

OLDTOWN BERHAD · PROSPECTUS

PROSPECTUS

OLDTOWN WHITE COFFEE

OLDTOWN BERHAD

(Company No. 797771-M)
(Incorporated in Malaysia under the Companies Act, 1965)

INITIAL PUBLIC OFFERING OF 96,394,000 ORDINARY SHARES OF RM1.00 EACH COMPRISING:-

- 63,394,000 NEW ORDINARY SHARES OF RM1.00 EACH AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC, DIRECTORS, ELIGIBLE EMPLOYEES AND BUSINESS ASSOCIATES OF OLDTOWN BERHAD AND ITS SUBSIDIARIES, IDENTIFIED INVESTORS AND FOR THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY APPROVED BUMIPUTERA INSTITUTIONS AND INVESTORS; AND
- OFFER FOR SALE OF 33,000,000 ORDINARY SHARES OF RM1.00 EACH BY WAY OF PRIVATE PLACEMENT TO IDENTIFIED INVESTORS

AT AN ISSUE/OFFER PRICE OF RM1.25 PER ORDINARY SHARE PAYABLE IN FULL ON APPLICATION PURSUANT TO ITS LISTING ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

Principal Adviser and Managing Underwriter

AmInvestment Bank Berhad

(Company No. 23742-V)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

A member of



AmInvestment Bank

Group

Joint Underwriters and Joint Placement Agents

AmInvestment Bank Berhad

(Company No. 23742-V)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

A member of



AmInvestment Bank

Group



CIMB Investment Bank Berhad (18417-M)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

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

THERE ARE CERTAIN RISK FACTORS WHICH PROSPECTIVE INVESTORS SHOULD CONSIDER. TURN TO SECTION 3 OF THIS PROSPECTUS FOR "RISK FACTORS".

THIS PROSPECTUS IS DATED 22 JUNE 2011

RESPONSIBILITY STATEMENTS

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THIS PROSPECTUS HAS NOT BEEN AND WILL NOT BE MADE TO COMPLY WITH THE LAWS OF ANY JURISDICTION OTHER THAN MALAYSIA, AND HAS NOT BEEN AND WILL NOT BE LODGED, REGISTERED OR APPROVED PURSUANT TO OR UNDER ANY APPLICABLE SECURITIES OR EQUIVALENT LEGISLATION OR WITH OR BY ANY REGULATORY AUTHORITY OR OTHER RELEVANT BODY OF ANY JURISDICTION OTHER THAN MALAYSIA.

WE WILL NOT, PRIOR TO ACTING ON ANY ACCEPTANCE IN RESPECT OF THE IPO, MAKE OR BE BOUND TO MAKE ANY ENQUIRY AS TO WHETHER YOU HAVE A REGISTERED ADDRESS IN MALAYSIA AND WILL NOT ACCEPT OR BE DEEMED TO ACCEPT ANY LIABILITY IN RELATION THERETO WHETHER OR NOT ANY ENQUIRY OR INVESTIGATION IS MADE IN CONNECTION THEREWITH.

IT SHALL BE YOUR SOLE RESPONSIBILITY IF YOU ARE OR MAY BE SUBJECT TO THE LAWS OF COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA TO CONSULT YOUR LEGAL AND/OR OTHER PROFESSIONAL ADVISERS AS TO WHETHER THE IPO WOULD RESULT IN THE CONTRAVENTION OF ANY LAWS OF SUCH COUNTRIES OR JURISDICTIONS.

FURTHER, IT SHALL ALSO BE YOUR SOLE RESPONSIBILITY TO ENSURE THAT YOUR APPLICATION FOR THE IPO WOULD BE IN COMPLIANCE WITH THE TERMS OF THE IPO AND WOULD NOT BE IN CONTRAVENTION OF ANY LAWS OF COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA TO WHICH YOU MAY BE SUBJECTED. WE WILL FURTHER ASSUME THAT YOU HAD ACCEPTED THE IPO IN MALAYSIA AND WILL AT ALL APPLICABLE TIMES BE SUBJECTED ONLY TO THE LAWS OF MALAYSIA IN CONNECTION THEREWITH.

HOWEVER, WE RESERVE THE RIGHT, IN OUR ABSOLUTE DISCRETION TO TREAT ANY ACCEPTANCE AS INVALID IF WE BELIEVE THAT SUCH ACCEPTANCE MAY VIOLATE ANY LAW OR APPLICABLE LEGAL OR REGULATORY REQUIREMENTS.

NO ACTION HAS BEEN OR WILL BE TAKEN TO ENSURE THAT THIS PROSPECTUS COMPLIES WITH THE LAWS OF ANY COUNTRIES OR JURISDICTIONS OTHER THAN THE LAWS OF MALAYSIA. IT SHALL BE YOUR SOLE RESPONSIBILITY TO CONSULT YOUR LEGAL AND/OR OTHER PROFESSIONAL ADVISERS ON THE LAWS TO WHICH THE IPO OR YOU ARE OR MIGHT BE SUBJECTED TO. NEITHER WE NOR THE ADVISER NOR ANY OTHER ADVISERS IN RELATION TO THE IPO SHALL ACCEPT ANY RESPONSIBILITY OR LIABILITY IN THE EVENT THAT ANY APPLICATION MADE BY YOU SHALL BECOME ILLEGAL, UNENFORCEABLE, AVOIDABLE OR VOID IN ANY COUNTRY OR JURISDICTION.

LISTING OF AND QUOTATION FOR THE IPO SHARES WILL COMMENCE AFTER, AMONGST OTHERS, RECEIPT OF CONFIRMATION FROM BURSA DEPOSITORY OF THE RECEIPT OF ALLOTMENT INFORMATION FOR THE CREDITING OF THE SHARES, AND RECEIPT OF AN UNDERTAKING THAT ALL NOTICES OF ALLOTMENT WILL BE ISSUED AND DESPATCHED TO ALL SUCCESSFUL APPLICANTS PRIOR TO THE DATE OF LISTING OF AND QUOTATION FOR OUR SHARES.

ACCEPTANCE OF APPLICATION FOR THE OFFER SHARES WILL BE CONDITIONAL UPON PERMISSION BEING GRANTED BY BURSA SECURITIES FOR THE QUOTATION OF THE ENTIRE ENLARGED ISSUED AND FULLY PAID UP SHARE CAPITAL OF OUR COMPANY ON THE MAIN MARKET OF BURSA SