restaurant

Our reputation and strong brand equity for our chain of "Restoran Oversea" (海外天) is backed by the many awards and recognitions that we have achieved over the years. Details of awards won by our Group are set out in **Section 6.4** of this Prospectus.

The awards and recognitions we have won over the years reinforced our brand strength and provide us with the competitive advantage of being able to provide high standards of food and services that meet the preferences and tastes of our customers.

(iii) Economies of scale

We enjoy economies of scale derived from our network of restaurants, café and "dim sum" outlet and sales of our moon cakes and other baked products through the various retail outlets in Malaysia and overseas.

Economies of scale enable us to spread our fixed and operating costs across a number of food services outlets as well as our manufactured products. This is particularly pertinent in terms of head office personnel and centralised functions including, procurement, administration, training, advertising and promotional costs.

6. BUSINESS OVERVIEW (Cont'd)

By operating a number of food services outlets, we have stronger bargaining power to obtain better commercial terms from suppliers including product costs, credit terms, logistics arrangements and others. Economies of scale represent a strong competitive advantage as it helps us to reduce our unit cost of operation and production.

(iv) Business diversity

Our business is diverse in terms of operating different formats of food services outlets, as well as having a manufacturing business. Our business diversity is a key strength as it enlarges our food services market, which covers fine and casual dining as well as "dim sum" cuisine. Our manufacturing business provides us with new areas of growth as well as mitigates some of the dependency on the food services industry.

(v) Export markets

As at LPD, we have exported our moon cakes and other baked products to seven (7) overseas countries, including Australia, the US, Indonesia, New Zealand, Netherlands, Papua New Guinea and the PRC. As part of our strategy to increase our presence in overseas markets, we intend to expand our food services outlets under the "Restoran Oversea" (海外天) brand under a new format in Indonesia in the near future. Although our exports represent a small proportion of our total revenue, it is one of our key strengths, as this will provide us with significant growth potential.

6.12 Types, sources and availability of raw materials/ input

(i) Purchases for the FYE 2009

For the FYE 2009, our main purchases of materials for our food services outlets and manufacturing operations are as follows:-

	Value of purchases (RM '000)	% of our total purchases (%)	Sources of supply	
			Local (%)	Import (%)
Fresh seafood ¹	7,886	30.0	83.7	16.3
Poultry and meat ²	4,126	15.7	74.3	25.7
Vegetables	3,916	14.9	69.4	30.6
Dried seafood ³	2,834	10.8	0.8	99.2
Packaging materials	2,047	7.8	67.6	32.4
Beverages ⁴	1,478	5.6	63.1	36.9
Salted eggs	844	3.2	100.0	-
Lotus seeds	517	2.0	-	100.0
Others ⁵	2,607	9.9	58.0	42.0
TOTAL	26,255	100.0[*]	65.0	35.0

Notes:-

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

^{*} Include purchases through local stockists.

¹ Includes fish, prawn, crabs, lobsters and others.

² Includes chicken meat, beef, pork, lamb, duck meat and others.

6. BUSINESS OVERVIEW (Cont'd)

- ³ *Includes abalone, fish maw, shark's fin and others*
- ⁴ *Includes Chinese tea, carbonated drinks, liquor, beer and wine and others*
- ⁵ *Includes sauces, condiments, nuts, fruits, sugar, flour, beans and others.*

Some of the common materials and ingredients for our operation of food services outlets are fresh and dried seafood, poultry and meat, vegetables and others such as sauces and condiments.

For the FYE 2009, locally sourced materials accounted for 65.0% of our Group's total purchases, whilst imports through local stockists accounted for the remaining 35.0%.

For the FYE 2009, purchases of fresh and dried seafood accounted 30.0% and 10.8% of our Group's total purchases of materials respectively. Fresh and dried seafood are mainly for our operations of chain Chinese restaurants, including fish, prawn, crabs, lobsters, abalone, fish maw, shark's fin and others.

For the FYE 2009, purchases of poultry and other meat and vegetables accounted for 15.7% and 14.9% of our Group's total purchases respectively.

Beverages are commonly served in our food services outlets. For the FYE 2009, purchases of beverages accounted for 5.6% of our Group's total purchases. This is mainly for the purchases of Chinese tea, carbonated drinks, liquor, beer and wine.

Salted eggs and lotus seed are major materials used for the manufacturing of moon cakes. For the FYE 2009, purchases of salted eggs and lotus seed accounted for 3.2% and 2.0% of our Group's total purchases.

Thus far, we have not experienced any shortages in sourcing the above materials for our operations.

6.13 Technology used or to be used

As we are primarily in the operation of chain restaurants and manufacturing of baked products, technology used is not relevant to our business.

6.14 QC

(i) Operation of food services outlet

We have always placed continuing emphasis on product quality. The following approaches have been adopted to ensure the quantity and quality standards are maintained and adhered:-

- In-coming materials and ingredients such as dried and fresh seafood, poultry and meat, vegetables, as well as sauces and condiments, have to undergo inspection and checking to ensure the freshness and quality of the ingredients; and
- Obtain feedback from our customers pertaining to the quality of the food, whenever possible.

We have obtained the following awards from the local councils in relation to our restaurants:-

- 'Clean Food Business Premises' award by Local Council Ampang Jaya in October 2009;
- 'Grade A – Clean Premises' award by Local Council Subang Jaya 2009;

6. BUSINESS OVERVIEW (Cont'd)

- 'Grade A – Clean Premises' award by Kuala Lumpur City Hall in 2008 and 2009;
- 'Grade A – Clean Premises' award by Local Council of Ipoh in 2009; and
- 'Clean Food Business Premises' award by Local Council Petaling Jaya in October 2004.

(ii) Manufacturing operations

We also adopt the following approaches to ensure that certain quality standards are maintained internally:-

- In-coming materials and ingredients such as lotus seeds, oil and sugar have to undergo inspection and checking prior to mass production. This is to ensure that the final end-products meet the desired quality expectations in terms of taste and appearance;
- Each level of the manufacturing process including peeling of lotus seeds, mixing and cooking, moulding and stamping and packing has to go through a checking process for quality assurance;
- Quality checks in the form of inspections are also carried out with a sample of final products before despatching to customers; and
- Obtain feedback from our trade customers and retailers pertaining to quality of the products.

We have an experienced quality assurance personnel that examines the consistency in the quality of our moon cakes and baked products. In addition, our manufactured moon cakes have been certified as 'Halal Products' by the Islamic Food Research Centre Asia on 21 April 2007 and is valid until 20 April 2011.

6.15 Modes of marketing and distribution

(i) Marketing strategies and activities

Our business activities are supported by our in-house sales and marketing team to undertake sales and promotional activities for our food services operations as well as moon cakes and other baked products.

Our marketing strategies are focused on utilising the following strategies to sustain and expand our business:-

- position ourselves as an operator of a range of food services outlets from a chain of fine dining Chinese restaurants focusing on local Cantonese style cuisine to casual dining such as café and "dim sum" outlet supported by our manufacturing of moon cakes and other baked products;
- maximising from our competitive advantages of having an established and reputable brand name, which is key in creating customer loyalty;
- continuously provide high standards in quality of food and manufactured products as demonstrated by the numerous awards won by our chain of restaurants; and

6. BUSINESS OVERVIEW (Cont'd)

- keeping abreast of the new and innovative dishes and specialty products to stay ahead of the competition as well as better meet the needs and requirements of customers.

(ii) Distribution channel strategy

For our operation of chain of Chinese restaurants, café and “dim sum” outlets, we service our customers directly who constitutes the end-consumers.

As for our moon cakes and baked products, these are sold through two channels:-

- our chain of restaurants; and
- intermediaries including distributors, wholesalers and retailers.

Using intermediaries and third party retailers enable us to utilise the existing network of intermediaries and retailers to expand our market coverage without the need for significant investment in sales, marketing and logistics for our baked products. The intermediaries and retailers would rely on their own distribution network to reach end-consumers.

For new or overseas markets, intermediaries and retailers would enable our Group to expand rapidly without needing to invest in setting up retail infrastructure for our baked products.

As at LPD, we have a network of fifteen (15) distributors for local and overseas markets, specifically for our own manufactured baked products. Our distributors cover the following overseas countries:-

- Australia
- New Zealand
- Netherlands
- Papua New Guinea
- Indonesia
- US
- PRC

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6. BUSINESS OVERVIEW (Cont'd)**6.16 Approvals, major licences and permits obtained**

Details of major business licenses, permits and approvals applicable to our Group as at the LFD are as follows:-

Company	Approving/ issuing authority	Type of approvals/ permits	Validity period	Licence/ certificate no.	Equity and other major conditions imposed	Status of compliance
Oversea	Energy Commission	Private gas licence (for supply of gas at Oversea BBSB's restaurant premises)	19.02.2009 - 18.02.2010	ST(IP)JG-180/4/1/122.03(5) (renewal application submitted on 04.02.2010)	-	Not applicable
	Energy Commission	Private gas licence (for supply of gas at Oversea Imbi's restaurant premises)	19.02.2009 - 18.02.2010	ST(IP)JG-180/2/1/6(191) (renewal application submitted on 04.02.2010)	-	Not applicable
	Energy Commission	Private gas licence (for supply of gas at Oversea Dian Xin's restaurant premises)	19.02.2009 - 18.02.2010	ST(IP)JG-180/2/1/6(192) (renewal application submitted on 04.02.2010)	-	Not applicable
	Energy Commission	Private gas licence (for supply of gas at Oversea Subang Parade's restaurant premises)	19.02.2009 to 18.02.2010	ST(IP)JG-180/2/1/6(193) (renewal application submitted on 04.02.2010)	-	Not applicable
Haerwaylian Cake House	Majlis Bandaraya Shah Alam	Licence for the following:- <ul style="list-style-type: none"> • Food industries licences • Warehouse licence • Non-illuminated signboard • Licence to store gas and • Industrial cooking pots ("Patil") 	Valid until 31.12.2010	No. 0U5090420050001	-	Not applicable
	Dewan Bandaraya Kuala Lumpur	Premise licence for operations of "Kedai Kueh Mueh" at No 20, Jalan Padang Walter Grenier, 55100 Kuala Lumpur	Valid until 31.12.2010	No. 1000050029	-	Not applicable

6. BUSINESS OVERVIEW (Cont'd)

Company	Approving/ issuing authority	Type of approvals/ licences/ permits	Validity period	Licence/ certificate no.	Equity and other major conditions imposed	Status of compliance
	Ministry of Domestic Trade, Cooperative and Consumerism (formerly known as Ministry of Domestic Trade and Consumer Affairs), Selangor Darul Ehsan State Branch	Approval granted for bulk purchase of sugar (controlled good under the Control of Supplies Act 1961) at a maximum quota of 10 tonnes at any one time	01.4.2009 – 31.03.2010	Surat Kuasa No: 252/09 (renewal application submitted on 02.03.2010)	<ul style="list-style-type: none"> • The storage of the controlled goods must be at: Lot 13, Jalan Ularid U5/16, SEK.U5, Kaw. Perindustrian Mah sing Integrated, 40150 Shah Alam, Selangor Darul Ehsan. • Haewayian Cake House must not have in possession or control any of the controlled goods in excess of the maximum quota allowed. • The approval is non-transferrable. • The controlled goods must be for own use and not for sale or export. • Haewayian Cake House is to keep a register of the purchases of the controlled goods for inspection. If the controlled goods are imported, Haewayian Cake House must disclose to the relevant Controller the amount, date, and originating country. • The controlled goods must be stored in the premises above unless written approval is obtained from the Controller. • The approval is subject to any other relevant safety requirements imposed by the relevant authorities. 	Complied

6. BUSINESS OVERVIEW (Cont'd)

Company	Approving/ issuing authority	Type of approvals/ licences/ permits	Validity period	Licence/ certificate no.	Equity and other major conditions imposed	Status of compliance
		Approval granted for bulk purchase of diesel at a maximum quota of 12,000 litres and 2,000kg liquid petroleum gas (controlled goods under the Control of Supplies Act 1961) at any one time	31.07.2009 - 30.07.2010	Surat Kuasa No.731/09	<ul style="list-style-type: none"> • The storage of the controlled goods must be at: Lot 13, Jalan Utarid U5/16, SEK.U5, Kaw. Perindustrian Mah sing Integrated, 40150 Shah Alam, Selangor Darul Ehsan. • Haewaytian Cake House must not have in possession or control any of the controlled goods in excess of the maximum quota allowed. ▪ The approval is non-transferrable. ▪ The controlled goods must be for own use and not for sale or export. • Haewaytian Cake House is to keep a register of the purchases of the controlled goods for inspection. If the controlled goods are imported, Haewaytian Cake House must disclose to the relevant Controller the amount, date, and originating country. • The controlled goods must be stored in the premises above unless written approval is obtained from the Controller. • Haewaytian Cake House is prohibited from purchasing diesel from any supplier/ wholesaler, petrol or service stations enjoying government subsidy. Purchase of diesel for industrial use must be from licensed wholesalers. 	Complied

6. BUSINESS OVERVIEW (Cont'd)

Company	Approving/ issuing authority	Type of approvals/ licences/ permits	Validity period	Licence/ certificate no.	Equity and other major conditions imposed	Status of compliance
					<ul style="list-style-type: none"> The label for the skid tank must be at least 1.5m x 1.5m in size and in red font. The approval is subject to any other relevant safety requirements imposed by the relevant authorities. 	
	Royal Customs and Excise Malaysia	Approval granted pursuant to the Sales Tax Act, 1972 for the purchase/ import of materials and components free of sales tax for use in the manufacturing of goods.	19.03.2009 - 18.03.2010	No. 0300005703/6317/09001891 (renewal application submitted on 04.03.2010)	-	Not applicable
	Islamic Food Research Centre - Malaysia & Asia Region	Product to be purchased : Egg roll fins				
		Certificate of Halal Products	21.04.2009 - 20.04.2011	# IFRC/HE/030/08	-	Not applicable
	Ministry of International Trade and Industry of Malaysia ("MITI")	Manufacturing licence for bakery products	Effective since 09.06.2006	A 016120	<ul style="list-style-type: none"> The manufacturing operations on the premises known as Lot 13, Jalan Utamad U5/16, Seksyen U5, Kawasan Perindustrian Mah Sing Integrated, 40150 Shah Alam, Selangor Darul Ehsan are subject to the approval of the relevant state governments and the Department of Environment. 	Complied

6. BUSINESS OVERVIEW (Cont'd)

Company	Approving/ issuing authority	Type of approvals/ licences/ permits	Validity period	Licence/ certificate no.	Equity and other major conditions imposed	Status of compliance
					<ul style="list-style-type: none"> ▪ The MITI is to be notified of any disposal of shares in Haerwaytian Cake House. ▪ Haerwaytian Cake House is to train Malaysian citizens in order for the transfer of technology and expertise to transpire at all levels of employment. • Haerwaytian Cake House is to execute its project activities as approved under the licence and in accordance with the relevant laws and regulations of Malaysia. 	
	Badan Pengawas Obat Dan Makanan Republik Indonesia	Approval for product registration and import of Haerwaytian Cake House food products as follows:	26.11.2008 – 26.11.2013	PO.01.02.5.2303.PKP1/ML/1 1/08/0232 (BPOM RI ML827101002633)		Not applicable
		Egg Rolls - Coconut	26.11.2008 – 26.11.2013	PO.01.02.5.2304.PKP1/ML/1 1/08/0233 (BPOM RI ML827101003633)		Not applicable
		Egg Rolls – Sesame	11.12.2008 - 11.12.2013	PO.01.02.5.2302.PKP1/ML/1 2/08/0231 (BPOM RI ML827101001633)		Not applicable

6. BUSINESS OVERVIEW (Cont'd)

Company	Approving/ issuing authority	Type of approvals/ licences/ permits	Validity period	Licence/ certificate no.	Equity and other major conditions imposed	Status of compliance
		Moon Cake (Purple Carton)	12.01.2009 – 12.01.2014	PO.01.02.5.054/PKP1/MLJ01 /09/0266 (BPOM RI ML827501005633)	-	Not applicable
		Moon Cake (Brown Carton)	12.01.2009 - 12.01.2014	PO.01.02.5.053.PKP1/MLJ01 /09/0263 (BPOM RI ML827501004633)	-	Not applicable
		Moon Cake (Yellow Can Packaging)	23.02.2009 – 23.02.2014	PO.01.02.5.490.PKP1/MLJ02 /09/0267 (BPOM RI ML827501008633)	-	Not applicable
		Moon Cake (Yellow Carton)	23.02.2009 – 23.02.2014	PO.01.02.05.489.PKP1/MLJ0 2/09/0265 (BPOM RI ML827501007633)	-	Not applicable
		Moon Cake (Red Carton)	23.02.2009 – 23.02.2014	PO.01.02.05.488.PKP1/MLJ0 2/09/0264 (BPOM RI ML827501006633)	-	Not applicable
Haewaylian Restaurant	Public Performance Malaysia Sdn Bhd (PPM)	Public Performance Licence- PPM	18.08.2009 - 17.08.2010	10S(TH)/104554	-	Not applicable
	Majlis Bandaraya Ipoh	Advertisement licence for signboard (No 28, Jalan Datoh, 30000, Ipoh)	01.01.2010 - 31.12.2010	No. L00079193-01	-	Not applicable
		Advertisement licence for signboard (No 59 - 65, Jalan Seenivasagam, 30450 Ipoh)	01.01.2010 - 31.12.2010	No. L0004478-01	-	Not applicable

6. BUSINESS OVERVIEW (Cont'd)

Company	Approving/ issuing authority	Type of approvals/ licences/ permits	Validity period	Licence/ certificate no.	Equity and other major conditions imposed	Status of compliance
		Advertisement licence for signboard (No 57 - 65, Jalan Seenivasagam, 30450 Ipoh)	01.01.2010 - 31.12.2010	No. L0004390-01	-	Not applicable
		Licence for operation of food outlet/ restaurant (No 57 - 65, Jalan Seenivasagam, 30450, Ipoh)	01.01.2010 - 31.12.2010	No. L0010857-01	-	Not applicable
		Licence for operation of food outlet/ restaurant (No 28, Jalan Datoh, 30000, Ipoh.)	01.01.2010 - 31.12.2010	No. L0077676-01	-	Not applicable
Royal Malaysia Customs		Licence to carry on business of providing taxable services (No. 28, Jalan Datoh, 30000, Ipoh Perak)	Effective since 01.07.2009	55619	-	Not applicable
Lembaga Pelesenan Eksais, Daerah Kinta		Public House/ Beer House Licence for sale of liquor at restaurant premises (No 57 - 65, Jalan Seenivasagam, 30450, Ipoh)	01.01.2010 - 31.12.2010	No. 105962	• Sale of liquor may only be carried out from 10:00 a.m. up to 12:00 midnight only.	Complied
		Public House/ Beer House Licence for sale of liquor at restaurant premises (No 28, Jalan Datoh, 30000, Ipoh.)	01.01.2010 - 31.12.2010	No. 105922	• Sale of liquor may only be carried out from 10:00 a.m. up to 12:00 midnight only.	Complied
Music Authors' Copyright Protection (MACP) Berhad		Public performance of copyright music	Valid until 31.12.2010	No. 24846	-	Not applicable

6. BUSINESS OVERVIEW (Cont'd)

Company	Approving/ issuing authority	Type of approvals/ licences/ permits	Validity period	Licence/ certificate no.	Equity and other major conditions imposed	Status of compliance
	Companies Commission of Malaysia	Registration of "Oversea Restaurant" (Registration No. IP0004940-X) as a business under the Business Registration Act 1956 with principal business premises at 57-65, Jalan Seenivasagam, 30450 Ipoh Perak and branch at No. 28, Jalan Datoh 30000 Ipoh Perak	01.03.2010 - 11.03.2011	Registration No.: IP0004940- X	-	Not applicable
Oversea BBSP	Jabatan Perlindungan Hidupan Liar dan Taman Negara, (Perhilitan) Wilayah Persekutuan	Licence to carry on business as dealer (wild animal or bird as food or for medicinal purposes)	05.05.2009 - 04.05.2010	No. 040303	<ul style="list-style-type: none"> Oversea BBSP shall keep a book in which shall be recorded in Bahasa Malaysia or English all receipts of animals and birds or any part thereof showing the date of receipt, the name and address of the person from whom the same was received and such other information as may be from time to time prescribed by the Game Warden; and Shall at any time upon request submit the book referred to in the condition above for the inspection of any Game Warden. 	Complied
	Dewan Bandaraya Kuala Lumpur	Advertisement license for illuminated signboard (1.22m x 20.76m)	01.01.2010 - 31.12.2010	No. 1000119870	-	Not applicable
		Advertisement license for illuminated signboard (1.22m x 5.85m)	01.01.2010 - 31.12.2010	No. 1000119871	-	Not applicable

6. BUSINESS OVERVIEW (Cont'd)

Company	Approving/ issuing authority	Type of approvals/ permits	Validity period	Licence/ certificate no.	Equity and other major conditions imposed	Status of compliance
		Advertisement licence for illuminated signboard (1.22 m x 21.37 m)	01.01.2010 - 31.12.2010	No. 1000119872	-	Not applicable
		Premise licence for operation of restaurant/ food outlet	01.01.2010 - 31.12.2010	No. 1000133471	-	Not applicable
		Premise licence for operation of restaurant/ food outlet	01.01.2010 - 31.12.2010	No. 1000133472	-	Not applicable
	Public Performance Malaysia Sdn Bhd (PPM)	Public Performance License - PPM	01.12.2009 - 30.11.2010	No. 10S(TH)/ 106723	-	Not applicable
		Public Performance License - PRISM	01.12.2009 - 30.11.2010	No. 10S(TH)/ P11867	-	Not applicable
	Lembaga Pelesenan Eksais, Wilayah Persekutuan	Public House/ Beer House licence for sale of liquor at restaurant premises	01.12.2009 - 31.12.2009 (renewal application submitted to Dewan Bandaraya Kuala Lumpur on 4.11.2009)	No. 165155	<ul style="list-style-type: none"> Sale of liquor may only be carried out up to 12:00 am only; Sale of liquor to persons under age of eighteen (18) years old is prohibited; and Selling of liquor in sachets is prohibited. 	Complied
Oversea DianDewan Xin	Bandaraya Kuala Lumpur	Premise licence for operation of restaurant/ food outlet	01.01.2010 - 31.12.2010	No. 1000154565	-	Not applicable
		Advertisement licence for illuminated signboard 1.22m x 21.34m	01.01.2010 - 31.12.2010	No. 1000153056	-	Not applicable

6. BUSINESS OVERVIEW (Cont'd)

Company	Approving/ issuing authority	Type of approvals/ licences/ permits	Validity period	Licence/ certificate no.	Equity and other major conditions imposed	Status of compliance
		Advertisement licence for illuminated signboard 1.22m x 6.1m	01.01.2010 - 31.12.2010	No. 1000153058	-	Not applicable
		Advertisement licence for Illuminated Signboard 1.22m x 5.2m	01.01.2010 - 31.12.2010	No. 1000153057	-	Not applicable
Oversea Imbi Dewan Bandaraya Kuala Lumpur		Premise licence (for operation as restaurant/ food outlet) at 84, Jalan Imbi, 55100, Kuala Lumpur	01.01.2010 - 31.12.2010	1000053138	-	Not applicable
		Premise licence (for operation as restaurant/ food outlet) at 86 & 88, Jalan Imbi, 55100 Kuala Lumpur	01.01.2010 - 31.12.2010	1000052759	-	Not applicable
		Premise licence (for operation as restaurant/ food outlet) at 1st Floor, 84, 86 and 88, Jalan Imbi, 55100, Kuala Lumpur	01.01.2010 - 31.12.2010	1000053518	-	Not applicable
		Premise licence (for operation as restaurant/ food outlet) at 2nd Floor, 84- 88 (B&C), Jalan Imbi, 55100, Kuala Lumpur	01.01.2010 - 31.12.2010	1000141059	-	Not applicable
		Premise licence (for operation as restaurant/ food outlet) at 3rd Floor, 84- 88, Jalan Imbi, 55100, Kuala Lumpur	01.01.2010 - 31.12.2010	1000141065	-	Not applicable
		Advertisement licence for illuminated signboard (27.2m x 0.91m)	01.01.2010 - 31.12.2010	1000024554	-	Not applicable

6. BUSINESS OVERVIEW (Cont'd)

Company	Approving/ issuing authority	Type of approvals/ licences/ permits	Validity period	Licence/ certificate no.	Equity and other major conditions imposed	Status of compliance
		Advertisement licence for illuminated signboard (0.92m x 23.8m)	01.01.2010 - 31.12.2010	1000009306	-	Not applicable
		Advertisement licence for illuminated signboard (0.91m x 5.16m)	01.01.2010 - 31.12.2010	1000024555	-	Not applicable
	Lembaga Pelesenan Eksais, Wilayah Persekutuan	Public House/ Beer House Licence for sale of liquor at restaurant premises	01.07.2009 - 30.06.2010	No. 165545	<ul style="list-style-type: none"> Sale of liquor may only be carried out up to 12:00 a.m. only; Sale of liquor to persons under age of eighteen (18) years old is prohibited; and Selling of liquor in sachets is prohibited 	Complied
	Jabatan Perindangan Hidupan Liar Dan Taman Negara (Perhilitan), Wilayah Persekutuan	Licence to carry on business as dealer (wild animal or bird as food or for medicinal purposes)	05.05.2009 - 04.05.2010	No. 040305	<ul style="list-style-type: none"> Oversea Imbi shall keep a book in which shall be recorded in Bahasa Malaysia or English all receipts of animals and birds or any part thereof showing the date of receipt, the name and address of the person from whom the same was received and such other information as may be from time to time prescribed by the Game Warden; and shall at any time upon request submit the book referred to in the condition above for the inspection of any Game Warden. 	Complied

6. BUSINESS OVERVIEW (Cont'd)

Company	Approving/ issuing authority	Type of approvals/ licences/ permits	Validity period	Licence/ certificate no.	Equity and other major conditions imposed	Status of compliance
	Public Performance Malaysia Sdn Bhd (PPM)	Public Performance PPM	01.12.2009 - 30.11.2010	No. 10S(TH)/105718	-	Not applicable
		Public Performance PRISM	01.12.2009 - 30.11.2010	No. 10S(TH)/P11869	-	Not applicable
	Music Authors' Copyright Protection (MACP) Berhad	Public performance copyright music	01.01.2010 - 31.12.2010	00004401	-	Not applicable
Oversea Jaya 1	Jabatan Perindungan Hidupan Liar dan Taman Negara (Perhilitan), Negeri Selangor Darul Ehsan	Licence to carry on business as dealer (wild animal or bird as food or for medicinal purposes)	29.04.2009 - 28.04.2010	No. 04-0861	<ul style="list-style-type: none"> Oversea Jaya 1 shall keep a book in which shall be recorded in Bahasa Malaysia or English all receipts of animals and birds or any part thereof showing the date of receipt, the name and address of the person from whom the same was received and such other information as may be from time to time prescribed by the Game Warden; and shall at any time upon request submit the book referred to in the condition above for the inspection of any Game Warden. 	Complied
	Music Authors' Copyright Protection (MACP) Berhad	Public performance copyright music	15.03.2009 - 14.03.2010	00036359 (renewal application submitted on 22.02.2010)	-	Not applicable

6. BUSINESS OVERVIEW (Cont'd)

Company	Approving/ issuing authority	Type of approvals/ licences/ permits	Validity period	Licence/ certificate no.	Equity and other major conditions imposed	Status of compliance
	Public Performance Malaysia Sdn Bhd (PPM)	Public Performance Licence – PPM	01.12.2009 – 30.11.2010	No. 10S(T-H)/106720	-	Not applicable
		Public Performance Licence – PRISM	01.12.2009 – 30.11.2010	No. 10S(T-H)/P11886	-	Not applicable
	Pejabat Daerah Tanah Petaling	Public House / Beer House Licence for sale of liquor at restaurant premises	01.01.2010 - 31.12.2010	No. 159813	<ul style="list-style-type: none"> • Sale of liquor may only be carried out from 10:00 am up to 12:00 midnight only; • Sale of liquor to persons under age of eighteen (18) years old is prohibited; and • Selling of liquor in sachets is prohibited. 	Complied
	Majlis Bandaraya Petaling Jaya (MBPJ)	Licence for:- <ul style="list-style-type: none"> • Operation of restaurant; and • Advertisement – four (4) signboards measuring 20.99 x 0.91, 4.27 x 1.82, 3.91 x 0.64 and 3.66 x 0.64 	Valid until 31.12.2010	No. LEM 004357	-	Not applicable
Oversea P.J	Energy Commission	Private gas licence (for supply of gas at Oversea PJ's restaurant premises)	20.06.2009 - 19.06.2010	ST(IP)JG-180/2/1/6(37)	-	Not applicable
	Majlis Bandaraya Petaling Jaya	Licence for non-illuminated signboard (9.44m x 0.60m), illuminated signboard (30.48m x 1.21m) and operation of food outlet	01.01.2010 - 31.12.2010	No. LEM 004358	-	Not applicable

6. BUSINESS OVERVIEW (Cont'd)

Company	Approving/ issuing authority	Type of approvals/ licences/ permits	Validity period	Licence/ certificate no.	Equity and other major conditions imposed	Status of compliance
	Pejabat Daerah Tanah Petaling	Public House/ Beer house licence to sell liquor at restaurant premises	01.04.2009 - 31.03.2010	No. 146190 (renewal application submitted on 05.01.2010)	<ul style="list-style-type: none"> • Sale of liquor may only be carried out from 10:00 a.m. up to 12:00 a.m. only; • Sale of liquor to persons under age of eighteen (18) years old is prohibited; and • Selling of liquor in sachets is prohibited. 	Complied
	Music Authors' Copyright Protection (MACP) Berhad	Public performance of copyright music	Valid until 31.12.2010	No. 00006507	-	Not applicable
	Public Performance Malaysia Sdn Bhd (PPM)	Public Performance Licence - PPM	01.12.2009 - 30.11.2010	No. 105(TH)/ 106716	-	Not applicable
		Public Performance Licence - PRISM	01.12.2009 - 30.11.2010	No. 105(TH)/ P11870	-	Not applicable
	Jabatan Perindangan Hidupan Liar dan Taman Negara (Perhilitan), Negeri Selangor Darul Ehsan	Licence to carry on business as dealer (wild animal or bird as food or medicinal purposes)	29.04.2009 - 28.04.2010	No. 040860	<ul style="list-style-type: none"> • Oversea PJ shall keep a book in which shall be recorded in Bahasa Malaysia or English all receipts of animals and birds or any part thereof showing the date of receipt, the name and address of the person from whom the same was received and such other information as may be from time to time prescribed by the Game Warden; and 	Complied

6. BUSINESS OVERVIEW (Cont'd)

Company	Approving/ issuing authority	Type of approvals/ permits	Validity period	Licence/ certificate no.	Equity and other major conditions imposed	Status of compliance
Oversea Subang Parade	Majlis Perbandaran Subang Jaya	Business licence for (1) operation of coffee shop/ food outlet/ snackbar restaurant and illuminated signboard	Valid until 31.12.2010	No. 2220070100014	<ul style="list-style-type: none"> shall at any time upon request submit the book referred to in the condition above for the inspection of any Game Warden. 	Not applicable
	Jabatan Perindungan Hidupan Liar dan Taman Negara (Perhilitan). Negeri Selangor Darul Ehsan	Licence to carry on business as dealer (wild animal or bird as food or for medicinal purposes)	29.04.2009 - 29.04.2010	No. 040659	<ul style="list-style-type: none"> Oversea Subang Parade shall keep a book in which shall be recorded in Bahasa Malaysia or English all receipts of animals and birds or any part thereof showing the date of receipt, the name and address of the person from whom the same was received and such other information as may be from time to time prescribed by the Game Warden; and shall at any time upon request submit the book referred to in the condition above for the inspection of any Game Warden. 	Complied

6. BUSINESS OVERVIEW (Cont'd)

Company	Approving/ issuing authority	Type of approvals/ licences/ permits	Validity period	Licence/ certificate no.	Equity and other major conditions imposed	Status of compliance
	Pejabat Daerah Tanah Petaling	Public House/ Beer house licence to sell liquor at restaurant premises	01.10.2009 - 30.09.2010	No. 159745	<ul style="list-style-type: none"> Sale of liquor may only be carried out from 10:00 a.m. up to 12:00 a.m. only. Sale of liquor to persons under age of eighteen (18) years old is prohibited, and Selling of liquor in sachets is prohibited. 	Complied
	Public Performance Malaysia Sdn Bhd (PPM)	Public Performance License - PPM	01.12.2009 - 30.11.2010	No. 10S(TH)/ 106667	-	Not applicable
		Public Performance License - PRISM	01.12.2009 - 30.11.2010	No. 10S(TH)/ P11866	-	Not applicable
	Music Authors' Copyright Protection (MACP) Berhad	Public Performance of copyright music at restaurant premises	Valid until 31.12.2010	No. 7363	-	Not applicable
Tsim Tung	Public Performance Malaysia Sdn Bhd (PPM)	Public Performance License - PPM	01.12.2009 - 30.11.2010	No. 07/ 106727	-	Not applicable
		Public Performance License - PRISM	01.12.2009 - 30.11.2010	No. 07/ P11871	-	Not applicable
	Majlis Perbandaran Ampang Jaya	License for operation of food outlet and illuminated signboard	Valid until 31.12.2010	No. L0014814-8	-	Not applicable
		License for operation of restaurant and three (3) illuminated signboards	Valid until 31.12.2010	No. L0013966-7	-	Not applicable

6. BUSINESS OVERVIEW (Cont'd)



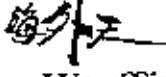




Company	Approving/ issuing authority	Type of approvals/ licences/ permits	Validity period	Licence/ certificate no.	Equity and other major conditions imposed	Status of compliance
		Permits for placing chairs and tables on the sidewalk (9:00 p.m. to 12:00 a.m.)	01.01.2010 - 30.06.2010	No. M-0000218-9	<ul style="list-style-type: none"> Tsim Tung shall not setup cooking stalls on sidewalk; Tsim Tung shall not place its chairs, tables or stalls on the road, road shoulder or car park; and Tsim Tung is prohibited from placing its tables on the side walk in the morning or outside the permitted time periods. 	Complied
	Music Authors' Copyright Protection (MACP) Berhad	Public performance of copyright music	Valid until 31.12.2010	00027480	-	Not applicable
	Energy Commission	Private gas licence (for the supply of gas at Tsim Tung's restaurant premises)	19.02.2009 - 18.02.2010	ST(IP)G-160/21/6(190) (renewal application submitted on 04.02.2010)	-	Not applicable

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6. BUSINESS OVERVIEW (Cont'd)**6.17 Brand names, patents, trademarks, licenses, technical assistance agreements, franchises and other intellectual property rights**

Save as disclosed below, our Group does not have any other brand names, patents, trademarks, licenses, technical assistance agreements, franchises and other intellectual property rights:-





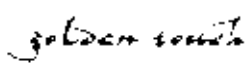




6.17.1 Registered trademarks

No.	Logo	Company	Class	Trademark number	Validity	Place of registration
1.	 HaeWayTian	Haewaytian Cake House	16	4299674	28.06.2008 – 27.06.2018	PRC
2.	 HaeWayTian	Haewaytian Cake House	43	4299672	21.03.2008 – 20.03.2018	PRC
3.	 HaeWayTian	Haewaytian Cake House	30	4299673	07.03.2007 – 06.03.2017	PRC
4.		Haewaytian Cake House	16	4299677	28.06.2008 – 27.06.2018	PRC
5.		Haewaytian Cake House	30	4299676	07.03.2007 – 06.03.2017	PRC
6.		Haewaytian Cake House	43	4299675	21.03.2008 – 20.03.2018	PRC
7.		Haewaytian Cake House	16	4299671	28.06.2008 – 27.06.2018	PRC

6. BUSINESS OVERVIEW (Cont'd)

No.	Logo	Company	Class	Trademark number	Validity	Place of registration
8.		Haewaytian Cake House	43	4299669	21.03.2008 – 20.03.2018	PRC
9.		Haewaytian Cake House	30	4299670	07.03.2007 – 06.03.2017	PRC
10.	 HaeWayTian	Oversea Holdings	42	T99/12353H	01.11.1999 – 01.11.2019	Singapore
11.		Oversea Holdings	42	T99/12352Z	01.11.1999 – 01.11.2019	Singapore
12.	翡翠玉環	Haewaytian Cake House	30	T01/167771	29.10.2001 – 29.10.2011	Singapore
13.	GOLDEN STARLIGHT	Haewaytian Cake House	30	T01/16778G	29.10.2001 – 29.10.2011	Singapore
14.		Oversea Holdings	43	T0816487B	26.11.2008 – 26.11.2018	Singapore
15.		Oversea Holdings	30	T0816483Z	26.11.2008 – 26.11.2018	Singapore
16.		Oversea Holdings	16	T0816477E	26.11.2008 – 26.11.2018	Singapore
17.	百花争艳	Haewaytian Cake House	30	06014705	18.08.2006 – 18.08.2016	Malaysia


6. BUSINESS OVERVIEW (Cont'd)

No.	Logo	Company	Class	Trademark number	Validity	Place of registration
18.		Oversea Confectioneries	30	06014706	18.08.2006 – 18.08.2016	Malaysia
19.		Oversea Holdings	43	99003548	29.04.1999 – 27.04.2019	Malaysia
20.	 Hae Way Tian	Oversea Holdings	43	99003547	27.04.1999 – 27.04.2019	Malaysia
21.		Oversea BBSP	30	90/07409	14.11.1990 – 14.10.2011	Malaysia
22.		Haewaytian Cake House	30	97017511	28.11.1997 – 28.11.2014	Malaysia
23.		Haewaytian Cake House	16	97017516	28.11.1997 – 28.11.2014	Malaysia
24.	 ^{^ Original logo in red}	Haewaytian Cake House	16	97017513	28.11.1997 – 28.11.2014	Malaysia
25.		Haewaytian Cake House	29	97017512	29.11.2007 – 28.11.2017	Malaysia
26.	 ^{^ Original logo in red}	Haewaytian Cake House	29	97017515	28.11.1997 – 28.11.2014	Malaysia
27.	GOLDEN STARLIGHT	Haewaytian Cake House	30	01013814	19.10.2001 – 19.10.2011	Malaysia

6. BUSINESS OVERVIEW (Cont'd)

No.	Logo	Company	Class	Trademark number	Validity	Place of registration
28.		Haewaytian Cake House	30	01013852	22.10.2001 – 22.10.2011	Malaysia
29.		Haewaytian Cake House	30	03002241	26.02.2003 – 26.02.2013	Malaysia
30.		Tsim Tung	30	05011382	13.07.2005 – 13.07.2015	Malaysia
31.		Tsim Tung	30	05011377	13.07.2005 – 13.07.2015	Malaysia
32.		Tsim Tung	30	05011380	13.07.2005 – 13.07.2015	Malaysia
33.		Tsim Tung	43	05011381	13.07.2005 – 13.07.2015	Malaysia
34.		Tsim Tung	43	05011375	13.07.2005 – 13.07.2015	Malaysia
35.		Tsim Tung	43	05011378	13.07.2005 – 13.07.2015	Malaysia
36.		Tsim Tung	16	05011383	13.07.2005 – 13.07.2015	Malaysia
37.		Tsim Tung	16	05011376	13.07.2005 – 13.07.2015	Malaysia
38.		Tsim Tung	16	05011379	13.07.2005 – 13.07.2015	Malaysia






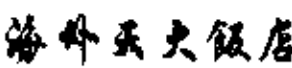
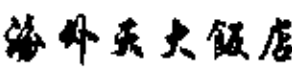


6.17.2 Trademark applications

No.	Logo	Company	Class	Trademark number	Application date/ Status	Place of registration
1.		Haewaytian Cake House	30	2003-00492	14.01.2003/ Pending registration	Malaysia

6. BUSINESS OVERVIEW (Cont'd)

No.	Logo	Company	Class	Trademark number	Application date/ Status	Place of registration
2.		Haewaytian Cake House	43	301109376	05.05.2008/ Pending registration	Hong Kong Special Administrative Region
3.		Haewaytian Cake House	16	301109358	30.06.2008/ Pending registration	Hong Kong Special Administrative Region
4.		Haewaytian Cake House	30	301109367	05.05.2008/ Pending registration	Hong Kong Special Administrative Region
5.		Haewaytian Cake House	43	301109286	06.05.2008/ Pending registration	Hong Kong Special Administrative Region
6.		Haewaytian Cake House	30	301109277	06.05.2008/ Pending registration	Hong Kong Special Administrative Region
7.		Haewaytian Cake House	30	D002008034 111	17.09.2008/ Pending registration	Indonesia
8.		Haewaytian Cake House	30	D002008034 110	17.09.2008/ Pending registration	Indonesia
9.		Haewaytian Cake House	16	D002008034 107	17.09.2008/ Pending registration	Indonesia
10.		Haewaytian Cake House	16	D002008034 109	17.09.2008/ Pending registration	Indonesia
11.		Oversea Holdings	16	0802267	13.11.2008/ Pending registration	Malaysia

6. BUSINESS OVERVIEW (Cont'd)

No.	Logo	Company	Class	Trademark number	Application date/ Status	Place of registration
12.		Oversea Holdings	30	08022628	13.11.2008/ Pending registration	Malaysia
13.		Oversea Holdings	43	08022629	13.11.2008/ Pending registration	Malaysia
14.		Oversea Holdings	16	08022624	13.11.2008/ Pending registration	Malaysia
15.		Oversea Holdings	30	08022625	13.11.2008/ Pending registration	Malaysia
16.		Oversea Holdings	43	0822626	13.11.2008/ Pending registration	Malaysia
17.		Oversea Holdings	16	0916373	18.09.2009/ Pending registration	Malaysia
18.		Oversea Holdings	43	0916372	18.09.2009/ Pending registration	Malaysia
19.		Oversea Holdings	43	09020751	24.11.2009/ Pending registration	Malaysia
20.		Oversea Holdings	16	09020752	24.11.2009/ Pending registration	Malaysia

6.18 Dependency on patents, intellectual property rights, licences, industrial, commercial or financial contracts or new manufacturing processes

Save for the licences as disclosed in Section 6.16 of this Prospectus, we are not highly dependent on any other patents, intellectual property rights, licences, industrial, commercial or financial contracts or new manufacturing processes that could materially affect our business or profitability.

6. BUSINESS OVERVIEW (Cont'd)

6.19 R&D

R&D plays an important role for our Group's growth, particularly to create and sustain competitive advantages through the following:-

(a) R&D policies

We are primarily in the operation of food services outlets. Our R&D efforts for our food services operations are focused on developing new and innovative dishes.

As part of our R&D activities, our chefs undertake expeditions to overseas countries including the PRC and Hong Kong to research in new and innovative dishes, the travelling expenses of which were charged as part of our selling and distribution expenses. On average, we develop and commercialise one (1) new dish per month for our Chinese restaurants.

As for our manufacturing operations, our R&D is focused more on product development in terms of introducing new flavours of moon cakes and introducing new types of baked products.

(b) R&D expenditure for the past three (3) years

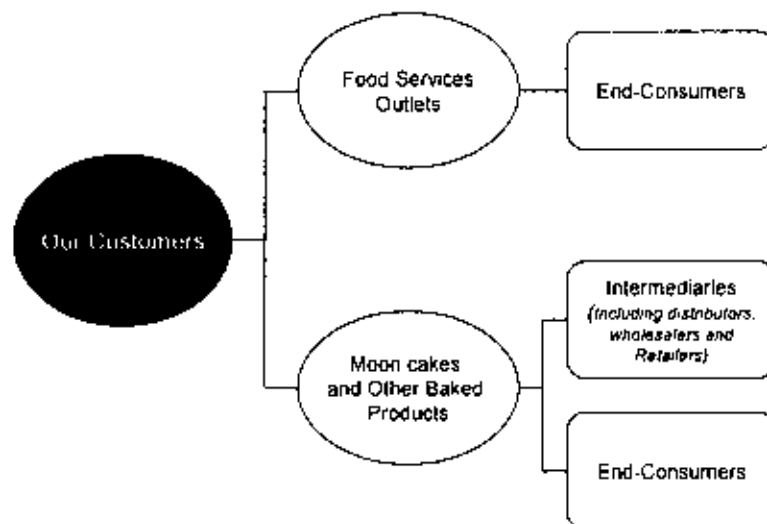
Between the FYE 2007 to 2009, our R&D expenditure contributions were insignificant.

6.20 Interruptions in business

We have not experienced any material interruption to our business, which had significant effects on our operations for the past twelve (12) months preceding the date of this Prospectus.

6.21 Major customers

Our customers are primarily end-consumers and intermediaries as depicted in the diagram below:-



Our customers for our food services outlets including restaurants, café and "dim sum" outlets are mainly end-consumers.

6. BUSINESS OVERVIEW (Cont'd)

As for the manufacturing of moon cakes and other baked products, we have approximately three hundred and twenty (320) trade customers for the FYE 2009 including:-

- retailers (including hypermarkets, supermarkets, mini markets and Chinese medical halls); and
- distributors and wholesalers.

Between the FYE 2007 to 2009, none of our trade customers accounted for 10.0% or more of our Group's total revenue. For the FYE 2009, our top twenty (20) trade customers represented 8.4% of our Group's total revenue.

Our customers are mainly walk-in customers and regular patrons whose individual annual expenditures at our restaurants do not constitute a substantial percentage of our revenue. Our business is not dependent on any of our customers. The transactions at our restaurants are conducted on a cash basis (including credit card and electronic payments) with full payment collected on completion of the sale of the food items to our customers. The financial arrangements with our trade customers are by cash and credit terms of up to ninety (90) days.

6.22 Major suppliers

Between the FYE 2007 to 2009, none of our suppliers represented for 10.0% or more of our total purchases.

Our purchases were from a few regular suppliers for each raw material and as such, we are not dependent on certain suppliers, which provides us with flexibility in purchasing raw materials. As part of our philosophy of cultivating long-term suppliers, 75.0% of our top twenty (20) suppliers have been dealing with us for ten (10) years and above.

As at LPD, we have not experienced any major supply interruptions or shortages for any of the raw materials used.

Supply Arrangement

To prevent any delays or a halt in the production operation, it is important to keep sufficient raw materials. Our storekeeper monitors the level of raw materials in the warehouse and notifies the purchasing department to replenish stocks immediately whenever there is an indication of raw materials running low.

We have established a good relationship with our local and international suppliers and therefore we do not rely on a single supplier for our raw material supplies. The typical financial arrangement with local and international suppliers is by cash or credit terms of up to ninety (90) days.

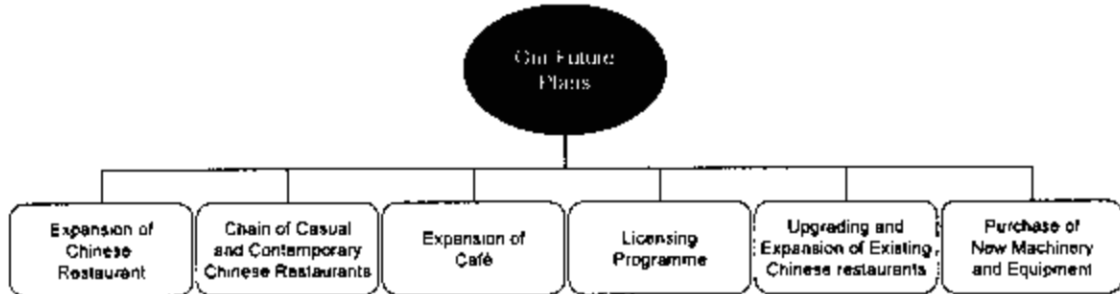
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6. BUSINESS OVERVIEW (Cont'd)

6.23 Strategies, future plans and prospects

(i) Future strategies/ plans

Our future plans are focused in six (6) key areas as depicted in the figure below:-



(a) Expansion of chinese restaurant

Part of our future plans is to expand our local market coverage of Chinese restaurants under the "Restoran Oversea" (海外天) brand name.

We plan to open one (1) additional Chinese restaurant in the Klang Valley by 2010.

(b) Chain of casual and contemporary Chinese restaurants

Part of our Group's strategy is to address the younger age group market by introducing a new concept of casual and contemporary dining specialising in local Cantonese cuisine. These new restaurants will operate under the "Restoran Oversea" (海外天) brand name.

These new chain of restaurants are designed to provide a more casual café setting and ambience with a different presentation of the menu similar to the 'bento' set style that is popular in Japanese restaurants. We will be serving the various combinations of the signature dishes from our Chinese restaurants complete with appetisers and desserts designed for individual customers.

We plan to venture into the operation of a new chain of casual and contemporary Chinese restaurants in the local and overseas market by the following timeline:-

- one outlet in Ipoh, Perak by 2010; and
- one outlet in Jakarta, Indonesia by 2011.

(c) Expansion of café

We currently have one café outlet located in Pandan Indah, Kuala Lumpur. The café would focus 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.

It is our intention to expand our café business by establishing an additional café outlet in the Klang Valley by 2011.

6. BUSINESS OVERVIEW (Cont'd)**(d) Licensing programme**

One of our strategies in expanding our presence in the food services industry is to embark on a licensing programme. This will help us to accelerate the market penetration particularly in overseas countries such as Jakarta, Hong Kong and Singapore. In addition, it reduces our capital outlay in opening new outlets.

The licensing concept also enables us to capitalise on our expertise in the operation and management of food services outlets.

The new licensing programme will be marketed under our own brand name "Restoran Oversea" (海外天). This will enable the licensee to benefit from our established brand name and track record in the industry. We plan to commence our licensing business in three (3) overseas countries by the following timeline:-

- Jakarta, Indonesia by 2011;
- Hong Kong by 2012; and
- Singapore by 2012.

(e) Upgrading and expansion of existing Chinese restaurants

Currently, we have a chain of seven (7) Chinese restaurants in Malaysia. Amongst the seven (7) Chinese restaurants, four (4) of them have been in operation for more than ten (10) years.

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 and complete by year 2011.

(f) Purchase of new machinery and equipment

Part of our future plans also includes investing in new machinery and equipment for manufacturing of moon cakes. The new machinery and equipment are designed to automate and improve efficiency of the manufacturing process to achieve better product consistency and quality.

We intend to purchase new machinery and equipment for the manufacturing operations by 2010.

(g) Milestones

The following table indicates the timing of implementation of our future plans:-

Business Activities	2010	2011	2012
Expansion of Chinese restaurant in Klang Valley	√		
Chain of casual and contemporary Chinese restaurants			
- Ipoh, Perak	√		
- Jakarta, Indonesia		√	
Expansion of café in Klang Valley		√	

6. BUSINESS OVERVIEW (Cont'd)

Business Activities	2010	2011	2012
Licensing programme			
- Jakarta, Indonesia		√	
- Hong Kong			√
- Singapore			√
Upgrading and expansion of existing Chinese restaurants	√		
Purchase of new machinery and equipment	√		

(ii) Prospects of our Group

The prospects of our Group are favourable in light of the following factors:-

(a) Good business performance

Our good business performance is supported by the following financial achievements for FYE 2009:-

- revenue grew by 3.6%;
- gross profit grew by 8.0%; and
- gross profit margin was 55.2%.

Between FYE 2006 and FYE 2009, our financial performance is as follows:-

- revenue grew at an average annual rate of 3.4%;
- gross profit grew by an average annual rate of 5.9%; and
- gross profit margin grew at an average annual rate of 2.4%.

The continuing growth of our financial performance over the past four (4) years will provide us with the platform for continuing business success.

(b) Competitive advantages

Our competitive advantages will provide a platform for continuing growth and success. These include the following:-

- established brand name and reputation;
- award winning restaurant;
- economies of scale;
- business diversity; and
- export markets.

6. BUSINESS OVERVIEW (Cont'd)

(c) Future plans to provide sustainable growth

Moving forward, we have in place a sound business plan, which focuses on the following main areas:-

- expansion of Chinese restaurant and café to expand on our coverage of the local market and provide ease of accessibility and convenience to our customers;
- new chain of casual and contemporary Chinese restaurants under the brand name of "Restoran Oversea" (海外天) to address new markets for business growth; and
- licensing programme to help us to accelerate market penetration particularly in overseas countries.

Our future plans will provide us with growth opportunities and at the same time ensure that we are prudent in minimising business risks. All these factors will contribute to the favourable prospects of our Group.

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7. INDUSTRY OVERVIEW

7.1 Overview of the Malaysian economy

The Malaysian economy registered a positive growth of 4.5% in the fourth quarter (3Q 09: -1.2%), amid strengthened domestic and external demand. Sustained growth in private consumption and increased public sector spending contributed to higher domestic demand. The implementation of the fiscal stimulus measures had gained further momentum during the quarter, providing an additional impetus to growth. Meanwhile, Malaysia's export performance benefited from improvements in external demand, particularly from the regional economies, and from stronger commodity prices. On the supply side, all economic sectors recorded positive growth, with the exception of the mining sector. For the year as a whole, the Malaysian economy contracted by 1.7% (2008: +4.6%).

During the quarter, domestic demand increased by 3% (3Q 09: 0.4%) following sustained growth in private consumption and higher public sector spending. Private consumption spending, which expanded by 1.7% (3Q 09: 1.5%), was supported by better conditions in the labour market, a low level of inflation and higher spending for the year-end festive season amid improved consumer sentiments. The public sector continued to provide impetus to growth, with public consumption expanding by 1.3% supported by the expenditure on emoluments and supplies and services. Following accelerated implementation of the stimulus measures during the quarter, public sector capital expenditure also increased further. The bulk of the development expenditure was channeled into the trade and industry, public utilities, education and transportation sectors. Although private capital spending remained weak, there were signs of stabilisation as business sentiment continued to improve. As a result, gross fixed capital formation turned around to register a positive growth of 8.2% during the quarter (3Q 09: -7.9%).

On the supply side, all economic sectors registered improved performance during the quarter. In the services sector, growth was higher at 5.1% (3Q 09: 3.4%), driven primarily by strong performance in the finance and insurance, wholesale and retail trade, and real estate and business services sub-sectors. The manufacturing sector recovered to record a positive growth of 5.3% during the quarter (3Q 09: -8.6%), reflecting improvements in both external and domestic demand. Meanwhile, the construction sector expanded further by 9.2% (3Q 09: 7.9%), supported mainly by the continued progress in the implementation of projects under the stimulus packages. Growth in the agriculture sector was driven mainly by higher production of industrial crops, while the mining sector contracted at a slower pace due to lower production of crude oil.

The headline inflation rate, as measured by the change in the Consumer Price Index (CPI), declined at a more moderate annual rate of 0.2% in the fourth quarter (3Q 09: -2.3%). The decline in consumer prices was largely attributed to the continuing but waning effect of the cumulative downward adjustments in retail fuel prices in the second half of 2008.

In the external sector, the trade surplus remained large at RM32.4 billion as both gross exports and imports recovered to record positive growth rates. Gross exports turned around to register a positive growth of 5.1% in the fourth quarter, supported by higher external demand, especially from the region, and stronger commodity prices. Gross imports increased by 6.7% due to higher manufacturing production and an improvement in domestic demand activity.

On a cash basis, gross inflows of foreign direct investment (FDI)¹ increased to RM7.2 billion in the fourth quarter of 2009 (3Q 09: RM6.7 billion). After adjusting for gross outflows due mainly to the repayment of inter-company loans, net FDI was sustained at RM2.5 billion (3Q 09: RM2.6 billion). The bulk of the FDI was channelled mainly into the manufacturing and services sectors. Net direct investment abroad by Malaysian companies amounted to RM4.8 billion (3Q 09: -RM4.9 billion), mostly for investment in the services sector. Meanwhile, portfolio investment registered a net outflow of RM2.6 billion during the quarter (3Q 09: +RM9.3 billion) as net purchases of foreign assets by residents more than offset net inflows by nonresidents. Foreign investors had continued to increase their holdings of Malaysian debt instruments amid further signs of global and regional economic recovery.

7. INDUSTRY OVERVIEW (Cont'd)

Portfolio flows remained volatile in the first two months of 2010, reflecting changing sentiments among international investors.

The international reserves of Bank Negara Malaysia amounted to RM331.3 billion (equivalent to USD96.7 billion) as at 31 December 2009, and increased marginally to RM332.1 billion (equivalent to USD96.9 billion) as at 12 February 2010. The reserves position is sufficient to finance 9 months of retained imports and is 4.1 times the short term external debt.

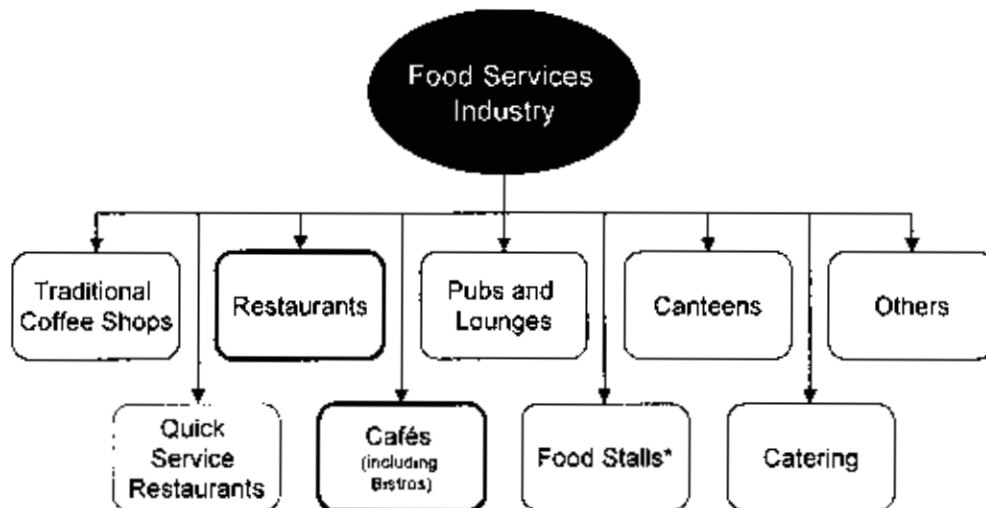
Note:-

¹ The statistics for FDI on a cash basis does not include retained earnings and investment in the form of imported machinery and equipment.

(Source: Economic and Financial Developments in Malaysia in the Fourth Quarter of 2009, Bank Negara Malaysia)

7.2 Overview of the structure of the food services industry

In general, the food services industry comprises nine segments as depicted in the figure below:



*Including hawker stalls and take-away shops

Oversea Group primarily operates within this sector of the overall industry

We are primarily an operator of food services outlets, focusing on the operation of a chain of Chinese restaurants and cafés.

Restaurants are food services outlets that normally specialises in one type of cuisine focusing on dine-in facilities with full waiting services. Types of restaurant based on cuisines include, among others Chinese, Malay, Indian, Mediterranean, Spanish, Middle Eastern, French and Italian. Food is normally prepared and cooked on the premises and cover a wide range of selections.

Cafés (including Bistros) are casual and relatively small dine-in outlets that provide full waiting service or part self-service. Many cafés are similar to restaurants except that the dine-in facilities and ambience are more casual. There are various types of cafés in Malaysia. These cafés mainly focus on serving food, beverages, desserts, a particular specialty or a combination of some food and beverages.

(Source: Independent Assessment of the Food Services Industry Focusing on Chinese Restaurants in Malaysia prepared by Vital Factor Consulting Sdn Bhd)

7. INDUSTRY OVERVIEW (Cont'd)

7.3 Future growth

(i) Industry outlook in Malaysia

Since the start of the global financial crisis in mid-2007, which also affected Malaysia, there are strong indications that economic conditions in Malaysia are improving and the outlook for the near term, especially 2010 will be better than 2009. This is supported by the following observations:

- While real gross domestic product ("GDP") for 2009 has been revised to -1.7%, real GDP for 2010 is projected to grow by an estimated 4.0% to 5.0%.
- Consumer confidence has also improved by 48% between the fourth quarter of 2008 and the third quarter of 2009.

Improved economic conditions combined with stronger consumer confidence will help sustain operators within the food services industry.

In addition, the food services industry has demonstrated growth during normal economic conditions prior to the global financial crisis and this is supported by the following:

- Between 2003 and 2007, the GDP of the accommodation and restaurant industry based on current prices grew at an average annual rate of 11.7%

As such, it is expected that once Malaysia fully recovers from the current economic slowdown, the food services industry would continue to grow which would augur well for operators within the industry.

Despite the decline of 1.7% in Malaysia's real GDP in 2009, the real GDP of the accommodation and restaurant sector continued to record a growth of 2.9% in the first three quarters of 2009 compared to the same period in 2008.

(Source: Independent Assessment of the Food Services Industry Focusing on Chinese Restaurants in Malaysia prepared by Vital Factor Consulting Sdn Bhd)

(ii) Areas of growth and opportunities

(a) Expansion into different segments within the food services industry

In the food services industry, there are significant opportunities for operators to expand into different segments of the industry or to target different consumer profile.

The diversity of consumer profiles with differing preferences combined with the myriad formats and cuisines available in the food services industry would provide significant opportunities for business expansion into various segments of the industry.

As different segments of the food services industry target different consumer groups, such as those based on demographic profiles, lifestyles and age groups, there are significant opportunities for operators to enter the segments that they believe they are able to excel and grow their business.

Expansion into different segments within the food services industry will also enable operators to enlarge its potential target market size to provide business growth.

7. INDUSTRY OVERVIEW (Cont'd)

(b) Building brand name and market reputation

Brand name and market reputation are important in the food services industry to establish customer loyalty and where appropriate, command premium pricing. Apart from the quality food and services, brand name and market reputation are key in enabling operators to distinguish themselves from the competitors to win new and retain existing customers.

There are opportunities for operators to build strong brand names and market reputation by focusing on marketing and promotions.

(c) Franchising

Within the food services industry including the Chinese restaurant segment, there are opportunities for franchising. This system enables operators to expand the number of outlets without the need for high capital investment or involvement in direct management and operations.

Franchising not only provides the franchisers with royalties, but also increases brand awareness as more of their franchised outlets are spread over a wider geographical area.

Franchising systems are also exportable, thereby providing incremental profits beyond the local market. Local operators of Chinese restaurants that have developed successful brand names and market reputation would be able to optimise from the franchising system.

(d) Export markets

Operators of Chinese restaurants can expand into overseas countries, either by establishing new restaurants themselves or via a franchising system or through joint ventures with local partners.

Expanding into overseas countries will enable operators to enlarge their potential market size and increase their geographical diversification.

(Source: Independent Assessment of the Food Services Industry Focusing on Chinese Restaurants in Malaysia prepared by Vital Factor Consulting Sdn Bhd)

7.4 Industry players and competition

(i) Nature of competition in the industry

All operators of food services including Chinese restaurants in Malaysia face normal competitive conditions. This is similar to a free enterprise environment where there are no undue government regulations or licensing requirements. There are also many operators and operators may enter and leave the industry with relative ease and no one operator is large enough to dictate product pricing. In such an environment, the industry is also subjected to normal supply and demand conditions moderated by the price mechanism. Operators compete on product and service differentiations and other factors of competition.

(Source: Independent Assessment of the Food Services Industry Focusing on Chinese Restaurants in Malaysia prepared by Vital Factor Consulting Sdn Bhd)

7. INDUSTRY OVERVIEW (Cont'd)

(ii) Factors of competition

- (a) **Brand name and market reputation:** Brand name and market reputation is a key competitive factor in the provision of services to consumers, including food services such as Chinese restaurants. As such, an established brand name with good market reputation that appeals to its target group will have more loyal customers, higher market awareness to attract new customers and the ability to command higher pricing compared to less prominent operators in the industry.

We have operated our chain of "Restoran Oversea" (海外天) Chinese restaurants since 1977 when we commenced our first outlet in Jalan Imbi, Kuala Lumpur. With an operational history spanning approximately thirty three (33) years, we have built significant brand equity on our "Restoran Oversea" (海外天) brand, which includes a high level of brand awareness and customer loyalty. Our established brand name, which is associated with fine Chinese dining and high quality food, provides us with a key competitive advantage to compete effectively within the food services industry.

- (b) **Quality of product and service:** Quality of products and services is critical to end-consumers, especially for food services, where consumers have many choices in the market. Over the years, we had received numerous awards and recognitions that demonstrate the quality and appeal of our food and services, which meet the preferences and tastes of our customers. We have also obtained 'clean food business premise' awards issued by the local council for our operation of Chinese restaurants. We also obtained many awards and recognitions over the years, among many others, including Asia's finest restaurants in the Miele Guide 2009/2010, and other awards. This would provide customers with the assurance of the quality and appeal of our products and services.
- (c) **Economies of scale:** Operators who have capabilities to operate a number of food services outlets would have stronger negotiation power to obtain better commercial terms from suppliers of including material and ingredient costs, credit terms, logistics arrangement and others.

We enjoy economies of scale from our network of food services outlets in Malaysia, including Chinese restaurants, café and "dim sum" outlets. Economies of scale enable us to spread our fixed and operating costs across a number of food services outlets. This is particularly pertinent in terms of human resources and centralised functions including procurement, administration, training, advertising and promotional costs. Economies of scale represent a key competitive advantage as it helps us to reduce our unit cost of operations.

(Source: Independent Assessment of the Food Services Industry Focusing on Chinese Restaurants in Malaysia prepared by Vital Factor Consulting Sdn Bhd)

(iii) Competition intensity

Competition among operators of Chinese restaurants within Malaysia is based on the following observations:-

- (a) the food services industry is highly fragmented with many different forms of competition, these include:-
- Chinese restaurants;
 - Non-Chinese cuisine restaurants;

7. INDUSTRY OVERVIEW (Cont'd)

- Quick service restaurants;
 - Hawker stalls;
 - Cafés;
 - Caterers; and
 - Canteens.
- (b) there are many players competing in the food services industry. However, the food services industry in Malaysia is sufficiently large to accommodate many of the operators in the industry. In 2009, the market size of restaurants and cafés in Malaysia was estimated at RM23 billion;
- (c) barriers to entry into the operation of Chinese restaurants are relatively low for operators with only one outlet. This is substantiated by the large number of operators in the industry. However, operators with a network of chain outlets will have an advantage over smaller players due to their economies of scale, thereby reducing operating costs and improving profit margins;
- (d) the technical skills, ability and innovativeness of the chefs play an important role in the food services industry, especially in the Chinese restaurant sector where quality of food, especially taste, is paramount in garnering a large loyal customer base. The abilities of the chefs can provide a significant differentiating factor to compete successfully in the industry; and
- (e) an established brand name and good market reputation can also help to reduce the competitive intensity in the food services industry. Operators who have successfully developed their brand name and market reputation and have gained market recognition will be in a better position to compete in the industry.

(Source: Independent Assessment of the Food Services Industry Focusing on Chinese Restaurants in Malaysia prepared by Vital Factor Consulting Sdn Bhd)

(iv) **Players in the industry**

There are many operators of Chinese restaurants in Malaysia. They cover different cuisines and formats such as fine dining, casual dining, food stalls, café, traditional coffee shops and others. Some of the chain Chinese restaurants in Malaysia, include amongst others, Ah Yat Group, Canton-I, Chef Rasa Sayang Group, Chuai Heng Restaurant, Crystal Jade, Dragon-I, Esquire Kitchen, Grand Imperial, Hee Lai Ton, Oriental Group, Palace Restaurant Group, JANBO Restaurant, **Restoran Oversea**, Pekin Restoran, Six Happiness Restaurant and Tai Thong Restaurant.

(Note: The above is not an exhaustive list).

(Source: Independent Assessment of the Food Services Industry Focusing on Chinese Restaurants in Malaysia prepared by Vital Factor Consulting Sdn Bhd)

7. INDUSTRY OVERVIEW (Cont'd)

7.5 Demand conditions

(i) Demand

Demand for food services in general can be determined from the household expenditure on food and beverages away from the household. These are listed as follows:-

- (a) in 2004/2005, the average monthly household expenditure on restaurants and cafés was RM204.89; and
- (b) the average monthly household expenditure on food and beverages away from the household remained approximately the same at RM205 and RM204 for 1998/99 and 2004/05 respectively. However, the total Malaysian household expenditure on food and beverages would have grown due to the increased number of households from 1998/99 to 2003/04. The number of households grew from 4.91 million in 2000 to 5.48 million in 2004.

Between 2004 and 2008, the GDP of the accommodation and restaurant industry based on current prices grew at an average annual rate of 12.3% to reach RM16.3 billion in 2008. For the first three quarters of 2009, the GDP of the accommodation and restaurant sector based on current prices increased by 5.8% to reach RM12.5 billion compared to the same period in 2008.

The large size and growth of household expenditure on food services would augur well for operators in the food services industry.

(Source: Independent Assessment of the Food Services Industry Focusing on Chinese Restaurants in Malaysia prepared by Vital Factor Consulting Sdn Bhd)

(ii) Demand dependencies

As the demand for food services is ultimately dependent on the end-consumers, the following factors will have an impact on the food services industry:-

- (a) population growth;
- (b) growth in income; and
- (c) average monthly household expenditure.

The increase in Malaysia's population will continue to spur the demand for food services, including Chinese restaurants:-

- (a) between 2005 and 2009, the population of Malaysia is forecasted to grow at an average annual rate of 2.0%. In 2009, the population of Malaysia is expected to increase by 2.2% to reach 28.3 million; and
- (b) the population of Malaysia is projected to grow at an average rate of 1.6% per annum between 2006 and 2010. It is forecasted that the population in Malaysia will reach approximately 29 million by 2010.

The increase in the affluence of Malaysian households determined by household income will mean greater affordability, thus stimulating demand and expenditure on consumer products and services such as food services:-

- (a) between 2006 and 2008, per capita income grew at an average annual rate of 11.1%;

7. INDUSTRY OVERVIEW (Cont'd)

- (b) in 2009, the per capita income at current prices was estimated to decline by 6.7% to reach RM24,055 but is forecasted to register a growth of 2.5% to RM24,661 in 2010;
- (c) between 2004 and 2007, the mean monthly gross household income increased from RM3,249 to RM3,686, which represented an average annual growth rate of 4.3%; and
- (d) between 1998/99 and 2004/05, the average monthly expenditure per household increased at an average annual rate of 3.0% to reach RM1,953 in 2004/05.

(Source: Independent Assessment of the Food Services Industry Focusing on Chinese Restaurants in Malaysia prepared by Vital Factor Consulting Sdn Bhd)

7.6 Supply conditions

Supply Dependencies

As we are primarily in the operation of Chinese restaurants, some of the main materials purchased by us include seafood, poultry and meat and vegetables. As such, an uninterrupted supply of these main materials would be crucial to the continuous operation of our Chinese restaurants.

Most of the food items are easily available either locally or overseas, as they are relatively common items used by most food services operators as well as general households. As such, any shortages are likely to be short term and are not likely have a material impact on operators within the food services industry.

(Source: Independent Assessment of the Food Services Industry Focusing on Chinese Restaurants in Malaysia prepared by Vital Factor Consulting Sdn Bhd)

7.7 Estimated market coverage and market share

(i) Market size

In 2009, the market size for restaurants and cafés in Malaysia was estimated at RM23 billion based on household expenditure.

(ii) Market share

In 2009, Oversea Group has a market share of approximately 0.2% of the restaurant and cafés in Malaysia based on the Group's revenue from the operation of food services.

(iii) Market ranking

As at November 2009, the Oversea Group was ranked top five in Peninsular Malaysia based on the number of Chinese restaurant outlets.

(Source: Independent Assessment of the Food Services Industry Focusing on Chinese Restaurants in Malaysia prepared by Vital Factor Consulting Sdn Bhd)

7. INDUSTRY OVERVIEW (Cont'd)

7.8 Government laws and regulations

(i) Public house licence/ beer house licences

According to the Excise Act 1976, any person involved in the retail of liquor for consumption on the premises or at the place where it is sold must apply for a public house licence/ beer house licence.

Six (6) of our Chinese restaurants have public house licences/ beer house licences from the relevant local councils.

An application for renewal of licence has been submitted to the authority on 4 November 2009 for one of our restaurants and is currently pending approval.

(ii) Wild life protection licence

According to the Protection of Wild Life Act 1972, any person involved in selling any wild animals or birds live or dead or part thereof as food whether imported or not, shall obtain a licence to carry on the business of a dealer' from the Department of Wildlife and National Parks.

Five (5) of our Chinese restaurants have licence to carry on the business of a dealer from the Department of Wildlife and National Parks.

(iii) Manufacturing licence

Application of a manufacturing licence under the Industrial Coordination Act, 1975 is mandatory for companies with shareholders' funds of RM2.5 million or more or engaging 75 or more full-time paid employees.

Haewaytian Cake House, a subsidiary within our Group, has obtained a manufacturing licence from the Ministry of International Trade and Industry of Malaysia for the manufacturing of 'bakery products'. The manufacturing licence was issued on 24 May 2007.

Oversea Confectioneries (a subsidiary within our Group) is involved in the manufacturing of moon cakes. As the company's shareholders' funds and number of employees are both below the threshold, the company does not require a manufacturing licence

(iv) Trademark

In Malaysia, trademarks are governed by the Trade Marks Act 1976 and Trade Marks Regulation 1997 (Amendment 2001). However, trademark registration is not compulsory in Malaysia. Trademark registration provides trademark owners with exclusive rights to use their marks. The Registrar of Trade Marks is the issuing authority for the registration of trademarks in Malaysia. Registration of trademarks is valid for a period of ten (10) years and may be renewed from time to time.

We have registered various trademarks in the following countries with the respective authorities:-

- (a) Registrar of Trade Marks, Malaysia;
- (b) Registrar of Trade Marks, Singapore; and
- (c) Trademark Office of State Administration for Industry and Commerce of People's Republic of China.

(Source: Independent Assessment of the Food Services Industry Focusing on Chinese Restaurants in Malaysia prepared by Vital Factor Consulting Sdn Bhd)

7. INDUSTRY OVERVIEW (Cont'd)

7.9 Substitute products

There are many substitutes for Chinese restaurant food and services that include, amongst others, home cooked, prepared meals, non-Chinese cuisine, quick services restaurants, hawker stalls, cafés, caterers and canteens.

(Source: Independent Assessment of the Food Services Industry Focusing on Chinese Restaurants in Malaysia prepared by Vital Factor Consulting Sdn Bhd)

7.10 Vulnerability and reliance on imports

Generally, operators of Chinese restaurants source a significant proportion of their raw materials and ingredients locally. Some of the major materials used in the operation of Chinese restaurants include seafood, poultry, meat and vegetables.

As for our food services operations, local sources of materials represented approximately 65% of total purchases for the FYE 2009, whilst the remainder 35% were imported through local stockists.

The bulk of materials used by operators of Chinese restaurants are relatively common food items used by most food services operators as well as the general households. As such, there is a large and readily available supply of materials and ingredients from local and imported sources which would significantly reduce the reliance and vulnerability to imports for operators of Chinese restaurants.

(Source: Independent Assessment of the Food Services Industry Focusing on Chinese Restaurants in Malaysia prepared by Vital Factor Consulting Sdn Bhd)

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9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL**8.1 Promoters and substantial shareholders****(i) Promoters and substantial shareholders' shareholdings**

As at LPD, the direct and indirect interests of our Promoters and substantial shareholders in our issued and paid-up share capital before and after the IPO are as follows:-

Promoters/ substantial shareholder	Nationality/ Country of Incorporation	Before the IPO		After the IPO ¹			
		Direct	Indirect	Direct	Indirect		
		No. of Shares	%	No. of Shares	%	No. of Shares	%
Yu Soo Chye @ Yee Soo Chye	Malaysian	82,044,270	43.6	-	-	82,644,270	33.7
Lee Lim & Sons Sdn Bhd	Malaysia	55,398,358	29.5	-	-	50,898,358	20.8
Lee Pek Yoke	Malaysian	22,255,593	11.8	-	-	20,355,593	8.3
Khong Yik Kam	Malaysian	12,752,438	6.8	-	-	9,752,438	4.0
Lee Seng Fan	Malaysian	5,668,496	3.0	55,398,358 ²	29.5	5,668,496	2.4
						50,898,358 ²	20.8

Notes:-

¹ Assuming all the pink form allocation is fully subscribed by the eligible directors and employees.

² Deemed interested by virtue of his substantial shareholdings in Lee Lim & Sons Sdn Bhd pursuant to Section 6A of the Act.

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8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

(ii) Profile of Promoters and substantial shareholders

Save as disclosed below, the profiles of the Promoters and substantial shareholders of our Group are set out in Section 8.2(ii) of this Prospectus.

(a) Lee Lim & Sons Sdn Bhd

Lee Lim & Sons Sdn Bhd was incorporated in Malaysia under the Act on 6 August 2009.

The principal activity of Lee Lim & Sons Sdn Bhd is investment holding.

As at LPD, Lee Lim & Sons Sdn Bhd's authorised share capital is RM500,000 comprising 500,000 ordinary shares of RM1.00 each whilst its issued and paid-up share capital is RM275,001 comprising 275,001 ordinary shares of RM1.00 each.

The particulars of Lee Lim & Sons Sdn Bhd's directors and their respective shareholdings in Lee Lim & Sons Sdn Bhd as at the date of this Prospectus are set out below:-

Directors	Nationality	←-----Direct-----→		←-----Indirect-----→	
		No. of shares	%	No. of shares	%
Lee Pek Yoke ^{**}	Malaysian	-	-	-	-
Lee Seng Fan ^{**}	Malaysian	93,501	34.0	-	-
Lee Seng Pun	Malaysian	82,500	30.0	-	-

Note:-

^{**} Also one of Oversea's substantial shareholder.

The particulars of Lee Lim & Sons Sdn Bhd's substantial shareholders and their respective shareholdings in Lee Lim & Sons Sdn Bhd as at the date of this Prospectus are set out below:-

Substantial shareholders	Nationality	←-----Direct-----→		←-----Indirect-----→	
		No. of shares	%	No. of shares	%
Lee Seng Fan ^{**}	Malaysian	93,501	34.0	-	-
Lee Seng Pun	Malaysian	82,500	30.0	-	-
Lee Chuen Yew	Malaysian	27,500	10.0	-	-
Lee Choon Keong	Malaysian	27,500	10.0	-	-
Lee Yew Chong	Malaysian	27,500	10.0	-	-

Note:-

^{**} Also one of Oversea's substantial shareholder.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

(iii) Changes in the Promoters and substantial shareholders' shareholdings in our Company for the past three (3) years

The changes in our Promoters and substantial shareholders' respective shareholdings for the past three (3) years up to LPD are as follows:-

Promoters/ substantial shareholders	←-----After Acquisitions [^] ----->				←-----After IPO ¹ ----->			
	←-----Direct----->		←-----Indirect----->		←-----Direct----->		←-----Indirect----->	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Yu Soo Chye @ Yee Soo Chye	82,044,270	43.6	-	-	82,644,270	33.7	-	-
Lee Lim & Sons Sdn Bhd	55,398,358	29.5	-	-	50,898,358	20.8	-	-
Lee Pek Yoke	22,255,593	11.8	-	-	20,355,593	8.3	-	-
Khong Yik Kam	12,752,438	6.8	-	-	9,752,438	4.0	-	-
Lee Seng Fan	5,668,496	3.0	55,398,358 ²	29.5	5,668,496	2.4	50,898,358 ²	20.8

Notes:-

[^] Excludes the nominee directors and nominee substantial shareholders as at the date of our incorporation.

¹ Assuming all the pink form allocation is fully subscribed by the eligible directors and employees.

² Deemed interested by virtue of his substantial shareholdings in Lee Lim & Sons Sdn Bhd pursuant to Section 6A of the Act.

8.2 Directors

(i) Directors' shareholdings

Based on our Register of Directors as at LPD, the direct and indirect interests of our Directors in our issued and paid-up share capital before and after the IPO are as follows:-

Directors	Nationality	←-----Before the IPO----->				←-----After the IPO ¹ ----->			
		←-----Direct----->		←-----Indirect----->		←-----Direct----->		←-----Indirect----->	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Yu Soo Chye @ Yee Soo Chye	Malaysian	82,044,270	43.6	-	-	82,644,270	33.7	-	-
Lee Pek Yoke	Malaysian	22,255,593	11.8	-	-	20,355,593	8.3	-	-
Khong Yik Kam	Malaysian	12,752,438	6.8	-	-	9,752,438	4.0	-	-
Lee Seng Fan	Malaysian	5,668,496	3.0	55,398,358 ²	29.5	5,668,496	2.4	50,898,358 ²	20.8
Koong Lin Loong	Malaysian	-	-	-	-	100,000	[^]	-	-
Chiam Soon Hock	Malaysian	-	-	-	-	100,000	[^]	-	-
Yau Ming Teck	Malaysian	-	-	-	-	-	-	-	-

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

Notes:-

- ^{*} Negligible (less than 0.1%).
- ^{**} Assuming all the pink form allocation is fully subscribed by the eligible directors.
- ² Deemed interested by virtue of his substantial shareholding in Lee Lim & Sons Sdn Bhd pursuant to Section 6A of the Act.

(ii) Profiles

The profiles of the Directors of our Group are as follows:-

Yu Soo Chye @ Yee Soo Chye, aged 65, is our Group Managing Director. He was appointed to our Board on 6 November 2009. He brings with him approximately fifty (50) years of experience in the Chinese restaurant industry. As Group Managing Director and founder, he has been instrumental in the development, growth and success of our Group. He started his career in the early 1950s when he started working in the kitchen as a kitchen helper. In 1970s, he started his first Chinese restaurant operations under a partnership arrangement under Oversea Imbi in Kuala Lumpur. Subsequently in 1983, he converted the partnership into a private limited company. Since then, he has established a chain of seven (7) Chinese restaurants in Malaysia, which operates under the brand name of "Restoran Oversea" (海外天). In 1986, he initiated the manufacturing of moon cakes by setting up a small manufacturing facility located in Jalan Imbi, Kuala Lumpur. In 2004, he was also involved in the establishment of our first café in Kuala Lumpur under the brand name "Tsim Tung". Subsequently in 2005, he established our first "dim sum" outlet in Sri Petaling, Kuala Lumpur. In 2007, he obtained his Diploma of Membership from Les Amis d'Escoffer Society, Inc. for the meritorious service recognition for outstanding contributions to promote fine dining. He is currently the Honoured Chairman of Perak Ku Su Shin Chuan Hung, Deputy Chairman of various associations including World Association of Chinese Cuisine, Wilayah Cooks' Friendly Association, The Malaysia Selangor and Federal Territory Ku Su Shin Choong Hung Restaurant Association, and The Selangor and Federal Territory Keepers' Association. He is also the Chief Judge of Malaysia Cuisine Championship and Deputy Judge of The 4th World Championship of Chinese Cuisine. He has extensive experience in the operation and management of food services outlets and he is currently responsible for the overall operations of the Group with emphasis on strategic business planning.

Lee Pek Yoke, aged 56, is our Executive Director. She was appointed to our Board on 6 November 2009. In 1970s, she was the co-founder of the partnership that started with the first "Restoran Oversea" (海外天) in Jalan Imbi, Kuala Lumpur. Since then, she has assisted in the establishment of the chain of Chinese restaurants and has accumulated thirty three (33) years of experience in the Chinese restaurant industry. In 1986, together with our Group Managing Director, she was involved in the setting up of the manufacturing of moon cakes. She is currently responsible in overseeing the overall planning and management of our Group, including implementation of promotional programmes, menu management and customer services.

Khong Yik Kam, aged 61, is our Executive Director. His career started in 1968 when he joined United Engineering Group as a supervisor. In 1985, he joined Oversea Group and was appointed to our Board on 6 November 2009. He has approximately twenty five (25) years of experience in the Chinese restaurant industry in Malaysia. He is mainly responsible for the operational functions of our Group including overseeing the maintenance of the equipments and tools, management of licenses and banking facilities.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

Lee Seng Fan, aged 44, is our Executive Director. His career started in 1986 when he joined Oversea Group as a chef and is currently the Chief Chef of our Group. He has twenty four (24) years of experience as a chef in the Chinese restaurant industry and is mainly responsible for the overall planning and management of the kitchen operations that oversees the cooking, quality control, cost control and personnel management.

Koong Lin Loong, aged 46, is our Independent Non-Executive Director. He is qualified as a Chartered Management Accountant in the United Kingdom; a Certified Practising Accountant Australia; a member of the Malaysian Institute of Accountants; Certified Management Accountants Australia; Malaysian Institute of Taxation; Associate Member of Malaysian Association of Company Secretaries and The Institute of Internal Auditors Malaysia. He has extensive cross-border experiences in various industries which includes internal audit and control, feasibility study for Malaysian Listed Corporations and Hong Kong joint venture assignment in the PRC; and represented the Malaysian Chinese Youth Leaders delegation to the PRC and Taiwan in 2004 for a series of dialogue with respective leaders from both countries. Mr. Koong is the Managing Partner of L.L. Koong & Co, Chartered Accounting Firm and Executive Director of K-Konsult Taxation Sdn. Bhd. and its group of companies. Currently, amongst others, he is also a National Council Member cum Deputy Chairman of the Small and Medium Enterprises (SMEs) of the Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM) and a National Council Member cum Chairman of the Economic Research Bureau of the Malaysia-China Chamber of Commerce (MCCC).

Chiam Soon Hock, aged 62, is our Independent Non-Executive Director. He graduated with a Bachelor of Engineering (Civil) honours degree from the University of Malaya in 1973 and obtained his Master of Science (Planning) degree from the University of Science Malaysia in 1975. In 1988, he was awarded a Fulbright scholarship by the US Government and obtained a Post-Graduate Diploma (Public Administration) from the Pennsylvania State University, US. He is a professional town planner registered with the Board of Town Planners of Malaysia. He is a Fellow of the Malaysian Institute of Planners and a Corporate Member of the Institute of Engineers, Malaysia. He served City Hall Kuala Lumpur for twenty nine (29) years and retired in 2004 as a Director of Planning and Building Control Department.

Yau Ming Teck, aged 39, is our Independent Non-Executive Director. He graduated with an Economics Degree from Monash University, Melbourne in 1993. Currently, he is a qualified Certified Practising Accountant ("CPA") of the Australia Society of CPA and a Chartered Accountant of Malaysia Institute of Accountants. He is a skilled financial expert with skills predominantly in the area of corporate finance, financial management and strategic planning honed over almost fifteen (15) years. He started his career in Coopers & Lybrand in the Insolvency & Corporate Division and remained there for three (3) years. Whilst with Coopers, he handled a wide portfolio of clients with diverse background and industries. In 1997, he joined a company listed on the Main Board of Bursa Securities as a corporate finance manager and last served as a financial controller of another company listed on the Main Board of Bursa Securities in 2003. During his tenure in the public listed companies, his main functions were taking charge of various corporate exercises and their implementations. In 2004, he embarked on his private business practice in corporate and financial advisory in the area of corporate finance, mergers and acquisitions and restructuring with the main focus of the business in the PRC, Singapore and Australia.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

(iii) Directors' remuneration and benefits

The aggregate remuneration and benefits paid and proposed to be paid for services rendered to our Group for the FYE 2009 and for FYE 2010 is as follows:-

Range (RM)	Number of Directors	
	FYE 2009	FYE 2010
0 – 50,000	3	3
50,001 – 100,000	-	-
100,001 – 150,000	-	-
150,001 – 200,000	2	2
200,001 – 250,000	1	1
250,001 – 300,000	-	-
300,001 – 350,000	-	-
350,001 – 400,000	-	-
400,001 – 450,000	-	-
450,001 – 500,000	1	-
500,001 – 550,000	-	1

The remuneration which includes our Directors' salaries, bonus, fees and allowances as well as other benefits of our Directors, must be considered and recommended by our Remuneration Committee and subsequently, be approved by our Board. Our Directors' fees must be further approved by our shareholders at a general meeting.

8.3 Board practices

(i) Directorship

As at LPD, the details of the date of expiration of the current term of office for each of the Directors and the period for which the Directors have served in that office are as follows:-

Name	Date of appointment	Designation	Date of expiration of the current term of office	No. of years in office
Yu Soo Chye @ Yee Soo Chye	06.11.2009	Chairman/ Group Managing Director	15 th Annual General Meeting ("AGM") ¹	< 1 year
Lee Pek Yoke	06.11.2009	Executive Director	15 th AGM	< 1 year
Khong Yik Kam	06.11.2009	Executive Director	15 th AGM	< 1 year
Lee Seng Fan	06.11.2009	Executive Director	15 th AGM	< 1 year

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

Name	Date of appointment	Designation	Date of expiration of the current term of office	No. of years in office
Koong Lin Loong	06.11.2009	Independent Non-executive Director	15 th AGM	< 1 year
Chiam Soon Hock	06.11.2009	Independent Non-executive Director	15 th AGM	< 1 year
Yau Ming Teck	06.11.2009	Independent Non-executive Director	15 th AGM	< 1 year

Note:-

" The 15th AGM will be held latest by 30 June 2010.

(ii) Audit Committee

Our Audit Committee comprises the following members:-

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

The main functions of the Audit Committee include inter-alia, the review of audit plans and audit reports with our external auditors, review of the auditors' evaluation of internal accounting controls and management information systems, review of the scope of internal audit procedures, review of the financial statements and nomination of the external auditors.

(iii) Remuneration Committee

Our Remuneration Committee comprises the following members:-

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

The main functions of the Remuneration Committee include inter-alia, the recommendation to our Board the remuneration of the Directors, assisting our Board in assessing the responsibility and commitment undertaken by our Board members and assisting our Board in ensuring the remuneration of the Directors are reflective of the responsibility and commitment of the Directors concerned.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

(iv) Nominating Committee

Our Nominating Committee comprises the following members:-

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

The main functions of the Nominating Committee include inter-alia, the review of all nominations for the appointment or re-appointment of members of the Board and to determine the selection criteria therefore, review of the structure, size and composition of our Board and to ensure that all our Directors undergo appropriate introduction and training programmes.

Prior to the setting up of the Nominating Committee on 6 November 2009, the appointment/ resignation of directors were duly tabled and considered by the Board as a whole.

After the setting up of the Nominating Committee, the appointment/ resignation of directors would be tabled at the Nominating Committee meeting for consideration and thereafter tabled to the Board for final approval.

8.4 Principal business activities performed outside our Group and principal directorships

Save as disclosed below, none of our Directors and chief executive officer were/ are involved in any principal business activities performed outside the Group for the past five (5) years up to LPD:-

Name	Directorship	Date Appointed/ (Resigned)	Principal business activities	Involvement in business activities other than as a director
Yu Soo Chye @ Yee Soo Chye	Restoran Oversea (Cheras) Sdn Bhd ¹	26.06.1995	Restaurateurs	-
	Cergas Damai	12.09.1990	Property investment	
	Restoran Sun Wong Sdn Bhd ²	20.08.1992	Investment holding	
	Restoran Sun Wong (Jaya 1) Sdn Bhd ²	04.01.2005	Restaurateurs	
	Restoran Sun Wong (Jaya One PJ) Sdn Bhd ²	09.01.2008	Restaurateurs	
	Great Idea	28.07.1989	Property investment	
	Excellent Contour Sdn Bhd	19.07.1995	Property investment	
	Perfect Contour Sdn Bhd	19.07.1995	Property investment	
	Maximum Bonus	19.07.1995	Property investment	

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

Name	Directorship	Date Appointed/ (Resigned)	Principal business activities	Involvement in business activities other than as a director
Lee Pek Yoke	Jun Ye Food Industries (Hong Kong) Pte Limited ³	12.04.2007	Investment holding	
	Guangzhou Noble Foods Industry Co., Ltd. ⁴	08.05.2007/ (01.02.2009)	Manufacturing of confectioneries	
	Restoran Oversea (Cheras) Sdn Bhd ¹	26.06.1995	Restaurateurs	-
	Cergas Damai	15.09.1990	Property investment	
	Restoran Sun Wong Sdn Bhd ²	22.06.1993	Investment holding	
	Restoran Sun Wong (Jaya 1) Sdn Bhd ²	31.01.2005	Restaurateurs	
	Restoran Sun Wong (Jaya One PJ) Sdn Bhd ²	09.01.2008	Restaurateurs	
	Great Idea	28.07.1989	Property investment	
	Excellent Contour Sdn Bhd	19.07.1995	Property investment	
	Perfect Contour Sdn Bhd	19.07.1995	Property investment	
	Maximum Bonus	19.07.1995	Property investment	
	Lee Lim & Sons Sdn Bhd	06.08.2009	Investment holding	
	Restoran Wonderful Garden Holdings Sdn Bhd ⁵	02.04.2001/ (30.12.2009) ⁵	Restaurateurs	
	Jun Ye Food Industries (Hong Kong) Pte Limited ³	12.04.2007	Investment holding	
Khong Yik Kam	Guangzhou Noble Foods Industry Co., Ltd. ⁴	08.05.2007	Manufacturing of confectioneries	
	Restoran Oversea (Cheras) Sdn Bhd ¹	02.01.2003	Restaurateurs	-
	Restoran Sun Wong Sdn Bhd ²	20.08.1992	Investment holding	
	Restoran Sun Wong (Jaya 1) Sdn Bhd ²	04.01.2005	Restaurateurs	

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

Name	Directorship	Date Appointed/ (Resigned)	Principal business activities	Involvement in business activities other than as a director
	Restoran Sun Wong (Jaya One PJ) Sdn Bhd ²	15.01.2008	Restaurateurs	
	Rurug Juang Realty Sdn Bhd	28.08.1992	Property investment	
	Jun Ye Food Industries (Hong Kong) Pte Limited ³	12.04.2007	Investment holding	
	Guangzhou Noble Foods Industry Co., Ltd. ⁴	08.05.2007	Manufacturing of confectioneries	
Lee Seng Fan	Lee Lim & Sons Sdn Bhd	06.08.2009	Investment holding	-
	Jun Ye Food Industries (Hong Kong) Pte Limited ³	12.04.2007	Investment holding	
	Restoran Wonderful Garden Holdings Sdn Bhd ⁵	02.04.2001/ (30.12.2009) ⁵	Restaurateurs	
Koong Lin Loong	INS Bioscience Berhad	06.04.2005	Investment holding, R&D and consultancy in biotechnology	L. L. Koong & Co. LLKG (Cambodia) Co., Ltd
	K-Konsult Taxation Sdn. Bhd.	07.12.2001	Tax consulting services	
	K-Contec Penta Consortium Sdn. Bhd.	04.06.2007	Dealing in computer software and system support	
	K-Consulting Technology Sdn Bhd	25.08.2004 (29.09.2006)	Technology solutions and business technology solutions	
Chiam Soon Hock	P.A. Resources Bhd	09.02.2006	Extrusion and fabrication of aluminium products	-
	Leisure Court Sdn Bhd	22.12.2004	Investment holding	
	Ecoparadise (FBP) Sdn Bhd	21.09.1997	Anti-oxidant therapy center	
	Tricomtec Marketing Sdn Bhd	30.12.2004	Marketing of building materials	
Yau Ming Teck	Axle Corporate Service Sdn Bhd	06.04.2004	Corporate & financial advisory services	-

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

Name	Directorship	Date Appointed/ (Resigned)	Principal business activities	Involvement in business activities other than as a director
	Gardenic (M) Sdn Bhd	24.01.2000	Trading of agricultural related products such as fertiliser & pesticide	

Notes:-

- ¹ The Directors intend to shut down Restoran Oversea (Cheras) Sdn Bhd in 2010.
- ² Restoran Sun Wong Sdn Bhd is currently dormant after its subsidiaries, namely, Restoran Sun Wong (Jaya 1) Sdn Bhd and Restoran Sun Wong (Jaya One PJ) Sdn Bhd, ceased their operations on 5 March 2007 and 30 October 2009 respectively.
- ³ On 5 June 2009, Yu Soo Chye @ Yee Soo Chye, Lee Pak Yoke, Khong Yik Kam and Lee Seng Fan has entered into a sale and purchase agreement with Cheong Man Kee to dispose off their equity interest in Jun Ye Food Industries (Hong Kong) Pte Limited.
- ⁴ Guangzhou Noble Foods Industry Co., Ltd is a 52.9% owned subsidiary of Jun Ye Food Industries (Hong Kong) Pte Limited.
- ⁵ Restoran Wonderful Garden Holdings Sdn Bhd would have been dissolved on 30 December 2009 as a notice to strike off the name from the register had been issued to the company on 30 September 2009. The notice states that at the expiration of (3) three months from the date of the said notice, the name of the company will, unless cause is shown to the contrary, be struck off the register and the said company will be dissolved.

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8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

8.5 Key management and technical personnel

(i) Key management and technical personnel's shareholding

As at LPD, the direct and indirect interests of our key management and technical personnel in our issued and paid-up share capital before and after the IPO are as follows:-

Name	Designation	Nationality	Before the IPO		After the IPO ¹	
			No. of Shares	%	No. of Shares	%
Yu Soo Chye @ Yee Soo Chye	Group Managing Director	Malaysian	82,044,270	43.6	-	-
Lee Pek Yoke	Executive Director	Malaysian	22,255,593	11.8	20,355,593	8.3
Khong Yik Kam	Executive Director	Malaysian	12,752,438	6.8	9,752,438	4.0
Lee Seng Fan	Executive Director	Malaysian	5,668,496	3.0	5,868,496 ²	2.4
Yap Teck Beng	Group General Manager	Malaysian	-	-	200,000	0.1
Soh Jin Yiat	Deputy Group General Manager	Malaysian	-	-	44,000	-
Yu Tack Tein	Business Development Manager	Malaysian	133,333	0.1	533,333	0.2
Yu Suat Yin	General Manager Assistant	Malaysian	133,333	0.1	183,333	0.1
Goh Swee Huat	Finance Manager	Malaysian	10	-	150,010	0.1
Siew Lin Tai	Purchasing Manager	Malaysian	-	-	150,000	0.1
Wong Mee Ling	Human Resource Manager	Malaysian	10	-	50,010	-
Chow Way Keong	Administrative Manager	Malaysian	-	-	40,000	-

Notes:-

¹ Negligible (less than 0.1%).

² Assuming all the pink form allocation is fully subscribed by the eligible director and employees.

³ Deemed interested by virtue of his substantial shareholdings in Lee Lim & Sons Sdn Bhd pursuant to Section 6A of the Act.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)**(ii) Profiles**

Save for the profiles of Yu Soo Chye @ Yee Soo Chye, Lee Pek Yoke, Khong Yik Kam and Lee Seng Fan, which are disclosed in **Section 8.2(ii)** of this Prospectus, the profiles of the other key management and technical personnel of our Group are as follows:-

Yap Teck Beng, aged 38, is the Group General Manager of Oversea Group. His career started in 1992 when he joined Paul Chuah & Co as Senior Auditor. In 1996, he left and joined Peter Chong & Co as a Senior Auditor. In 1997, he left and took up the position as Corporate Development Manager with Oversea Group. Subsequently in 1998, he was promoted to Group General Manager and is currently responsible for monitoring and overseeing the annual budgeting and financial operations of the Group. He is also involved in the planning and execution of the Group's business strategies.

Soh Jin Yiat, aged 41, is the Deputy Group General Manager of Oversea Group. He is a member of the Chartered Institute of Management Accountant (CIMA) since 2001. His career started in 1994, when he joined Paul Chuah & Co as Audit Senior. Subsequently in 1996, he left and joined Bains Harding (M) Sdn Bhd as Assistant Cost Consultant. In 1997, he left and took up the position as Finance Manager with Mobility Avenue Sdn Bhd. Between 1998 and 2003, he was with Oversea Group as the Finance Manager. In 2003, he left Oversea Group and joined Wesalliance Dotcom Sdn Bhd as Sales Manager. In 2005, he left and returned to Oversea Group and took up the position as Factory Manager and was subsequently promoted to Deputy Group General Manager in 2006. He is mainly responsible for the overall management and execution of business plans and strategies and also overseeing the sales operations.

Yu Tack Tein, aged 36, is the Business Development Manager of Oversea Group. He graduated in 1997 with a Bachelor of Engineering Degree from Loughborough University, United Kingdom. His career started in 1998 when he joined Seacera Tiles Bhd as Production Executive. Subsequently in 2001, he joined Oversea Group as the Business Development Manager. He has approximately nine (9) years of experience in the Chinese restaurant industry in Malaysia. He is mainly responsible for developing the Group's business and marketing plans and execution of strategies. He is also involved in new business development for the Group.

Yu Suat Yin, aged 35, is the General Manager Assistant of Oversea Group. She graduated in 1994 with a Bachelor of Accounting and Financial Management Degree from University of Buckingham, United Kingdom. Her career started in 1994 when she joined Malaysia Management Consultant as a management trainee. Between 1996 and 1999, she was with Peter Chong & Co as Auditor. In 1999, she left and joined Oversea Group as General Manager Assistant and is responsible for the overall operation of food services outlets and is also involved in the planning and implementation of promotional programmes and activities.

Goh Swee Huat, aged 38, is the Finance Manager of Oversea Group. He completed his Association of Chartered Certified Accountants (ACCA) and is currently a fellow member of ACCA. He is also a member of the Malaysian Institute of Accountants since 2009. His career started in 1995 when he joined Peter Chong & Co as Audit Senior. In 1999, he left and joined Oversea Group as Internal Auditor. Subsequently in 2002, he was promoted to Finance Manager of the Group and is mainly responsible for the Group's overall financial and accounting functions.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

Siew Lin Tai, aged 51, is the Purchasing Manager of Oversea Group. She obtained her Advanced Diploma and Post Graduate Diploma in Business Administration from The Society of Business Practitioners, United Kingdom in 1998 and 1999 respectively. In 1999, she obtained her Master of Business Administration from West Coast Institute of Management and Technology, Australia. She is a Certified Professional Manager from The Society of Business Practitioners, United Kingdom since 1999. She is also the Ordinary Member of China Cuisine Association in Beijing since 2000, Nutrition Member of Ministry of Labour and Society Security of China in Beijing since 2005 and Member of All-China Bakery Association – Malaysia Interactive Council since 15 October 2009. Her career started in 1980 when she joined The Lodge Petaling Jaya as Purchasing Officer. In 1982, she left and joined Haewaytian Restaurant (a subsidiary within Oversea Group) as Administrative Officer. In 1992, she left and took up the position as Cost Controller with Natvest Sdn Bhd until 1994. In the same year, she left and joined Oversea Group as Personal Assistant to director and was subsequently reassigned as Purchasing Manager in 1999. She is mainly responsible for cost analysis control management, sourcing as well as menu planning for the Group.

Wong Mee Ling, aged 39, is the Human Resource Manager of Oversea Group. She is the qualified Chartered Corporate Secretary and registered as member under Malaysian Institute of Chartered Secretaries and Administrations (MAICSA) in 2000. Her career started in 1994 when she joined Holland Transtrade Far East Sdn Bhd as Administrative Assistant. In 1996, she left and joined Ng Seng Ann & Co as Company Secretary Assistant. Between 1997 and 2000, she was with S P Setia Berhad as Senior Officer of Corporate Affairs. In 2000, she left and joined Oversea Group as Human Resource Manager. She is currently responsible for the overall management of human resource functions of the Group. In addition, she is also the Company Secretary of Oversea Group since 2001.

Chow Way Keong, aged 40, is the Administrative Manager of Oversea Group. He graduated in 1995 with a Bachelor in Business Administration Honours Degree from Coventry University, United Kingdom. His career started in 1995 when he joined Paul Chuah & Co as Audit Assistant and was subsequently promoted to Senior Auditor. In 1997, he left and joined Star Cruise Administrative Services Sdn Bhd as Accounts Officer and was subsequently transferred to the corporate office as a Corporate Officer in 1998. In 2000, he left and joined Oversea Group as Senior Accounts Executive and was promoted to Assistant Finance Manager in 2001. In 2004, he was assigned as Administrative Manager of the Group and is mainly responsible for application of licences and permits, maintenance management and trademark administration work.

8.6 Involvement of Executive Directors and key management in other principal business activities

As at LPD, the involvement of our Executive Directors in other principal business activities are set out in **Section 8.4** of this Prospectus.

As at LPD, save as disclosed below, none of our key management were/ are involved in any principal business activities:-

Name	Company	Principal business activities
Yap Teck Beng	Jun Ye Food Industries (Hong Kong) Pte Limited ¹	Investment holding
	Guangzhou Noble Foods Industry Co., Ltd. ²	Manufacturing of confectioneries

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

Name	Company	Principal business activities
Yu Tack Tein	Restoran Sun Wong Sdn Bhd ³	Investment holding
	Restoran Sun Wong (Jaya 1) Sdn Bhd ³	Restaurateurs
	Restoran Sun Wong (Jaya One PJ) Sdn Bhd ³	Restaurateurs
	Restoran Wonderful Garden Holdings Sdn Bhd ⁴	Restaurateurs
Yu Suat Yin	Restoran Sun Wong Sdn Bhd ³	Investment holding
	Restoran Sun Wong (Jaya 1) Sdn Bhd ³	Restaurateurs
	Restoran Sun Wong (Jaya One PJ) Sdn Bhd ³	Restaurateurs
Wong Mee Ling	Maximum Bonus	Property investment

Notes:-

- ¹ On 5 June 2009, Yu Soo Chye @ Yee Soo Chye, Lee Pek Yoke, Khong Yik Kam and Lee Seng Fan has entered into a sale and purchase agreement with Cheong Man Kee to dispose off their equity interest in Jun Ye Food Industries (Hong Kong) Pte Limited.
- ² Guangzhou Noble Foods Industry Co., Ltd is a 52.9% owned subsidiary of Jun Ye Food Industries (Hong Kong) Pte Limited.
- ³ Restoran Sun Wong Sdn Bhd is currently dormant after its subsidiaries, namely, Restoran Sun Wong (Jaya 1) Sdn Bhd and Restoran Sun Wong (Jaya One PJ) Sdn Bhd, ceased their operations on 5 March 2007 and 30 October 2009 respectively.
- ⁴ Restoran Wonderful Garden Holdings Sdn Bhd would have been dissolved on 30 December 2009 as a notice to strike off the name from the register had been issued to the company on 30 September 2009. The notice states that at the expiration of (3) three months from the date of the said notice, the name of the company will, unless cause is shown to the contrary, be struck off the register and the said company will be dissolved.

Our Executive Directors and key management personnel are of the view that their involvement in other business activities outside our Group do not affect their contributions to our Group and would not be expected to affect the operations of our Group.

8.7 Declarations from our Promoters, Directors and key management and technical personnel

As at LPD, none of our Promoters, Directors and key management and technical personnel is or was involved in any of the following events, whether within or outside Malaysia:-

- (i) a petition under any bankruptcy or insolvency law was filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel;
- (ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) charged and/ or convicted in criminal proceeding, or is a named subject of a pending criminal proceeding;
- (iv) any judgment entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry, or

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

- (v) was the subject of any order, judgment or ruling of any court, government or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

8.8 Family relationships and associations

Save for the following, there are no family relationships (as defined under Section 122A of the Act) or associations between or amongst our Directors, Promoters and substantial shareholders and key management and technical personnel:-

- (i) Lee Pek Yoke is the spouse of Yu Soo Chye @ Yee Soo Chye;
- (ii) Yu Tack Tein and Yu Suat Yin are the children of Yu Soo Chye @ Yee Soo Chye and Lee Pek Yoke;
- (iii) Lee Seng Fan is the brother of Lee Pek Yoke and brother-in-law of Yu Soo Chye @ Yee Soo Chye; and
- (iv) Khong Yik Kam is the brother-in-law of Yu Soo Chye @ Yee Soo Chye and Lee Pek Yoke.

8.9 Benefits paid or intended to be paid

Save for the salaries, bonuses, allowances and dividend, there have been no amounts and benefits that have been or are intended to be paid or given to our Promoters, Directors and/ or substantial shareholders within the two (2) years preceding the date of this Prospectus.

8.10 Service agreements

As at LPD, none of our Directors and key management and technical personnel has any existing or proposed service agreements with our Group.

8.11 Management and employees

Our employee segmentation by job functions for the FYE 2006 to 2009 are as follows:-

Category	←-----Number of employees----->			
	FYE 2006	FYE 2007	FYE 2008	FYE 2009
Office personnel				
Managerial and professional ¹	13	13	13	13
Accounts and administrative ²	14	14	12	12
Human resource	8	10	10	10
Marketing and business development	6	7	7	7
Purchasing	9	8	8	9
Outlets and factory personnel				
Operational ³	304	304	310	328
Chef	139	130	151	152
Kitchen personnel	60	80	61	74
Factory floor workers	5	4	4	3
R&D personnel	4	3	3	3
Quality assurance personnel	1	1	1	1
Others ⁴	8	10	11	13
Total	571	564	591	625

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

Notes:-

- ¹ Includes directors
- ² Includes internal audit personnel.
- ³ Includes managers, assistant managers, supervisors, captains, coordinators, front desk officers, waiters, waitress and general workers.
- ⁴ Includes storekeepers, maintenance personnel, packaging personnel, warehouse and logistic personnel and cleaning personnel.

For the FYE 2009, the number of permanent employees was 547 and contractual employees were 78.

As all our operations are located in Malaysia, therefore all of our employees are located in Malaysia.

The increase in the number of employees for the FYE 2009 of approximately 5.8% was mainly due to the opening of our new restaurant, namely Haewaytian Restaurant at Jalan Datoh, Ipoh.

Our Directors have confirmed that all the foreign employees have valid working permits and are not in breach of any immigration laws. The number of foreign employees for the FYE 2006 to 2009 are as follows:-

Location	FYE 2006	FYE 2007	FYE 2008	FYE 2009
Indonesia	26	33	30	26
Myanmar	31	54	47	43
Vietnam	3	3	1	1
Nepal	-	-	2	6
Hong Kong	-	2	2	2
Total	60	92	82	78

None of our employees are members of any union nor have there been any major industrial disputes in the past.

Training and development

We believe that employees are key assets that play a pivotal role in our continuous growth and recognise the importance of retaining quality employees. It is our policy to encourage the development and training of employees for the improvement of overall skills set out and professionalism for the enhancement of productivity. We emphasise on training and development as an essential continuing process and encourage our employees to increase their skills and knowledge through hands-on training.

Towards this respect, we have been consistently sending our personnel to various courses, both in-house and externally conducted, such as technical and financial courses, in tandem with their respective job functions and training needs, to equip them with the necessary skills to further develop their capabilities. We believe in motivating our employees by providing opportunities for progressive career growth and as such, provide these training opportunities and boot camp, which include leadership, customer service and team work training to enhance their performance in order to assume wider job responsibilities.

As part of our internal safety-training programme, all our relevant personnel are also trained in safety and emergency procedures, especially at our manufacturing plants. Some of the previously undertaken programmes include fire fighting and safety training, product training and induction program.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

Management succession plan

Our Group places high priority on ensuring that there is continuity in our Group's management team so as to ensure continuity and to maintain our level of competitiveness in the industry. To achieve this, it is the policy of our Group to groom the lower and middle management staff to gradually assume the responsibilities of the senior management and also as part of our employees' career advancement programme. Our Group's strategy for management continuity is driven by our top management. Our Group General Manager, together with the Executive Directors are involved in the process of identifying key competencies and requirements for managerial and more senior positions. Job and candidate profiles are developed for management positions in line with our business goals, strategies and culture.

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9. APPROVALS AND CONDITIONS

9.1 Approvals from relevant authorities

Bursa Securities had, vide its letter dated 27 January 2010, approved our admission to the Official List of the ACE Market and the listing of and quotation for the entire enlarged issued and paid-up share capital on the ACE Market of Bursa Securities.

The approval from Bursa Securities was subjected to the following conditions:-

No.	Details on conditions imposed	Status of compliance
1.	Submission of the following information in respect of the moratorium on the shareholdings of promoters to the Bursa Depository:- (i) Name of shareholders; (ii) Number of shares; and (iii) Date of expiry of the moratorium for each block of shares.	To be complied. The information will be submitted to Bursa Depository upon allotment of Shares.
2.	Approvals from other relevant authorities have been obtained for implementation of the listing proposal;	Complied.
3.	Make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of GN15 of the ACE Market Listing Requirements; and	Announcement pursuant to paragraph 8.1 of GN15 of the ACE Market Listing Requirements had been made on 15 March 2010, being the date of Prospectus. Relevant announcement pursuant to paragraph 8.2 of GN15 of the ACE Market Listing Requirements will be made one day before the listing date.
4.	Furnish Bursa Securities with a copy of the schedule of distribution showing compliance to the share spread requirements based on the entire issued and paid up share capital of Oversea on the first day of listing.	A copy of the schedule of distribution will be submitted to Bursa Securities on the first day of listing.

The SC had, vide its letter dated 28 January 2010, approved our resulting equity structure pursuant to the IPO under the equity requirements for public companies.

The approval from the SC was subjected to the following conditions:-

No.	Details on conditions imposed	Status of compliance
1.	Oversea is required to allocate 12.5% of its enlarged issued and paid-up share capital to MITI-recognized Bumiputera investors within one (1) year after achieving the profit record required for a listing on the Main Market of Bursa Securities, or five (5) years after being listed on ACE Market of Bursa Securities, whichever ever is the earlier; and	To be complied.
2.	Oversea is required to submit a proposal on how to comply with the Bumiputera equity condition imposed on Oversea, within six (6) months before the expiry date of the compliance.	To be complied.

9. APPROVALS AND CONDITIONS (Cont'd)

9.2 Moratorium on our Shares

In compliance with paragraph 3.19 of the ACE Market Listing Requirements and pursuant to the conditions imposed under the approval letter by Bursa Securities, a moratorium will be imposed on the sale, transfer or assignment of shares held by our Promoters as follows:-

- (i) The moratorium applies to the entire shareholdings held by our Promoters for a period of six (6) months from the date of admission to the ACE Market of Bursa Securities ("6-Month Moratorium");
- (ii) Upon the expiry of the 6-Month Moratorium, our Promoters shall hold under moratorium at least 45% of the nominal issued and paid-up ordinary share capital of our Company for another period of six (6) months; and
- (iii) Thereafter, our Promoters may sell, transfer or assign up to a maximum of 1/3 per annum (on a straight-line basis) of the Shares held under moratorium.

Details of the shareholders of Oversea whose shares are subjected to the moratorium are as follows:-

Promoters	After the Offer for Sale and during the 6-Month Moratorium		After 6-Month Moratorium	
	No. of Shares	%	No. of Shares	%
Yu Soo Chye @ Yee Soo Chye	82,644,270	33.7	53,749,270	21.9
Lee Lim & Sons Sdn Bhd	50,898,358	20.8	33,102,713	13.5
Lee Pek Yoke	20,355,593	8.3	13,238,646	5.4
Khong Yik Kam	9,752,438	4.0	6,342,683	2.6
Lee Seng Fan	5,868,496	2.4	3,816,688	1.6
Total	169,519,155	69.2	110,250,000	45.0

The moratorium, which has been fully accepted by the aforesaid shareholders, is specifically endorsed on the share certificates representing the shareholdings of the aforesaid shareholders to ensure that our registrars do not register any transfer not in compliance with the moratorium restrictions. In compliance with the restrictions, Bursa Depository will, on our registrars' instructions in the prescribed forms, ensure that trading of these Shares are not permitted during the moratorium period.

The endorsement affixed on the share certificates is as follows:-

"The shares comprised herein are not capable of being sold, transferred or assigned for a period determined by the Bursa Securities ("Moratorium Period"). Accordingly, the shares comprised herein will not constitute good delivery pursuant to the Rules of the Bursa Securities during the Moratorium Period. No share certificate or certificates will be issued to replace this certificate during the Moratorium Period unless the same shall be endorsed with this restriction".

In addition, Lee Seng Fan, Lee Seng Pun, Lee Chuen Yew, Lee Choon Keong, Lee Yew Chong, Lee Pek Ling and Lee Pek Chan, being the shareholders of Lee Lim & Sons Sdn Bhd have given their respective undertakings that they will comply with the moratorium conditions as set out in paragraph 3.19(1) of the ACE Market Listing Requirements.

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST**10.1 Material existing and proposed related party transactions and conflict of interest**

Save as disclosed below and the acquisition of Haewaytian Cake House, Haewaytian Food Industries, Haewaytian Restaurant, Haewaytian Trading, Oversea BBSP, Oversea Confectioneries, Oversea Dian Xin, Oversea Holdings, Oversea Jaya 1, Oversea P.J, Oversea Subang Parade, Tenshou Trading and Tsim Tung, for the past four (4) FYE 2006 to 2009, there are no other material existing and/ or proposed related party transactions entered into by our Group which involved the interest, direct or indirect, of our Directors and substantial shareholders and/ or persons connected to them as defined under the ACE Market Listing Requirements:-

Transacting Parties	Nature of relationship	Nature of transaction	Transaction value for				
			2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	Forecast for FYE 2010 ¹ RM'000
Great Idea	Yu Soo Chye @ Yee Soo Chye, Lee Pek Yoke and Lee Seng Pun (as the beneficiary of Lee Lim's estate) are directors and shareholders of Great Idea.	Rental paid by Oversea Imbi to Great Idea for restaurant usage, store and office purposes.	532	532	532	532	532
Cergas Damai	Yu Soo Chye @ Yee Soo Chye, Lee Pek Yoke and Lee Seng Pun (as beneficiary of Lee Lim's estate) are directors and shareholders of Cergas Damai.	Rental received by Haewaytian Cake House for use of office space. Rental paid by Oversea Imbi to Cergas Damai for parking space.	1	1	1	1	1
Maximum Bonus	Yu Soo Chye @ Yee Soo Chye, Lee Pek Yoke and Lee Seng Pun (as beneficiary of Lee Lim's estate) are directors and shareholders of Maximum Bonus.	Rental received by Haewaytian Cake House for use of office space. Rental paid by Oversea BBSP to Maximum Bonus for restaurant usage, store and office purposes. Selling of three properties in Bandar Baru Sri Petaling to Maximum Bonus by Oversea Imbi.	1	1	1	1	1
			30	71	120	120	120
			-	-	-	-	198
			-	-	-	3,300	-

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

Transacting Parties	Nature of relationship	Nature of transaction	Transaction value for					Forecast for FYE 2010 ¹ RM'000
			2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	2009 RM'000	
Jun Ye Food Industries (Hong Kong) Pte Limited ²	Yu Soo Chye, Lee Pek Yoke, Khong Yik Kam, Lee Seng Fan, Yap Teck Beng and Kwan Sia Hock are directors of Jun Ye Food Industries (Hong Kong) Pte Limited.	Advances to Jun Ye Food Industries (Hong Kong) Pte Limited by Oversea PJ for operating expenses.	-	316	503	-	-	-
Restoran Oversea (Cheras) Sdn Bhd ³	Yu Soo Chye @ Yee Soo Chye, Lee Pek Yoke and Lee Seng Pun (as beneficiary of Lee Lim's estate) are directors of Restoran Oversea (Cheras) Sdn Bhd.	Rental received by Haewaytian Cake House for use of office space.	6	6	6	6	6	3
		Sales of raw material such as dried seafood by Haewaytian Trading to Restoran Oversea (Cheras) Sdn Bhd.	336	426	276	138	69	
Yu Soo Chye @ Yee Soo Chye, Lee Pek Yoke and Lee Lim & Sons Sdn Bhd	Director and/ or shareholders of Oversea.	Sales of Perfect Contour Sdn Bhd, a subsidiary of Oversea Imbi.	-	-	-	186	-	-
Yu Soo Chye @ Yee Soo Chye, Lee Pek Yoke and Lee Lim & Sons Sdn Bhd	Director and/ or shareholders of Oversea.	Sales of Excellent Contour Sdn Bhd, a subsidiary of Oversea Imbi.	-	-	-	254	-	-
Yu Soo Chye @ Yee Soo Chye, Lee Pek Yoke and Lee Lim & Sons Sdn Bhd	Director and/ or shareholders of Oversea.	Sales of Maximum Bonus, a subsidiary of Oversea Imbi.	-	-	-	152	-	-
Rung Juang Realty Sdn Bhd	Khong Yik Kam, a director and shareholder of Rung Juang Realty Sdn Bhd.	Rental paid by Oversea BBSP for restaurant usage.	20	20	60	80	80	80
Yu Soo Chye @ Yee Soo Chye	Director and/ or shareholders of Oversea	Rental paid by Oversea Dian Xin for restaurant usage.	100	100	100	100	100	100

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

Transacting Parties	Nature of relationship	Nature of transaction	Transaction value for					Forecast for FYE 2010 ² RM'000
			2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	2009 RM'000	
Restoran Garden Holdings Sdn Bhd ¹	Lee Pek Yoke and Lee Seng Fan, directors and shareholders of Restoran Wonderful Garden Holdings Sdn Bhd.	Reassignment of debts of RM350,000 due to Oversea Imbi by Restoran Wonderful Garden Holdings Sdn Bhd to Lee Lim's estate.	-	-	350	-	-	-
Guangzhou Noble Foods Industry Co., Ltd.	52.9% owned subsidiary of Jun Ye Food Industries (Hong Kong) Pte Limited.	Purchase of moon cake by Tenshou Trading.	-	-	60	-	-	-
TOTAL			1,026	1,473	2,009	4,870	1,104	

Notes:-

¹ These transactions are estimates and provisional in nature and as such are subject to change.

² On 5 June 2009, Yu Soo Chye @ Yee Soo Chye, Lee Pak Yoke, Khong Yik Kam and Lee Seng Fan has entered into a sale and purchase agreement with Cheong Man Kee to dispose off their equity interest in Jun Ye Food Industries (Hong Kong) Pte Limited.

³ The Directors intend to shut down Restoran Oversea (Cheras) Sdn Bhd in 2010.

⁴ Restoran Wonderful Garden Holdings Sdn Bhd would have been dissolved on 30 December 2009 as a notice to strike off the name from the register had been issued to the company on 30 September 2009. The notice states that at the expiration of (3) three months from the date of the said notice, the name of the company will, unless cause is shown to the contrary, be struck off the register and the said company will be dissolved.

⁵ Guangzhou Noble Foods Industry Co., Ltd is a 52.9% owned subsidiary of Jun Ye Food Industries (Hong Kong) Pte Limited.

Our Directors are of the opinion that all the above transactions are conducted in the ordinary course of business, carried out on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to our minority shareholders.

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

Pursuant to paragraph 10.09 of the ACE Market Listing Requirements, a listed issuer may seek its shareholders' mandate in respect of related party transactions involving recurrent transactions of a revenue or trading in nature which are necessary for its day to day operations subject to, inter-alia, the following:-

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under sub-Rule (1) of paragraph 10.09 of the ACE Market Listing Requirements;
- (iii) the circular to our shareholders for the shareholders' mandate shall include the information as may be prescribed by Bursa Securities;
- (iv) in a meeting to obtain shareholders' mandate, the interested Director, interested major shareholder or interested person connected with a Director or major shareholder; and where it involves the interest of an interested person connected with a Director or major shareholder, such Director or major shareholder, must not vote on the resolution approving the transactions. An interested Director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions; and
- (v) to immediately announce to Bursa Securities when the actual value of our recurrent related party transaction entered into exceeds the estimated value of the recurrent related party transaction disclosed in the circular by 10.0% or more and must include the information as may be prescribed by Bursa Securities in our announcement.

Due to the time-sensitive nature of commercial transactions, the shareholders mandate will enable us, in our normal course of business, to enter into the categories of related party transactions, provided such related party transactions are made at arm's length and on normal commercial terms.

Transactions that do not fall within the ambit of the shareholders' mandate shall be subject to the relevant provisions of the ACE Market Listing Requirements.

The Audit Committee will supervise the terms of the related party transactions and our Directors will make the appropriate disclosures, if any, in the annual report of our Company of the aggregate value of the transactions based on the nature of the transactions made, names of the related parties involved in each type of transaction and their relationship with our Group.

10.2 Transactions that are unusual in their nature or condition

Our Directors have confirmed that to the best of their knowledge and belief, there are no transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which we or our subsidiaries was a party in respect of the past four (4) FYE 2006 to 2009.

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)**10.3 Outstanding loans**

Save as disclosed below, our Directors have confirmed that to the best of their knowledge and belief, there are no outstanding loans (including guarantees of any kind) made by us or by our parent or our subsidiaries to/ for the benefit of related parties for the past four (4) FYE 2006 to 2009.

Nature of transaction	Related party	Relationship	<-----Balance as at ----->			
			<-----FYE----->			
			2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000
Balance due from related party ¹¹	Great Idea	Director related company	1,358	908	908	1
	Cergas Damai	Director related company	1,024	1,002	1,002	-
	Restoran Sun Wong (Jaya 1) Sdn Bhd	Director related company	387	406	398	-
	Restoran Sun Wong (Jaya One P.J) Sdn Bhd	Director related company	-	-	344	36
	Restoran Oversea (Cheras) Sdn Bhd	Director related company	111	180	103	48
	Excellent Contour Sdn Bhd	Director related company	851	-	-	-
	Perfect Contour Sdn Bhd	Director related company	832	-	375	-
	Maximum Bonus	Director related company	546	-	(75)	-
	Jun Ye Food Industries (Hong Kong) Pte Limited	Director related company	-	406	818	-
	Restoran Wonderful Garden Holdings Sdn Bhd	Director related company	371	371	-	-
	Yu Soo Chye @ Yee Soo Chye	Director and/ or shareholder of Oversea	623	365	673	-
	Lee Pek Yoke	Director and/ or shareholder of Oversea	486	527	608	-
	Lee Lim & Sons Sdn Bhd (formerly Lee Lim's estate)	Shareholder of Oversea	2,385	1,393	830	-
	Khong Yik Kam	Director and/ or shareholder of Oversea	98	96	296	-
Kwan Sia Hock	Shareholder of Oversea	-	-	121	-	

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

Nature of transaction	Related party	Relationship	-----Balance as at-----			
			-----FY-----			
			2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000
	Lee Seng Fan	Director and/ or shareholders of Oversea	77	109	292	-
Balance due to related party	Restoran Sun Wong Sdn Bhd	Director related company	244	142	137	-
	Restoran Sun Wong (Jaya 1) Sdn Bhd	Director related company	7	-	-	-
	Restoran Sun Wong (Jaya One PJ) Sdn Bhd	Director related company	-	-	(21)	22
	Restoran Oversea (Cheras) Sdn Bhd	Director related company	803	803	509	52
	Yu Soo Chye @ Yee Soo Chye	Director and/ or shareholder of Oversea	1,215	458	1,761	4
	Lee Pek Yoke	Director and/ or shareholder of Oversea	77	22	10	2
	Lee Lim & Sons Sdn Bhd (formerly Lee Lim's estate)	Shareholder of Oversea	-	1	1	4
	Khong Yik Kam	Director and/ or shareholders of Oversea	214	181	181	2
	Kwan Sia Hock	Shareholder of Oversea	-	79	-	-
	Lee Seng Fan	Director and/ or shareholder of Oversea	287	177	177	-
	Yu Tack Tein	Shareholder of Oversea	44	16	16	-
	Yu Suat Yin	Shareholder of Oversea	16	16	16	-
	Yu Tack Yuen	Shareholder of Oversea	16	16	16	-

Note:-

* As at 24 February 2010, all balances due from related parties were subsequently settled.

These loans are short term in nature and are unsecured, interest free and repayable on demand. Any future related party transaction will be at arm's length basis and on commercial terms which are not more favorable to the related parties and which will not be detrimental to our minority shareholders.

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)**10.4 Interests in a similar trade and interest in business of our customers or suppliers**

Save as disclosed below, none of our Directors or substantial shareholders has any interest, direct or indirect, in any business or corporation carrying on a similar trade as our Group, or any business or corporations which are also our customers or suppliers to our Group.

Director/ Substantial shareholder	Company	Principal business activities	Held as at LPD		Mitigating factor
			Direct	Indirect	
			No. of shares	No. of shares	
Yu Soo Chye @ Yee Restoran Oversea Soo Chye	Restoran Oversea (Cheras) Sdn Bhd	Restaurateurs	40,100	40.0	Restoran Oversea (Cheras) Sdn Bhd is a competitor and customer of the Group.
Lee Pek Yoke			20,100	20.0	Yu Soo Chye @ Yee Soo Chye and Lee Pek Yoke have confirmed and our Board is of similar opinion that, their directorship and substantial shareholding will not give rise to any conflict of interest with our Group as they devote almost all of their time and effort to their executive functions in our Group. In addition, the Directors intend to shut down the operation of the outlet in 2010.
Yu Soo Chye @ Yee Restoran Sun Wong Soo Chye	Restoran Sun Wong Sdn Bhd	Investment holding	450,001	33.3	Restoran Sun Wong Sdn Bhd is a competitor of the Group.
Lee Pek Yoke			150,000	11.1	Yu Soo Chye @ Yee Soo Chye, Lee Pek Yoke and Khong Yik Kam have confirmed and our Board is of similar opinion that, their directorship and substantial shareholding will not give rise to any conflict of interest with our Group as Restoran Sun Wong Sdn Bhd is currently dormant due to the cessation of its subsidiaries, namely Restoran Sun Wong (Jaya 1) Sdn Bhd and Restoran Sun Wong (Jaya One P.J) Sdn Bhd on 5 March 2007 and 30 October 2009 respectively and the disposal of Tsim Tung to Oversea on 5 November 2009.
Khong Yik Kam			150,001	11.1	

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

Director/ Substantial shareholder	Company	Principal business activities	Held as at LPD		No. of shares	%	Mitigating factor
			Direct	Indirect			
Yu Soo Chye @ Yee Restoran Sun Wong (Jaya 1) Sdn Bhd Soo Chye	Restaurateurs	Restaurateurs	1	-	99,998	99.9	Restoran Sun Wong (Jaya 1) Sdn Bhd is a competitor of the Group.
Lee Pek Yoke			-	-	99,998	99.9	Yu Soo Chye @ Yee Soo Chye, Lee Pek Yoke and Khong Yik Kam have confirmed and our Board is of similar opinion that, their directorship and substantial shareholding will not give rise to any conflict of interest with our Group as the outlet has ceased operations since 5 March 2007.
Khong Yik Kam			1	-	99,998	99.9	
Yu Soo Chye @ Yee Restoran Sun Wong (Jaya One P.J) Sdn Bhd Soo Chye	Restaurateurs	Restaurateurs	1	-	249,998	99.9	Restoran Sun Wong (Jaya One P.J) Sdn Bhd is a competitor of the Group.
Lee Pek Yoke			1	-	249,998	99.9	Yu Soo Chye @ Yee Soo Chye, Lee Pek Yoke and Khong Yik Kam have confirmed and our Board is of similar opinion that, their directorship and substantial shareholding will not give rise to any conflict of interest with our Group as the outlet has ceased operations since 30 October 2009.
Khong Yik Kam			-	-	249,999	99.9	

Note:-

. Negligible.

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

10.5 Declaration by Advisers

OSK confirms that, as at the date of this Prospectus, there is no existing potential conflict of interest in its capacity as the Adviser, Sponsor, Underwriter and Placement Agent for the IPO.

Messrs Crowe Horwath (*formerly known as Horwath*) has given its written confirmation that there is no existing or potential conflict of interest in its capacity as Auditors and Reporting Accountants for the IPO.

Messrs Cheang & Ariff has given its written confirmation that there is no existing or potential conflict of interest in its capacity as the Solicitors for the IPO.

Vital Factor Consulting Sdn Bhd has given its written confirmation that there is no existing or potential conflict of interest in its capacity as the Independent Business and Market Research Consultants for the IPO.

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11. FINANCIAL INFORMATION**11.1 Historical financial information****(i) Proforma combined income statements**

The following table sets forth a summary of our proforma combined income statements 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 income statements 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.

	←-----Audited-----→			
	FYE 2006	FYE 2007	FYE 2008	FYE 2009
	RM'000	RM'000	RM'000	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
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

11. FINANCIAL INFORMATION (Cont'd)

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 Haewaytian 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.

11.2 Management's discussion and analysis of financial conditions, results of operations and prospects

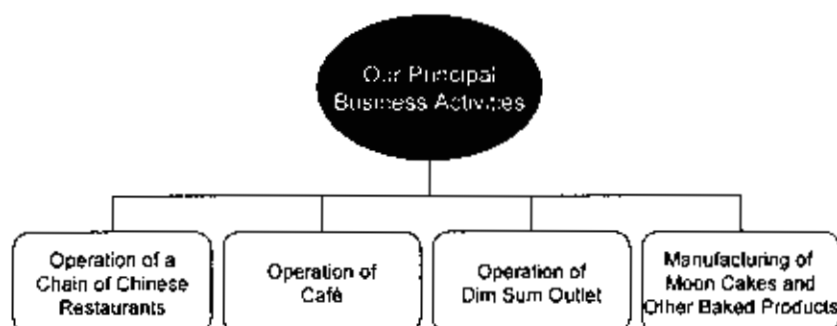
The following management's discussion and analysis of our financial conditions and results of operations should be read in conjunction with the proforma combined financial statements and the accompanying notes for the past four (4) FYE 2006 to 2009 ("Period Under Review") included in Section 11.1 and Section 12 of this Prospectus.

This discussion and analysis contains forward-looking statements that involve risks and uncertainties and reflect our current views with respect to future events and financial performance. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those stated on the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the "Risk Factors" section as set out in Section 4 of this Prospectus.

Overview

We are principally engaged in the restaurant business focusing on Cantonese cuisine. Over the years we have diversified into manufacturing of baked products, primarily moon cakes, which are sold locally as well as overseas and distributing of confectionery and other food products in Malaysia. Our restaurants and baked products are mainly marketed under our own brands, namely "Restoran Oversea" (海外天), Haewaytian and Tsim Tung.

Our core business activities are illustrated below:-



We commenced our restaurant business in 1977 and currently operate seven (7) Oversea restaurants and two (2) themed restaurants (a café and a "dim sum" outlet) in Malaysia. We further diversified into manufacturing activities, which include moon cake and other baked products. We produce and offer approximately forty five (45) varieties of moon cakes.

The following information has been prepared for illustrative purposes to reflect what our financial position would have been throughout the years under review. The figures presented is after the elimination of inter-company and inter-segmental transactions to reflect the net sales, net cost of sales and net gross profit margin for the Group to third parties.

11. FINANCIAL INFORMATION (Cont'd)**(a) Revenue**

For the Period Under Review, our revenue is derived from the following:-

- (i) the sale of food items at our restaurants in Malaysia operating under various brands;
- (ii) the sale of baked products such as moon cakes, egg-rolls and cookies; and
- (iii) the distribution of food products which are used in our operations.

The analysis of our revenue for the Period Under Review is as follows:-

	FYE 2006		FYE 2007		FYE 2008		FYE 2009	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Restaurants								
<i>Chinese Dining</i>								
- Oversea Imbi	15,470	26.3%	16,871	28.0%	17,833	28.4%	16,819	25.8%
- Oversea PJ	11,062	18.8%	11,721	19.4%	10,775	17.2%	9,050	13.9%
- Others ¹	18,368	31.3%	19,288	32.0%	21,586	34.4%	25,241	38.8%
<i>Café</i>								
- Tsim Tung	2,635	4.5%	2,528	4.2%	2,650	4.2%	2,335	3.6%
<i>"Dim Sum"</i>								
- Oversea Dian Xin	1,120	1.9%	1,100	1.8%	1,163	1.8%	1,206	1.9%
	48,655	82.8%	51,508	85.4%	54,007	86.0%	54,651	84.0%
Manufacturing²	9,776	16.6%	8,382	13.9%	8,444	13.5%	10,244	15.7%
Others³	337	0.6%	426	0.7%	314	0.5%	158	0.3%
Total	58,768	100.0%	60,316	100.0%	62,765	100.0%	65,053	100.0%

Notes:-

¹ Revenue from Oversea Subang Parade, Oversea Jaya 1, Haewaytian Restaurant and Oversea BBSP, which contributed less than thirteen percent (13%) each of the total revenue during the Period Under Review.

² Companies involved in manufacturing activities/ sale of moon cakes and confectioneries are Haewaytian Food Industries, Haewaytian Cake House and Oversea Confectioneries.

³ Companies involved in trading are Haewaytian Trading and Tenshou Trading. Haewaytian Trading sells foodstuff such as shellfish, shark's fin meat, dried seafood and other consumables and imported kitchen equipment whilst Tenshou Trading sold Konnyaku, bitter gourd tea and moon cakes which were discontinued in 2006, 2003 and 2009 respectively.

Our Group's revenue increased from RM58.8 million in 2006 to RM65.1 million in 2009. Sales from our restaurant businesses are the main contributor to our Group's revenue, representing 82.8% and above of our Group's revenue over the Period Under Review. The remaining revenue is generated from the sale of moon cakes and other baked products as well as others.

Restaurants

We operate seven (7) Chinese restaurants, one (1) café and one (1) "dim sum" outlet in Malaysia. The revenue contribution from these restaurants had increased from 82.8% in the FYE 2006 to 84.0% in the FYE 2009. The revenue contribution from restaurant had decreased slightly in FYE 2009 as compared to FYE 2008.

11. FINANCIAL INFORMATION (Cont'd)

Amongst the seven (7) restaurants, Oversea Imbi and Oversea PJ contributed to the highest revenue throughout the Period Under Review. Oversea Imbi's and Oversea PJ's revenue contribution has decreased from 26.3% and 18.8% in the FYE 2006 to 25.8% and 13.9% in the FYE 2009 respectively of the Group's total revenue.

The increase in revenue from the FYE 2006 to FYE 2009 is mainly due to the following factors:-

- (i) improved efficiencies in the operations of the Group's restaurants due to ongoing staff training programme;
- (ii) strategic relocation of Oversea Jaya 1 from Amcorp Mall, Petaling Jaya to Jaya One, Petaling Jaya in 2008. Oversea Jaya 1 commenced operations in the new location in January 2008. The improved location and accessibility in Jaya One enabled Oversea Jaya 1 to host more wedding banquets; and
- (iii) increased in seating capacity for Oversea BBSP including major improvements to the interior decoration which enabled Oversea BBSP to host more wedding banquets in excess of sixty (60) tables. The upgrading works at Oversea BBSP was only completed in September 2008.

The slight decrease in the revenue contribution from Oversea Imbi and Oversea PJ for the FYE 2009 as compared to FYE 2008 was mitigated by the opening of the new Oversea restaurant in Ipoh in August 2009, which increased the seating capacity from fifty (50) tables to a combined total of one hundred and sixty four (164) tables for the two (2) outlets in Ipoh.

Manufacturing

Our production of moon cake commences approximately three (3) months prior to the Mid Autumn Festival. As such, our manufacturing of moon cakes normally operates from July to September annually. The main thrust of the manufacturing segment is in the sales of moon cakes, which drives the selling and production activities. Our first few batches of moon cakes are for our overseas markets, which requires more time for transportation. Most of our products are sold in Malaysia, with less than 2.5% of the total revenue attributable to export sales.

The total revenue from manufacturing had increased from RM9.8 million in FYE 2006 to RM10.2 million in FYE 2009, whilst the revenue contribution had decreased slightly from 18.6% in FYE 2006 to 15.7% in FYE 2009.

In 2006, our result represented a slight decrease from 2005 as we had a fire incident at our factory in July 2006. This had resulted in significant production downtime. We resumed full operational status on 2 October 2006. In spite of this setback, 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 FYE 2008.

For the FYE 2007, our Group recorded a decline in revenue of RM1.4 million or 14.3%. This was mainly due to lower demand as a result of increase in the average selling price of moon cakes. The prices of moon cakes have increased during the year, corresponding to the increase in raw material prices such as egg yolk, palm olein, peanut oil and sugar and flour, which are the main materials used in the manufacture of moon cake. In response, we have taken steps to tighten our credit controls, which include obtaining a letter of guarantee from all new customers account and stricter monitoring to ensure compliance with the credit limit extended to customers. We have also reduced the number of distributors for our products from eighteen (18) distributors in 2006 to fifteen (15) distributors in 2009.

11. FINANCIAL INFORMATION (Cont'd)

We have maintained our revenue in 2008, with an increase in export sales to the newly penetrated Indonesian market. In 2009, we further expanded our market penetration to include Netherlands.

Others

Our revenue for this segment is principally generated from sales of high value stocks and imported kitchen equipment to other restaurant operators. Foodstuff such as shellfish, shark's fin, dried seafood, meat and other consumables are purchased in bulk to obtain better discounts. The revenue contribution from this category had decreased slightly from 0.6% in FYE 2006 to 0.3% in FYE 2009.

Our revenue from the restaurant, manufacturing and other businesses may be affected by, *inter alia*, the following factors:-

- (i) the number of food establishments we operate and our ability to successfully execute our expansion plans (including securing strategic locations for our restaurants);
- (ii) our ability to compete successfully with our competitors in terms of food varieties, pricing, quality and services as well as brand image;
- (iii) changes in consumer tastes and preferences which may result in a switch in consumers' patronage of our restaurants to other cuisines;
- (iv) negative publicity (whether genuine or otherwise) concerning quality and hygiene of food served at our restaurants or other operational issues relating to our restaurants;
- (v) changes in economic conditions and inflation in Malaysia, which may affect the sentiments of consumers and their discretionary spending; and
- (vi) outbreak of diseases in livestock, food scares, illnesses or other health concerns relating to the food products we serve at our restaurants.

(b) Cost of sales

The analysis of our cost of sales for the Period Under Review is as follows:-

	FYE 2006		FYE 2007		FYE 2008		FYE 2009	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Restaurants								
<i>Chinese Dining</i>	19,796	69.2%	21,806	74.6%	22,561	76.4%	22,009	75.5%
<i>Café</i>	947	3.3%	908	3.1%	1,019	3.4%	876	3.0%
<i>"Dim Sum"</i>	408	1.5%	395	1.4%	375	1.3%	420	1.4%
	<u>21,151</u>	<u>74.0%</u>	<u>23,109</u>	<u>79.1%</u>	<u>23,955</u>	<u>81.1%</u>	<u>23,305</u>	<u>79.9%</u>
Manufacturing								
Raw materials	4,597	16.1%	3,526	12.1%	3,578	12.1%	4,763	16.3%
Direct labour	1,234	4.3%	983	3.4%	952	3.2%	482	1.7%
Manufacturing overheads	1,281	4.5%	1,168	4.0%	755	2.6%	508	1.7%
	<u>7,112</u>	<u>24.9%</u>	<u>5,677</u>	<u>19.5%</u>	<u>5,285</u>	<u>17.9%</u>	<u>5,753</u>	<u>19.7%</u>
Others	326	1.1%	415	1.4%	302	1.0%	113	0.4%
Total	<u>28,589</u>	<u>100.0%</u>	<u>29,201</u>	<u>100.0%</u>	<u>29,542</u>	<u>100.0%</u>	<u>29,171</u>	<u>100.0%</u>

11. FINANCIAL INFORMATION (Cont'd)

Restaurant

Our cost of sales comprise mainly the costs of beverages and food ingredients required for the preparation of the food items sold at our restaurants, such as soup base, noodles, vegetables, meats and sauces. The food ingredients are obtained from a number of suppliers located in Malaysia and are typically purchased in bulk.

Our cost of sales accounted for approximately 43.5%, 44.9%, 44.4% and 42.6% of our total restaurant's revenue for the respective Period Under Review.

We did not experience any significant fluctuation in the prices of raw materials during the financial years and periods under review.

Manufacturing

Our costs of sales comprise mainly raw materials, direct labour and manufacturing overheads.

Raw material costs include costs of materials used for our moon cake and egg rolls such as flour, sugar, oil, lotus seed and egg yolk.

The cost of materials for our products is affected by the fluctuation in prices of raw materials, which in turn depends on the supply and demand factors. However, we are of the opinion that we are able to adjust the selling price of the products and pass any price increase to end-consumers.

During the FYE 2007 and FYE 2008, there was a sharp increase in the prices of the main raw materials for locally sourced products. In addition, imported raw materials such as lotus seed and peanut cooking oil also experienced sharp increases in price. The increase in raw material prices was driven by shortages of supply as well as the flow-on impact from the increase in global crude oil prices. Our Group was able to pass on the increase in raw material prices to end-consumers without affecting profit margins as the price of the seasonal products such as moon cake is governed by "The Selangor And Federal Territory Restaurant Keepers' Association", of which we are also a member.

Manufacturing overheads include mainly utility charges, depreciation of factory, plant and machinery, consumables and supplies and other factory related costs. Due to the relatively fixed nature of manufacturing overheads (mainly as a result of depreciation charges), the growth in our manufacturing overheads during the Period Under Review is less-than-proportionate when compared to the growth of our revenue during the same period.

Our cost of sales for the manufacturing segment represented approximately 72.7%, 67.7%, 62.6% and 56.2% of our total manufacturing revenue for the respective Period Under Review.

Others

The costs of high value stocks are dependent on supply and demand factors. When the supply for high value stocks is low, prices generally move up. As such the Company will purchase more when pricing is favourable for specific stocks.

11. FINANCIAL INFORMATION (Cont'd)

Our cost of sales for the restaurant, manufacturing and other businesses are affected by, *inter alia*, the following factors:-

- (i) our ability to obtain favourable pricing from our suppliers and availability of food sources;
- (ii) fluctuations in the prices of raw materials which are affected by, *inter alia*, market demand and supply conditions and governmental regulations;
- (iii) economies of scale achieved from inhouse use and sales to third parties of raw materials, which enable us to obtain volume discounts on raw material procurements; and
- (iv) possible labour shortages and rising labour costs.

During the Period Under Review, we have not faced any material fluctuation in raw material prices, save for the price of some raw materials used in our manufacturing segment in 2007 and 2008. In addition, we have not faced any labour shortages during the Period Under Review.

(c) Gross profit margin

The analysis of our gross profit contribution and gross profit margins from our Group for the Period Under Review are as follows:-

Gross profit contribution

	FYE 2006		FYE 2007		FYE 2008		FYE 2009	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<u>Restaurants</u>								
<i>Chinese Dining</i>	25,104	83.2%	26,074	83.8%	27,633	83.2%	29,101	81.1%
<i>Café</i>	1,688	5.6%	1,620	5.2%	1,631	4.9%	1,459	4.1%
<i>"Dim Sum"</i>	712	2.4%	705	2.3%	788	2.4%	786	2.2%
	27,504	91.2%	28,399	91.3%	30,052	90.5%	31,346	87.4%
<u>Manufacturing</u>	2,664	8.8%	2,705	8.7%	3,159	9.5%	4,491	12.5%
<u>Others</u>	11	[*]	11	[*]	12	[*]	45	0.1%
Total	30,179	100.0%	31,115	100.0%	33,223	100.0%	35,882	100.0%

Note:-

^{*} Negligible (less than 0.1%).

Gross profit margin

	FYE 2006	FYE 2007	FYE 2008	FYE 2009
	%	%	%	%
<u>Restaurants</u>				
<i>Chinese Dining</i>	55.9%	54.5%	55.1%	56.9%
<i>Café</i>	64.1%	64.1%	61.6%	62.5%
<i>"Dim Sum"</i>	63.6%	64.1%	67.8%	65.2%
<u>Manufacturing</u>	27.3%	32.3%	37.4%	43.8%
<u>Others</u>	3.3%	2.6%	3.8%	28.5%
Overall	51.4%	51.6%	52.9%	55.2%

11. FINANCIAL INFORMATION (Cont'd)**Restaurant**

Our gross profit margin varies for the restaurants operating under the different sub-segments, as the menus offered are different. The food items served at these restaurants are priced differently to target different consumer segments. We have maintained our gross profit margin between 54.5% to 67.8% over the Period Under Review.

Manufacturing

Our gross profit margin for the manufacturing segment is affected by changes in each of our product segment's gross profit margin and its respective revenue contribution. The gross profit margin for each of our product segment may vary widely. As a result, our gross profit margin is affected by the sales mix. We have increased our gross profit margin from 27.3% to 43.8% over the Period Under Review due to the following factors:-

- (i) more stringent trade customer selection; and
- (ii) a general increase in the average selling price of the moon cakes. Our Group has approximately forty five (45) varieties of moon cake and the benchmark product used as the indicator of the movement in selling price is shown below:-

FYE	2005	2006	2007	2008	2009
Lotus Paste with Single Yolk (RM per piece)	9.8	9.8	10.5	11.5	11.7

Others

Our gross profit was primarily generated through sales to companies related to certain Directors in the restaurant segment. We have maintained our gross profit margin between 2.6% to 3.8% from FYE 2006 to FYE 2008. The significant increase in gross profit margin in FYE 2009 was mainly due to a write-back to reflect the receipt of sample moon cake from a third party which was previously recorded as purchases. As there has been a delay in delivery of the sample moon cake, the entire amount payable for the sample moon cake were subsequently waived by the third party. Should the write-back be excluded, the gross profit margin would have been 2.7%.

Our total gross profit margin improved from 51.4% for the FYE 2006 to 55.2% for the FYE 2009 mainly due to better cost control measures.

(d) Other income

	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
Service charge	4,333	4,583	4,818	4,613
Insurance claims	17	-	1,595	85
Interest income	154	178	154	113
Gain on disposal of property, plant and equipment	101	39	173	124
Others	123	166	109	126
	<u>4,728</u>	<u>4,966</u>	<u>6,849</u>	<u>5,061</u>

11. FINANCIAL INFORMATION (Cont'd)

Our other income substantially comprised service charge, which is levied at the rate of 10% from gross sales per invoice and is solely derived from most of our restaurants. Service charge has increased from FYE 2006 to 2008 in tandem with the revenue of the restaurant segment. However, there was a decrease in service charge in FYE 2009 albeit an increase in revenue from the restaurant segment. This was due to the decrease in revenue contribution from Oversea Imbi and Oversea PJ from FYE 2008 to 2009. In addition, two (2) of our restaurants, namely Haewaytian Restaurant at Jalan Datoh, Ipoh and Jalan Seenivasagam, Ipoh, do not levy any service charge on its customers, in consistence with the industry norm in Ipoh and to maintain our competitiveness.

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 incident in 2006 at Haewaytian Cake House.

Interest income comprises mainly interest from deposit in bank. Others comprise mainly forfeiture of deposits from our restaurants' customers.

(e) Selling and distribution expenses

	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
Labour and related expenses ¹	14,233	14,542	15,010	16,050
Rental	3,084	3,332	3,613	3,928
Utilities	1,399	1,601	1,836	2,125
Depreciation	2,281	2,169	2,358	2,299
Other expenses ²	3,988	3,684	3,447	3,260
Total	24,985	25,328	26,264	27,662

Notes:-

¹ Labour and related expenses comprise mainly salaries, casual wages, staff incentive, bonus, Employees Provident Fund, Social Security Organisation and etc.

² Other expenses comprise mainly advertisement and promotion, credit card charges and various expenses related to selling and distribution.

Our selling and distribution expenses represented approximately 42.5%, 42.0%, 41.8% and 42.5% of our total revenue for the respective Period Under Review.

Our selling and distribution expenses as a proportion of our total operating expenses remained relatively constant over the Period Under Review.

(f) PBT margin

	FYE 2006 %	FYE 2007 %	FYE 2008 %	FYE 2009 %
Restaurants	9.8%	9.9%	10.3%	9.0%
Manufacturing	(6.1%)	2.4%	26.5%	17.7%
Others	-	-	-	-
Overall	6.7%	8.9%	12.6%	10.5%

Note:-

¹ The PBT margin for this segment is insignificant.

11. FINANCIAL INFORMATION (Cont'd)

The PBT margin increased steadily from 6.7% in the FYE 2006 to 10.5% in the FYE 2009 mainly due to improvements in gross profit margins of our restaurant business during the same period. Also included in PBT for the FYE 2008 is the insurance claim received for the fire incident in 2006 amounting to RM1.6 million. In addition, expenses incurred pursuant to our Listing amounting to approximately RM742,000 was included in the PBT for the FYE 2009, which was recognised in accordance with FRSIC Consensus 13. Please refer to **Section 11.2(c)** of this Prospectus for further analysis on the gross profit margins of the different segments.

Our manufacturing segment's PBT has turnaround from -6.1% to 2.4% in FYE 2007. The loss in 2006 was mainly due to:-

- (i) provision of doubtful debts amounting to RM0.3 million on trade receivables; and
- (ii) impairment loss on an investment in Singapore totalling RM0.4 million.

(g) Taxation

All tax expenses represent tax charges provided in respect of assessable profits derived from our operations in Malaysia. As a result, our operations were taxed in accordance with the prevailing tax regulations in Malaysia. Our tax expenses comprise current tax payable and deferred tax.

Our effective tax rates, being tax expenses as a percentage of our PBT for the Period Under Review are as follows:-

	FYE 2006	FYE 2007	FYE 2008	FYE 2009
	%	%	%	%
Effective tax rate	39.6%	30.7%	24.4%	24.5%
Malaysian statutory tax rate	28.0%	27.0%	26.0%	25.0%

During the Period Under Review, certain companies within the Group with issued and paid-up share capital not exceeding RM2.50 million enjoyed a lower tax rate of 20.0% for chargeable income up to RM500,000 and any chargeable income in excess of RM500,000 will be taxed at the applicable statutory tax rates. The effective tax rate for the FYE 2006 and FYE 2007 was higher than the statutory tax rate principally due to certain expenses being disallowed for taxation purposes, after offsetting the savings arising from the rate of 20.0% from certain companies within the Group. The effective tax rate of 24.4% and 24.5% for the FYE 2008 and FYE 2009 respectively was slightly lower than the statutory tax rate principally due to savings from tax rate of 20.0% from certain companies within the Group, after offsetting certain expenses not allowable for taxation purposes.

(h) Impact of foreign exchange/ interest rates/ commodity prices

We have business transactions in foreign currencies in the normal course of our business, which includes purchases of raw materials and supplies and the export of our products. Our foreign receipts and expenses, to some extent serve as a natural hedge and reduce our cost of carrying currency conversion. The following table sets out the import and exports in foreign currencies:-

	FYE 2008	FYE 2009
	RM'000	RM'000
Imports/ purchases	424	776
Exports/ revenue	218	506

11. FINANCIAL INFORMATION (Cont'd)

As is the industry norm, any price increase in raw materials is passed on to customers. For the Period Under Review, our historical financial performance was not materially affected by foreign exchange, interest rate and commodity prices.

(i) **Inflation**

For the Period Under Review, our historical financial performance was not materially affected by inflation.

(j) **Government/ economic/ fiscal/ monetary policies**

There is no government, economic, fiscal or monetary policies or factors that have materially impacted our historical financial performance for the Period Under Review.

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11. FINANCIAL INFORMATION (Cont'd)**11.3 Reporting Accountants' letter on the proforma combined financial information**

Crowe Horwath AF 1018
Chartered Accountants
Member Crowe Horwath International

Kuala Lumpur Office
Level 16 Tower C, Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur, Malaysia
+6 03 2166 0000 Main
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www.crowehorwath.com.my
info@crowehorwath.com.my

24 February 2010

The Board of Directors
Oversea Enterprise Berhad
(Formerly known as Restoran Oversea Corporation Sdn Bhd)
Lot 13, Jalan Utarid U5/16, Seksyen U5
Kawasan Perindustrian "Mah Sing Integrated"
40150 Shah Alam, Selangor Darul Ehsan

Dear Sirs

OVERSEA ENTERPRISE BERHAD ("Oversea" or "the Company")
(Formerly known as Restoran Oversea Corporation Sdn Bhd)
PROFORMA COMBINED FINANCIAL INFORMATION

We have reviewed the proforma combined financial information of Oversea Enterprise Berhad (formerly known as Restoran Oversea Corporation Sdn Bhd) and its subsidiaries ("Oversea Group" or "the Group") from the financial years ended 31 December 2006 to 2009, together with the accompanying notes thereto, for which the Directors are solely responsible, as set out in the accompanying statements (initialled by us for the purpose of identification only) prepared for illustrative purposes solely for the inclusion in the Prospectus of Oversea to be dated 15 March 2010.

It is our responsibility to form an opinion on the proforma combined financial information as required by the Prospectus Guidelines issued by the Securities Commission and to report our opinion to you.

Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the financial information with the audited financial statements, considering the evidence supporting the adjustments, and discussing the proforma combined financial information with the Directors of the Group.

As the proforma combined financial information has been prepared for illustrative purposes only, such information may not, because of its nature, reflect the actual financial position, results and cash flows of the Group. Furthermore, such information does not purport to predict the future financial position, results and cash flows of the Group.

In our opinion,

- (a) the proforma combined financial information has been properly prepared on the bases set out in the accompanying notes to the proforma combined financial information and such bases are consistent with the accounting policies of Oversea Group unless otherwise stated;
- (b) the financial statements used in the preparation of the proforma combined financial information were prepared in accordance with Financial Reporting Standards in Malaysia; and
- (c) each material adjustment made to the information used in the preparation of the proforma combined financial information is appropriate for the purposes of preparing such proforma combined financial information.

Offices in Malaysia:

Johor Bahru • Klang • Kota Kinabalu • Kuala Lumpur • Kuching • Labuan • Melaka • Muar • Penang

11. FINANCIAL INFORMATION (Cont'd)



We understand that this letter will be used solely for the purpose stated above. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully

A handwritten signature in black ink, appearing to read "Crowe Horwath".

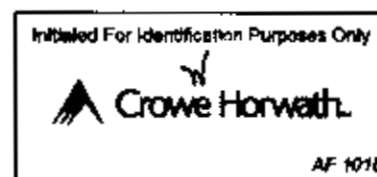
Crowe Horwath
Firm No : AF 1018
Chartered Accountants

A handwritten signature in black ink, appearing to read "Lee Kok Wai".

Lee Kok Wai
Approval No : 2760/06/10(J)
Partner

Offices in Malaysia:

Johor Bahru • Klang • Kota Kinabalu • Kuala Lumpur • Kuching • Labuan • Melaka • Muar • Penang

11. FINANCIAL INFORMATION (Cont'd)

OVERSEA ENTERPRISE BERHAD
 (Formerly known as Restoran Oversea Corporation Sdn Bhd)

PROFORMA COMBINED FINANCIAL INFORMATION**1. PROFORMA GROUP AND BASIS OF PREPARATION****1.1 Proforma Group**

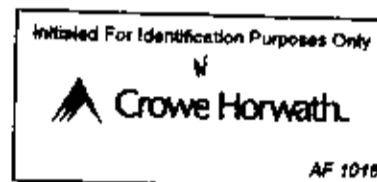
The proforma combined financial information of Oversea Enterprise Berhad (formerly known as Restoran Oversea Corporation Sdn Bhd) ("Oversea") and its subsidiaries ("Oversea Group" or "the Group"), comprising the financial information of the following companies, are presented for the purpose of illustration only:-

- (a) Oversea
- (b) Restoran Oversea (Imbi) Sdn Bhd ("Oversea Imbi")
- (c) Restoran Oversea (P.J.) Sdn Bhd ("Oversea PJ")
- (d) Restoran Oversea (Subang Parade) Sdn Bhd ("Oversea Subang Parade")
- (e) Restoran Oversea (Bandar Baru Sri Petaling) Sdn Bhd ("Oversea BBSP")
- (f) Restoran Oversea Dian Xin (Sri Petaling) Sdn Bhd ("Oversea Dian Xin")
- (g) Restoran Oversea (Jaya 1) Sdn Bhd ("Oversea Jaya 1")
- (h) Haewaytian Restaurant Sdn Bhd ("Haewaytian Restaurant")
- (i) Restoran Tsim Tung Sdn Bhd ("Tsim Tung")
- (j) Haewaytian Cake House Sdn Bhd ("Haewaytian Cake House")
- (k) Haewaytian Food Industries Sdn Bhd ("Haewaytian Food Industries")
- (l) Restoran Oversea Confectioneries Sdn Bhd ("Oversea Confectioneries")
- (m) Tenshou Trading Sdn Bhd ("Tenshou Trading")
- (n) Haewaytian Trading Sdn Bhd ("Haewaytian Trading")
- (o) Restoran Oversea Holdings Sdn Bhd ("Oversea Holdings")

The relevant financial period of the Oversea Group for the purpose of this report ("Relevant Financial Period") covers financial years ended ("FYE") from 31 December 2006 to 2009.

The proforma combined financial information of Oversea Group is prepared on the assumption that Oversea Group had been in existence throughout the FYE 2006 to 2009. The proforma combined financial information comprises the following:-

- Section 2 - Proforma Combined Income Statements for the Relevant Financial Period;
- Section 3 - Proforma Combined Balance Sheets as at 31 December 2009; and
- Section 4 - Proforma Combined Cash Flow Statements for the FYE 31 December 2009.

11. FINANCIAL INFORMATION (Cont'd)

OVERSEA ENTERPRISE BERHAD
 (Formerly known as Restoran Oversea Corporation Sdn Bhd)

PROFORMA COMBINED FINANCIAL INFORMATION (CONT'D)**1.2 Basis of Preparation**

The proforma combined financial information is prepared using the audited financial statements of Oversea Group for the Relevant Financial Period.

The proforma combined financial information has been prepared in accordance with Financial Reporting Standards ("FRS") in Malaysia consistent with those previously adopted in the preparation of the audited financial statements of Oversea Group for the FYE 2009, and after incorporating adjustments that are appropriate for the preparation of the proforma combined financial information.

The proforma combined balance sheets together with the accompanying notes thereto, have been prepared solely for illustrative purposes, to show the effects of the following scheme had the scheme been implemented and completed on 31 December 2009:-

Listing Scheme**(i) Public Issue**

The public issue of 56,900,000 Issue Shares, representing approximately 23.2% of the enlarged issued and paid-up share capital, is offered at an issue price of RM0.23 per share to the following:-

(a) Malaysian Public

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

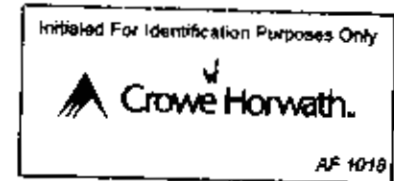
(b) Placement

35,400,000 Issue Shares, representing 14.4% of the 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 the enlarged issued and paid-up share capital, will be reserved for eligible Directors, employees and persons who have contributed to the success of Oversea Group.

11. FINANCIAL INFORMATION (Cont'd)



OVERSEA ENTERPRISE BERHAD
(Formerly known as Restoran Oversea Corporation Sdn Bhd)

PROFORMA COMBINED FINANCIAL INFORMATION (CONT'D)

1.2 Basis of Preparation (Cont'd)

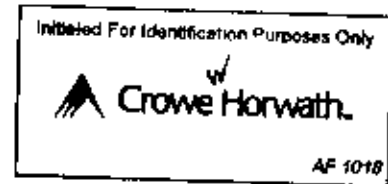
(ii) **Offer for Sale**

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

(The Public Issue and Offer For Sale are collectively referred to as the "IPO")

(iii) **Listing**

Upon the completion of the IPO, the Company shall list its entire enlarged issued and paid-up share capital on the ACE Market of Bursa Malaysia Securities Berhad.

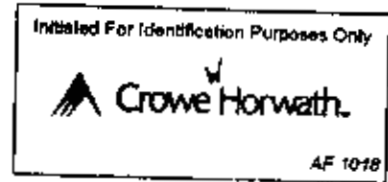
11. FINANCIAL INFORMATION (Cont'd)

OVERSEA ENTERPRISE BERHAD
(Formerly known as Restoran Oversea Corporation Sdn Bhd)

PROFORMA COMBINED FINANCIAL INFORMATION (CONT'D)**2. PROFORMA COMBINED INCOME STATEMENTS OF OVERSEA GROUP**

The Proforma Combined Income Statements of Oversea Group have been combined based on the assumption that the Group has operated as a single economic entity throughout the financial years ended 31 December ("FYE") 2006, 2007, 2008 and 2009.

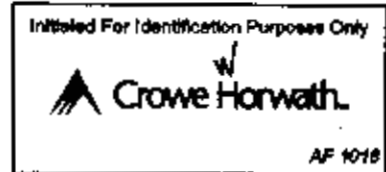
	FYE 2006 RM'000	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
Revenue	58,768	60,316	62,765	65,053
Cost of sales	(28,589)	(29,201)	(29,542)	(29,171)
Gross profit ("GP")	30,179	31,115	33,223	35,882
Other income	4,728	4,966	6,849	5,061
	34,907	36,081	40,072	40,943
Selling and distribution expenses	(24,985)	(25,328)	(26,264)	(27,662)
Administrative expenses	(5,727)	(5,183)	(5,766)	(6,085)
Profit from operations	4,195	5,570	8,042	7,196
Finance costs	(258)	(191)	(136)	(373)
	3,937	5,379	7,906	6,823
Amortisation	-	44	40	46
Depreciation	3,734	3,432	3,137	2,820
Interest expense	258	190	130	373
Interest income	(154)	(178)	(154)	(113)
Earnings before interest, depreciation, amortisation and taxation	7,775	8,867	11,059	9,949
Amortisation	-	(44)	(40)	(46)
Depreciation	(3,734)	(3,432)	(3,137)	(2,820)
Interest expense	(258)	(190)	(130)	(373)
Interest income	154	178	154	113
Profit before taxation ("PBT")	3,937	5,379	7,906	6,823
Income tax expense	(1,559)	(1,653)	(1,933)	(1,671)
Profit after taxation ("PAT")	2,378	3,726	5,973	5,152

11. FINANCIAL INFORMATION (Cont'd)

OVERSEA ENTERPRISE BERHAD
 (Formerly known as Restoran Oversea Corporation Sdn Bhd)

PROFORMA COMBINED FINANCIAL INFORMATION (CONT'D)**2. PROFORMA COMBINED INCOME STATEMENTS OF OVERSEA GROUP (CONT'D)**

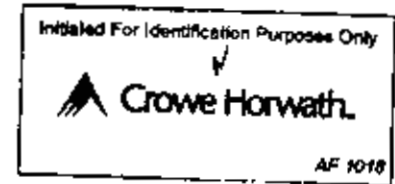
	FYE 2006	FYE 2007	FYE 2008	FYE 2009
<i>GP margin (%)</i>	51.4	51.6	52.9	55.2
<i>PBT margin (%)</i>	6.7	8.9	12.6	10.5
<i>PAT margin (%)</i>	4.0	6.2	9.5	7.9
<i>Effective tax rate (%)</i>	39.6	30.7	24.4	24.5
<i>Interest coverage (times)</i>	16.3	29.3	61.8	19.3
<i>Weighted average number of ordinary shares ('000)</i>	2,259	2,286	2,311	2,311
<i>Gross earnings per share ("EPS") (RM)</i>	1.7	2.4	3.4	3.0
<i>Net EPS (RM)</i>	1.1	1.6	2.6	2.2

11. FINANCIAL INFORMATION (Cont'd)

OVERSEA ENTERPRISE BERHAD
 (Formerly known as Restoran Oversea Corporation Sdn Bhd)

PROFORMA COMBINED FINANCIAL INFORMATION (CONT'D)**3. PROFORMA COMBINED BALANCE SHEETS OF OVERSEA GROUP AS AT 31 DECEMBER 2009**

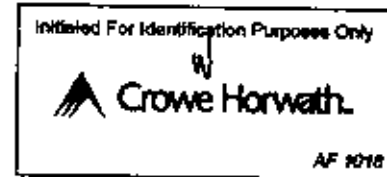
	NOTE	Audited Oversea Group RM'000	Proforma I Public Issue And Utilisation of Proceeds RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3.2	26,889	32,919
Investment properties	3.3	7,723	7,723
Prepaid land lease payments	3.4	2,746	2,746
Other investments	3.5	653	653
Intangible assets	3.6	83	83
Long-term receivables	3.7	32	32
		38,106	44,158
CURRENT ASSETS			
Inventories	3.8	5,165	5,165
Trade receivables	3.9	3,439	3,439
Other receivables, deposits and prepayments		2,313	2,313
Tax refundable		1,290	1,290
Fixed deposits with licensed banks	3.10	3,302	3,302
Cash and bank balances	3.11	5,946	9,915
		21,455	25,424
TOTAL ASSETS		59,561	69,580

11. FINANCIAL INFORMATION (Cont'd)

OVERSEA ENTERPRISE BERHAD
(Formerly known as Restoran Oversea Corporation Sdn Bhd)

PROFORMA COMBINED FINANCIAL INFORMATION (CONT'D)**3. PROFORMA COMBINED BALANCE SHEETS OF OVERSEA GROUP AS AT 31 DECEMBER 2009 (CONT'D)**

	NOTE	Audited Oversea Group RM'000	Proforma I Public Issue And Utilisation of Proceeds RM'000
EQUITY AND LIABILITIES			
EQUITY			
Share capital	3.12	37,620	49,000
Share premium	3.13	-	1,092
Retained profits	3.14	1,910	1,540
TOTAL EQUITY		39,530	51,632
NON-CURRENT LIABILITIES			
Hire purchase payables	3.15	195	195
Term loans	3.16	7,114	5,114
Deferred tax liabilities	3.17	687	687
		7,996	5,996
CURRENT LIABILITIES			
Trade payables	3.18	6,107	6,107
Other payables and accruals		4,342	4,259
Amount owing to directors	3.19	8	8
Hire purchase payables	3.15	115	115
Term loans	3.16	601	601
Bank overdrafts	3.20	854	854
Provision for taxation		8	8
		12,035	11,952
TOTAL LIABILITIES		20,031	17,948
TOTAL EQUITY AND LIABILITIES		59,561	69,580

11. FINANCIAL INFORMATION (Cont'd)

OVERSEA ENTERPRISE BERHAD
 (Formerly known as Restoran Oversea Corporation Sdn Bhd)

PROFORMA COMBINED FINANCIAL INFORMATION (CONT'D)**3. PROFORMA COMBINED BALANCE SHEETS OF OVERSEA GROUP AS AT 31 DECEMBER 2009 (CONT'D)**

	Audited Oversea Group	Proforma I Public Issue And Utilisation of Proceeds
<i>Number of ordinary shares of RM0.20 each in issue ('000)</i>	188,100	245,000
<i>Net assets ("NA") (RM'000)</i>	39,530	51,632
<i>NA per ordinary share (RM)</i>	0.2	0.2

3.1 Proforma I

The proceeds from the Public Issue will be utilised as follows:-

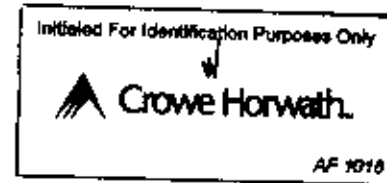
	RM'000
Capital expenditure and business expansion plans	6,050
Working capital	3,310
Repayment of borrowings	2,000
Estimated listing expenses ^	1,727
Total	13,087

Note:-

- ^ - Net of estimated listing expenses which are to be borne by the Offerors of approximately RM73,000.

11. FINANCIAL INFORMATION (Cont'd)**OVERSEA ENTERPRISE BERHAD**
(Formerly known as Restoran Oversea Corporation Sdn Bhd)**PROFORMA COMBINED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA COMBINED BALANCE SHEETS OF OVERSEA GROUP AS AT 31 DECEMBER 2009 (CONT'D)****3.2 Property, Plant and Equipment**

	Freehold Land RM'000	Freehold Buildings RM'000	Long Leasehold Buildings RM'000	Plant and Machinery RM'000	Motor Vehicles RM'000	Renovation, Furniture and Fittings RM'000	Equipment and Electrical Installations RM'000	Total RM'000
At 31.12.2009								
At cost	2,619	6,967	5,351	7,175	2,433	16,724	11,226	52,495
Accumulated depreciation	-	(49)	(66)	(6,768)	(1,770)	(9,714)	(7,259)	(25,626)
Net book value as per Audited Oversea Group Utilisation from IPO's proceeds	2,619	6,918	5,285	407	663	7,010	3,967	26,869
As per proforma I	2,619	6,918	5,285	907	663	10,895	5,632	32,919

11. FINANCIAL INFORMATION (Cont'd)

OVERSEA ENTERPRISE BERHAD
 (Formerly known as Restoran Oversea Corporation Sdn Bhd)

PROFORMA COMBINED FINANCIAL INFORMATION (CONT'D)**3. PROFORMA COMBINED BALANCE SHEETS OF OVERSEA GROUP AS AT 31 DECEMBER 2009 (CONT'D)****3.2 Property, Plant and Equipment (Cont'd)**

The net book value of the property, plant and equipment which have been pledged to licensed banks as security for banking facilities granted to the Group are as follows:-

	RM'000
Freehold land and building	8,821
Long leasehold buildings	4,745
	13,566

Included in the property, plant and equipment are motor vehicles acquired under hire purchase terms with a total net book value of RM568,000.

3.3 Investment Properties

	RM'000
At fair value:-	
Freehold land and buildings	7,550
Long leasehold land and buildings	173
	7,723
As per Audited Oversea Group/Proforma I	

Included in the investment properties are freehold land and buildings amounting to approximately RM5,950,000 which have been pledged to licensed banks for banking facilities granted to the Group.

11. FINANCIAL INFORMATION (Cont'd)

OVERSEA ENTERPRISE BERHAD
(Formerly known as Restoran Oversea Corporation Sdn Bhd)

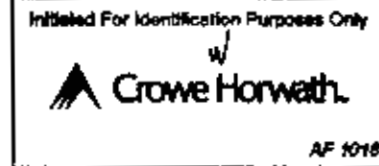
PROFORMA COMBINED FINANCIAL INFORMATION (CONT'D)**3. PROFORMA COMBINED BALANCE SHEETS OF OVERSEA GROUP AS AT 31 DECEMBER 2009 (CONT'D)****3.4 Prepaid Land Lease Prepayments**

	RM'000
Cost	2,854
Accumulated amortisation	(108)
	<hr/>
As per Audited Oversea Group/Proforma I	2,746
	<hr/>

Included in the carrying amount of the prepaid land lease payments is an amount of approximately RM2,085,000 pledged to licensed banks for banking facilities granted to the Group.

3.5 Other Investments

	RM'000
At cost:-	
Quoted shares in Malaysia, net of impairment loss	545
Golf club membership	108
	<hr/>
As per Audited Oversea Group/Proforma I	653
	<hr/>
Market value of quoted shares in Malaysia	504
	<hr/>

11. FINANCIAL INFORMATION (Cont'd)

OVERSEA ENTERPRISE BERHAD
 (Formerly known as Restoran Oversea Corporation Sdn Bhd)

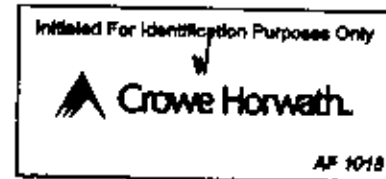
PROFORMA COMBINED FINANCIAL INFORMATION (CONT'D)**3. PROFORMA COMBINED BALANCE SHEETS OF OVERSEA GROUP AS AT 31 DECEMBER 2009 (CONT'D)****3.6 Intangible Asset**

	RM'000
Trademark, at cost:-	104
Amortisation of intangible asset	(21)
As per Audited Oversea Group/Proforma I	<u>83</u>

3.7 Long-term Receivables

	RM'000
Staff loans	<u>32</u>
The staff loans are repayable as follows:-	
Current:	
- repayable within one year	19
Non-current:	
- repayable within one and five years	<u>32</u>
As per Audited Oversea Group/Proforma I	<u>51</u>

The staff loans are unsecured, interest-free and repayable within 7 years. The staff loans are to be settled in cash.

11. FINANCIAL INFORMATION (Cont'd)

OVERSEA ENTERPRISE BERHAD
 (Formerly known as Restoran Oversea Corporation Sdn Bhd)

PROFORMA COMBINED FINANCIAL INFORMATION (CONT'D)**3. PROFORMA COMBINED BALANCE SHEETS OF OVERSEA GROUP AS AT 31 DECEMBER 2009 (CONT'D)****3.8 Inventories**

	RM'000
At costs:-	
Food	3,994
Beverages	167
Raw materials	913
Packaging materials	57
Finished goods	34
	5,165
As per Audited Oversea Group/Proforma I	5,165

None of the inventories is carried at net realisable value.

3.9 Trade Receivables

	RM'000
Trade receivables	4,244
Allowance for doubtful debts	(805)
	3,439
As per Audited Oversea Group/Proforma I	3,439

Included in the trade receivables is an amount of approximately RM82,000 owing by companies in which certain directors of the Group have substantial financial interests. The amount owing is interest-free and repayable on demand. This amount has been fully settled as at 24 February 2010.

The Group's normal trade credit terms range from 7 to 30 days. Other credit terms are assessed and approved on a case-by-case basis.

11. FINANCIAL INFORMATION (Cont'd)

OVERSEA ENTERPRISE BERHAD
 (Formerly known as Restoran Oversea Corporation Sdn Bhd)

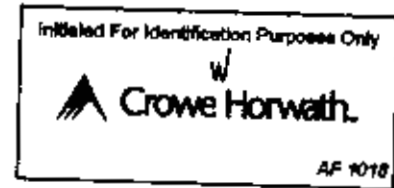
PROFORMA COMBINED FINANCIAL INFORMATION (CONT'D)**3. PROFORMA COMBINED BALANCE SHEETS OF OVERSEA GROUP AS AT 31 DECEMBER 2009 (CONT'D)****3.10 Fixed Deposits With Licensed Banks**

The fixed deposits with licensed banks bore effective interest rates ranging from 2.50% to 3.70% per annum at the balance sheet date. The fixed deposits have maturity periods ranging from 1 to 24 months.

Included in the fixed deposits with licensed banks at the balance sheet are deposits of approximately RM439,000 pledged to licensed banks as security for banking facilities granted to the Group.

3.11 Cash And Bank Balances

	RM'000
As per Audited Oversea Group	5,946
Proceeds from the Public Issue	13,087
Utilisation of IPO proceeds:	
- capital expenditure and business expansion	(6,050)
- repayment of borrowings	(2,000)
- remaining estimated listing expenses #	(1,068)
As per Proforma I	<u>9,915</u>
Note:-	
# - Estimated listing expenses	1,727
Paid in the FYE 2009	(659)
Balance to be paid	<u>1,068</u>

11. FINANCIAL INFORMATION (Cont'd)

OVERSEA ENTERPRISE BERHAD
 (Formerly known as Restoran Oversea Corporation Sdn Bhd)

PROFORMA COMBINED FINANCIAL INFORMATION (CONT'D)**3. PROFORMA COMBINED BALANCE SHEETS OF OVERSEA GROUP AS AT 31 DECEMBER 2009 (CONT'D)****3.12 Share Capital**

The movements in the issued and paid-up share capital of Oversea are as follows:-

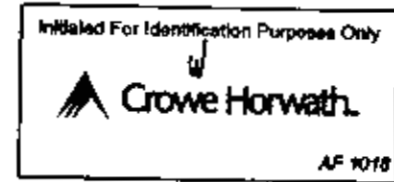
	Par Value Per Share RM	Number of Ordinary Shares ('000)	Share Capital RM'000
As per Audited Oversea Group	0.20	188,100	37,620
Public Issue	0.20	56,900	11,380
As per Proforma I	0.20	245,000	49,000

3.13 Share Premium

The movements of the share premium account are as follows:-

	RM'000
As per Audited Oversea Group	-
Public Issue	1,707
Estimated listing expenses set-off against share premium	(615)
As per Proforma I	1,092

The share premium is not distributable by way of cash dividends and may be utilised only in the manner set out in Section 60(3) of the Companies Act 1965.

11. FINANCIAL INFORMATION (Cont'd)

OVERSEA ENTERPRISE BERHAD
 (Formerly known as Restoran Oversea Corporation Sdn Bhd)

PROFORMA COMBINED FINANCIAL INFORMATION (CONT'D)**3. PROFORMA COMBINED BALANCE SHEETS OF OVERSEA GROUP AS AT 31 DECEMBER 2009 (CONT'D)****3.14 Retained Profits**

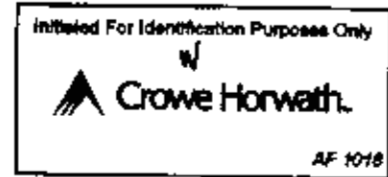
	RM'000
As per Audited Oversea Group #	1,910
The remaining estimated listing expenses	(370)
	<hr/>
As per Proforma I	1,540
	<hr/>

Note:-

- the listing expenses of approximately RM742,000 has been expensed off during the FYE 2009.

3.15 Hire Purchase Payables

	RM'000
Minimum hire purchase payments:	
- not later than one year	130
- later than one year and not later than five years	205
	<hr/>
	335
Less: Future finance charges	(25)
	<hr/>
Present value of hire purchase payables	310
	<hr/>

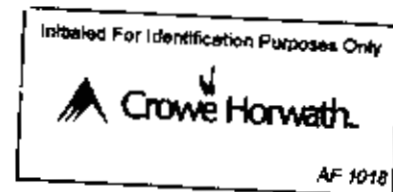
11. FINANCIAL INFORMATION (Cont'd)**PROFORMA COMBINED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA COMBINED BALANCE SHEETS OF OVERSEA GROUP AS AT 31 DECEMBER 2009 (CONT'D)****3.15 Hire Purchase Payables (Cont'd)**

	RM'000
The net hire purchase payables are repayable as follows:-	
Current:	
- not later than one year	115
Non-current:	
- later than one year and not later than five years	195
As per Audited Oversea Group/Proforma I	310

The hire purchase payables bore effective interest rates ranging from 5.27% - 7.21% per annum at the balance sheet date.

3.16 Term Loans

	RM'000
Current:	
- repayable within one year	601
Non-current:	
- repayable within one to two years	604
- repayable within two to five years	1,486
- repayable after five years	5,024
	7,114
As per Audited Oversea Group	7,715
Repayment of borrowings from the utilisation of IPO proceeds	(2,000)
As per Proforma I	5,715

11. FINANCIAL INFORMATION (Cont'd)**PROFORMA COMBINED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA COMBINED BALANCE SHEETS OF OVERSEA GROUP AS AT 31 DECEMBER 2009 (CONT'D)****3.16 Term Loans (Cont'd)**

The term loans bore effective interest rates ranging from 6.15% - 7.50% per annum at the balance sheet date.

Details of the repayment terms of the term loans before utilisation of Public Issue proceeds are as follows:-

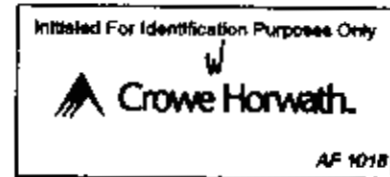
Term Loan	Number of Monthly Instalment	Monthly Instalment RM'000	Date of Commencement of Repayment	RM'000
1	180	11	5 January 2008	1,133
2	180	5	5 January 2008	559
3	180	5	5 January 2008	559
4	180	5	5 January 2008	559
5	120	Note 1	14 December 2002	572
6	180	Note 2	28 January 2008	4,063
7	180	3	5 May 2000	130
8	180	3	5 May 2000	70
9	180	3	5 May 2000	70
As per Audited Oversea Group				7,715

Notes:-**1. Term loan 5 is repayable as follows:-**

- (i) RM15,330 per month from the date of the first drawdown to month 12;
- (ii) RM16,529 per month from month 13 to month 24; and
- (iii) RM17,494 per month from month 25 to month 120.

2. Term loan 6 is repayable as follows:-

- (i) RM28,469 per month from the date of the first drawdown to month 12;
- (ii) RM32,843 from month 13 to month 24;
- (iii) RM36,362 from month 25 to month 120; and
- (iv) RM36,277 from month 121 to month 180.

11. FINANCIAL INFORMATION (Cont'd)

OVERSEA ENTERPRISE BERHAD
 (Formerly known as Restoran Oversea Corporation Sdn Bhd)

PROFORMA COMBINED FINANCIAL INFORMATION (CONT'D)**3. PROFORMA COMBINED BALANCE SHEETS OF OVERSEA GROUP AS AT 31 DECEMBER 2009 (CONT'D)****3.16 Term Loans (Cont'd)**

The term loans at the balance sheet date are secured by:

- (a) a first legal charge over the properties and prepaid land lease payments as disclosed in Sections 3.2 to 3.4;
- (b) the pledge of fixed deposits as disclosed in Section 3.10; and
- (c) a joint and several guarantee of certain directors of the Group.

3.17 Deferred Taxation

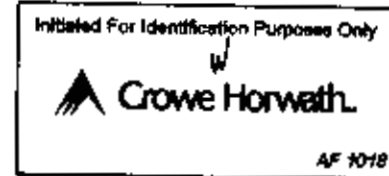
The deferred tax liability/(assets) recognised in the balance sheet are as follows:

	RM'000
Deferred tax liability:-	
Accelerated capital allowance over depreciation	646
Revaluation of properties	198
	<hr/> 844
Deferred tax assets:-	
Allowance for doubtful debts	(48)
Unabsorbed capital allowances	(35)
Unutilised tax losses	(74)
	<hr/> (157)
As per Audited Oversea Group/Proforma I	<hr/> 687 <hr/>

No deferred tax assets are recognised in the balance sheet on the following items:-

	RM'000
Unutilised tax losses	<hr/> 128 <hr/>

11. FINANCIAL INFORMATION (Cont'd)



OVERSEA ENTERPRISE BERHAD
(Formerly known as Restoran Oversea Corporation Sdn Bhd)

PROFORMA COMBINED FINANCIAL INFORMATION (CONT'D)

3. PROFORMA COMBINED BALANCE SHEETS OF OVERSEA GROUP AS AT 31 DECEMBER 2009 (CONT'D)

3.18 Trade Payables

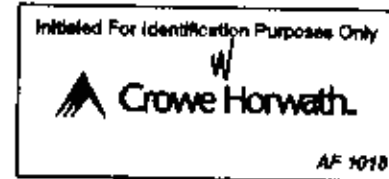
The normal trade credit terms granted to the Group range from 30 to 90 days.

3.19 Amount Owing To Directors

The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

3.20 Bank Overdrafts

The bank overdrafts bore effective interest rates ranging from 5.55% to 6.05% per annum at the balance sheet and are secured in the same manner as the term loans as disclosed in Section 3.16 of this report.

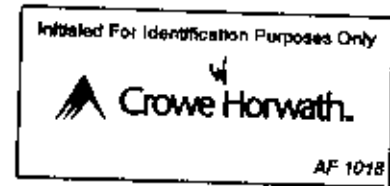
11. FINANCIAL INFORMATION (Cont'd)

OVERSEA ENTERPRISE BERHAD
 (Formerly known as Restoran Oversea Corporation Sdn Bhd)

PROFORMA COMBINED FINANCIAL INFORMATION (CONT'D)**4. PROFORMA COMBINED CASH FLOW STATEMENT OF OVERSEA GROUP FOR THE FYE 31 DECEMBER 2009**

The proforma combined cash flow statement of Oversea Group has been prepared before taking into account the effects of the proceeds from the Public Issue and the utilisation of proceeds.

	NOTE	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation		6,823
Adjustments for:-		
Allowance for doubtful debts		50
Amortisation of intangible assets		12
Amortisation of prepaid land lease payments		34
Bad debts written off		9
Depreciation of property, plant and equipment		2,820
Interest income		(113)
Interest expense		373
Gain on disposal of property, plant and equipment		(124)
Writeback of allowance for doubtful debts		(107)
Operating profit before working capital changes		9,777
Decrease in inventories		144
Decrease in trade and other receivables		4,334
Decrease in trade and other payables		(1,156)
CASH FROM OPERATIONS		13,099
Income tax paid		(2,065)
NET CASH FROM OPERATING ACTIVITIES CARRIED FORWARD		11,034

11. FINANCIAL INFORMATION (Cont'd)

OVERSEA ENTERPRISE BERHAD
 (Formerly known as Restoran Oversea Corporation Sdn Bhd)

PROFORMA COMBINED FINANCIAL INFORMATION (CONT'D)**4. PROFORMA COMBINED CASH FLOW STATEMENT OF OVERSEA GROUP FOR THE FYE 31 DECEMBER 2009 (CONT'D)**

	NOTE	RM'000
NET CASH FROM OPERATING ACTIVITIES BROUGHT FORWARD		11,034
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received		113
Payment for intangible assets		(79)
Proceeds from disposal of property, plant and equipment		3,424
Purchase of investment properties		(80)
Purchase of other investment		(544)
Purchase of property, plant and equipment	4.1	(5,123)
NET CASH FOR INVESTING ACTIVITIES		<u>(2,289)</u>
CASH FLOWS FOR FINANCING ACTIVITIES		
Advances from directors		592
Interest paid		(494)
Dividends paid		(9,453)
Repayment of hire purchase obligations		(115)
Repayment of term loans		(382)
NET CASH FOR FINANCING ACTIVITIES		<u>(9,852)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,107)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		<u>9,501</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	4.2	<u>8,394</u>

11. FINANCIAL INFORMATION (Cont'd)

OVERSEA ENTERPRISE BERHAD
 (Formerly known as Restoran Oversea Corporation Sdn Bhd)

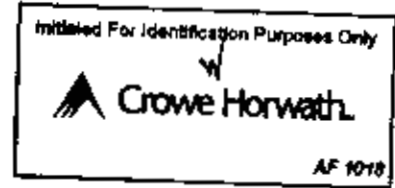
PROFORMA COMBINED FINANCIAL INFORMATION (CONT'D)**4.1 Purchase of Property, Plant and Equipment**

	RM'000
Cost of property, plant and equipment purchased	6,422
Amount financed through:	
- hire purchase	(336)
- term loan	(842)
Term loan interest capitalised	(121)
	<hr/>
Cash disbursed for the purchase of property, plant and equipment	5,123
	<hr/>

4.2 Cash and Cash Equivalents

	RM'000
Fixed deposits with licensed banks	3,302
Cash and bank balances	5,946
Bank overdrafts	(854)
	<hr/>
	8,394
	<hr/>

11. FINANCIAL INFORMATION (Cont'd)



APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors in accordance with a resolution dated 24 February 2010.

On behalf of the Board,

A handwritten signature in black ink, appearing to be 'Yu Soo Chye'.

Yu Soo Chye @ Yee Soo Chye

A handwritten signature in black ink, appearing to be 'Khong Yik Kam'.

Khong Yik Kam

11. FINANCIAL INFORMATION (Cont'd)**11.4 Capitalisation and indebtedness**

The following table summarises our cash and cash equivalents, capitalisation and indebtedness:-

- (i) as at 31 December 2009 based on our audited financial information; and
- (ii) as adjusted for the net proceeds arising from the Issue Shares pursuant to our Public Issue and the utilisation of proceeds as set out in Section 11.3 of this Prospectus.

	Audited as at 31 December 2009 RM'000	After Public Issue and utilisation of proceeds RM'000
Cash and cash equivalents	8,394	12,363
INDEBTEDNESS (Secured and guaranteed)		
Short Term (Due within 12 months)		
Term Loan	601	601
Hire Purchase	115	115
Long Term (Due after 12 months)		
Term Loan	7,114	5,114
Hire Purchase	195	195
Total indebtedness	8,025	6,025
CAPITALISATION		
Total shareholders' equity	39,530	51,632
Total capitalisation	39,530	51,632
Total capitalisation and indebtedness	47,555	57,657

Save as disclosed above, we do not have any borrowings that are unsecured or unguaranteed.

The indirect and contingent liabilities of our Group are as set out in Section 11.10 of this Prospectus.

11.5 Liquidity and capital resources**(i) Working capital**

Our operations are funded through a combination of cash generated from our operating activities and external sources of funds. Our external source of funds is bank borrowings.

With regards to our liquidity and capital resources, we would like to highlight the following financial summary for the FYE 2009:-

- (a) We have current assets of approximately RM21.5 million;
- (b) We generated a net cash flow from operations amounting to approximately RM11.0 million; and
- (c) We have cash and cash equivalents of approximately RM8.4 million and bank borrowings of approximately RM8.0 million.

11. FINANCIAL INFORMATION (Cont'd)

Our Directors believe that we can continue to have cash inflow from operating activities and have adequate sources of bank loans with our credit status. Following the IPO, our Directors expect to finance our future expenditure and planned capital expenditure with the estimated net proceeds from the Public Issue, as more particularly described under **Section 3.8** of this Prospectus.

After taking into consideration the above, our Directors are of the opinion that we will have adequate working capital for a period of twelve (12) months from the date of this Prospectus.

(ii) Cash flow

Our proforma cash flow statement for the FYE 2008 and FYE 2009 based on the proforma combined cash flow statement as disclosed in **Section 11.3** of this Prospectus is set out below:-

	FYE 2008 RM'000	FYE 2009 RM'000
Net cash generated from operating activities	13,074	11,034
Net cash used in investing activities	(6,992)	(2,289)
Net cash used in financing activities	(3,111)	(9,852)
Net increase/ (decrease) in cash and cash equivalents	<u>2,971</u>	<u>(1,107)</u>
Cash and cash equivalents at the beginning of year	6,530	9,501
Cash and cash equivalents at the end of year	<u>9,501</u>	<u>8,394</u>

Our Directors are of the view that there are no legal, financial or economic restrictions on the ability of our subsidiary to transfer funds to our Company in the form of cash dividends and/ or loan or advances.

Cash flow from operating activities

Our group had positive cash flows from operating activities for the FYE 2008 and FYE 2009. For the FYE 2008, our Group generated net cash flow before working capital changes of approximately RM11.3 million which was mainly adjusted by RM0.5 million for increase in inventories, RM2.8 million for decrease in trade and other receivables, RM1.2 million for increase in trade and other payables as well as income tax paid of RM1.7 million, to derive the approximately net cash generated from operating activities of RM13.1 million.

During the FYE 2009, our Group generated net cash flow before working capital changes of approximately RM9.8 million. After adjusting for decrease in inventories of RM0.1 million, decrease in trade and other receivables of RM4.3 million, decrease in trade and other payables of RM1.1 million and income tax paid of RM2.1 million, our net cash generated from operating activities was approximately RM11.0 million.

The higher net cash generated from operating activities for the FYE 2008 as compared to the FYE 2009 was mainly due to the following:-

- (i) we have successfully claimed and received RM1.6 million from our consequences losses insurance; and
- (ii) we had shorter debtors turnover days in the FYE 2008 of 17 days as compared to 19 days in the FYE 2009;

11. FINANCIAL INFORMATION (Cont'd)**Cash flow used in investing activities**

During the FYE 2008, we purchased certain property, plant and equipment amounting to RM7.3 million.

For the FYE 2009, we purchased property, plant and equipment amounting to RM5.1 million and this was offset by the proceeds from disposal of properties amounting to RM3.4 million.

Cash flow used in financing activities

For the FYE 2008, the net cash outflow of RM3.1 million from its financing activities was mainly due to the dividends paid to shareholders amounting to RM2.7 million, repayment of interest, term loans and hire purchase of RM1.0 million offset by advances from directors of RM0.6 million.

For the FYE 2009, the net cash outflow of RM9.9 million from its financing activities was mainly attributable to the dividends paid to shareholders of RM9.5 million and repayment of interest, hire purchase and term loans of RM1.0 million, which is offset by RM0.6 million, being advances from directors.

11.6 Borrowings

Our total outstanding borrowings (which are local borrowings and interest bearing) are as follows:-

	FYE 2008 RM'000	FYE 2009 RM'000
Short term borrowings		
Term Loan		
- Repayable within one (1) year	577	601
Hire Purchase		
- Repayable within one (1) year	66	115
	643	716
Long term borrowings		
Term Loan		
- Repayable between one (1) and two (2) years	614	604
- Repayable between two (2) and five (5) years	1,866	1,486
- Repayable more than five (5) years	4,198	5,024
Hire Purchase		
- Repayable later than one (1) year and not later than five (5) years	23	195
	6,701	7,309
Total borrowings	7,344	8,025
Gearing ratio (times)	0.2	0.2

We have not defaulted on payments of either interest and/ or principal sums in respect of any borrowings throughout the FYE 2008 and FYE 2009 and up to LPD.

As at LPD, our Group do not have and are not using any financial instruments for hedging purposes.

11. FINANCIAL INFORMATION (Cont'd)**11.7 Breach of terms and conditions/ covenants associated with credit arrangement/ bank loan**

To the best of our Directors' knowledge, as at the LPD, we are not in breach of any terms and conditions or covenants associated with credit arrangement or bank loan, which can materially affect our financial results or business operations, or the investments by holders of securities in our Company.

11.8 Material commitment

Save as disclosed below, as at LPD, our Group has not incurred or known to have incurred any material commitment for capital expenditure that may have a material and adverse impact on our financial position:-

	RM'000
Non-cancellable lease commitments	
- Repayable within one (1) year	2,320
- Repayable between one (1) and two (2) years	1,663
- Repayable between two (2) and five (5) years	629
	<u>4,612</u>

The lease commitments are in respect of rental of premises.

The above material commitment would be financed by our internally generated funds.

As at LPD, our total overdraft facilities available is RM4.1 million, out of which only RM0.9 million has been utilised. Coupled with our healthy cashflows from operating activities, our Directors expect that we should have the necessary funds available to fund the abovementioned material commitments.

11.9 Material litigation

As at LPD, we are not engaged in any material litigation or arbitration, either as plaintiff or defendant, which has or might have material effects on our business and financial position, and our Directors do not know of any proceeding pending and threatened, and of any fact likely to give rise to any proceeding which might materially and adversely affect our business and financial position.

11.10 Indirect/ contingent liabilities

As at LPD, our Directors are not aware of any indirect/ contingent liabilities which, upon becoming enforceable might materially and adversely affect our business and financial position.

11.11 Key financial ratios

The table below sets out the key financial ratios of our Company for the Period Under Review:-

	FYE 2006	FYE 2007	FYE 2008	FYE 2009
Trade receivables turnover period (days)	30	22	17	19
Trade payables turnover period (days)	94	76	82	85
Inventory turnover period (days)	56	57	65	67

11. FINANCIAL INFORMATION (Cont'd)**Trade receivables**

The normal credit period given to our trade debtors (manufacturing product) ranged from thirty (30) to ninety (90) days after moon cake season and for restaurant, most of our debtor is from credit card company. Other credit terms are assessed and approved on a case-by-case basis after taking into consideration, *inter alia*, the background and credit-worthiness of the customer, payment history of the customer and our relationship with the customer.

Our trade receivables turnover periods for the Period Under Review are well within the normal credit period given and is consistent with our policy for credit control purposes.

Our trade receivables as at 31 December 2009 are set out below:-

Credit Period	<----Within credit period---->		Exceeding credit period over 90 days	Total
	0-30 days	30-90 days		
Trade receivables (RM'000)	495	1,226	1,718	3,439
% of total trade receivables	14.4%	35.7%	49.9%	100.0%
Collection as at LPD (RM'000)	359	676	1,209	2,244

As at LPD, 65.4% or RM2.2 million of the total trade receivable as at 31 December 2009 has been subsequently collected.

Trade payables

The normal credit terms granted to us by our trade suppliers range from thirty (30) to ninety (90) days. In view of the good relationship with our trade suppliers, we enjoy credit periods that are longer than the stipulated period.

Our trade payables turnover periods for the respective Period Under Review were 94, 76, 82 and 85 days. The trade payables turnover periods are fairly constant and fall within the credit term granted to us by our suppliers.

Our trade payables as at 31 December 2009 are set out below:-

Credit Period	<----Within credit period---->		Exceeding credit period over 90 days	Total
	0-30 days	30-90 days		
Trade payables (RM'000)	2,380	3,451	296	6,107
% of total trade payables	38.6%	56.5%	4.8%	100.0%

As at LPD, 58.9% or RM3.6 million of the total trade payables as at 31 December 2009 has been subsequently paid.

As at LPD, we are not aware of any actions, legal or otherwise, that have been taken against us by the trade suppliers for the recovery of debts due to them or due to any defaults in payment.

Inventory turnover

Our inventories consist of mainly dried seafood such as shark's fin, abalone, sea cucumber, live and frozen seafood such as fish, prawn, lobster and crabs, canned products such as abalone, vegetables and sauces and such. The shelf life of dried seafood is at least ten (10) years if the inventories are kept properly.

11. FINANCIAL INFORMATION (Cont'd)

Our inventory turnover period for the FYE 2008 to 2009 has increased from 56 to 67 days mainly due to higher inventory held by Oversea Imbi in December 2008 and 2009 in anticipation of the increase in sales during the Chinese New Year period. In addition, the revenue in Oversea Subang Parade had decreased from approximately RM6.0 million in FYE 2007 to approximately RM5.0 million in FYE 2009 while its inventory level remained at approximately RM0.6 million over the same period.

We are of the view that there are no material slow-moving or obsolete inventories as at 31 December 2009.

11.12 Trend information

For the Period Under Review up to LPD, our Directors have observed the following trends based on the sales and operations of our Group:-

- (i) After taking into consideration the risk factors relating to our business and industry and our ability to mitigate such risk factors as set out in **Section 4** of this Prospectus, we are of the opinion that our future financial condition will remain favourable and that our revenue growth is expected to improve. This is due to the large market size of the restaurant and café industry in Malaysia, which provides favourable prospects for market share growth. In addition, the restaurant segment is regarded as a necessity service and it is likely that consumer spending on these services will continue, albeit at a lower expenditure level during an economic slowdown. Moving forward, we expect our Group's revenue from the restaurant segment to be sustainable with upward trend primarily supported by the strategic relocation of our business unit including major upgrading works and the addition of another restaurant in Ipoh, which commenced operations in August 2009. The demand for our manufacturing segment for export markets is likely to see higher growth with successful penetration into the European Union countries and the Indonesian market. With our strong commitment to product quality and excellence, financial stability and through our branding activities, we will be in a better position to withstand the impact of a slowdown in Malaysia's economy and/ or global economies as evident from our performance in the Period Under Review.
- (ii) Our Group do not carry significant order book as we typically do not receive long term orders from our customers. We received confirmed orders from our customers which are supported by purchase orders issued to us or deposits received in advance for wedding reservations. Most of our customers' orders are usually fulfilled within three (3) to six (6) months.
- (iii) Our Group's principal source of liquidity is the cash generated from its operations in addition to external sources of cash, primarily credit facilities extended by suppliers and borrowings from financial institutions as well as capital contributed by shareholders. Approximately 19.8% of our total trade receivables for the FYE 2009 were from credit card sales. Trade receivables not collected may result in shortage of working capital for our operations. However, our Board is confident that through our existing credit control and the fact that our liquidity is predominantly cash received as well as credit card receipts, the level of non collectibles would remain low based on the trade receivables turnover. Our Board will also continuously monitor the trade receivables and shall take the necessary corrective measures in order to minimise the risk of bad debts.
- (iv) Our Group's business segment is essentially a service industry which depends to a certain extent on the performance of the overall economy in Malaysia. The current economic conditions will not have a significant impact on our Group's future financial performance given that the outlook of the current Malaysian economy is positive.

11. FINANCIAL INFORMATION (Cont'd)

- (v) Escalating energy costs such as hydrocarbons, which are used to power production processes as well as transportation, will have bearing on the prices of raw materials. We do not expect any fluctuations in prices of raw material to significantly affect our Group's profitability as there is a pass through mechanism for such cost to our customers. In addition, under the restaurant segment, we are in a position to offer to our customers substitute products to encourage reasonable spending should the customers wish to opt for cheaper products. Drastic changes to the supply of raw materials such as poultry and seafood will also cause disruption to the sourcing activities for our restaurant segment. However, based on our established long working relationships with our suppliers, whereby we have dealings exceeding ten (10) years, the Board is of the opinion that there would be constant supplies of raw materials of reasonable prices which, in turn ensure minimal disruptions to our operations.
- (vi) Our Group competes with other restaurant and café industry in addition to the other confectionery manufacturers. The industry is very competitive in the global and local arenas. Inherently, competitive factors would also affect our pricing and profitability. However, the Board is of the opinion that with our continuous emphasis on branding activities and product quality, we are competent to face the challenges ahead.
- (vii) Previously, we enjoyed a favourable taxation rate by being small medium size company where a portion of our Group's income was taxable at a lower rate. However, with the listing exercise, our Group have to incur tax expense based on the prevailing statutory tax rate which may result in the decrease of our net profit margin from its previous level.
- (viii) Generally, there is no seasonality for our chain Chinese restaurants with the exception of banquet operations where the business encounters a slowdown during the months of April, July and August due to the inauspicious Lunar months. Our banquet operations normally peak from October to March. As for the manufacturing of moon cakes, we only operate (3) three months within a year, commonly from July to September, which is prior to the Mid Autumn Festival.

11.13 Dividend forecast and policy

We had, on 31 July 2009, 26 October 2009 and 5 November 2009, declared and paid dividends amounting to RM9.5 million, RM0.6 million and RM1.5 million respectively to our shareholders. The amount declared and paid on 26 October 2009 and 5 November 2009 represents dividend in specie for the disposal of subsidiaries/ associate of Haewaytian Cake House, Oversea Imbi and Oversea PJ.

The declaration of interim dividends and the recommendation of final dividend are subject to the discretion of our Board and any final dividend for the year is subject to our shareholders' approval. It is our intention to pay dividends to shareholders in the future. However, such payments will depend upon a number of factors, including our financial performance, capital expenditure requirements, availability of tax credits, general financial conditions and any other factors considered relevant by our Board.

Actual dividend proposed and declared may vary depending on our financial performance and cashflow and may be waived if the payment of the dividends would adversely affect our cashflow and operations.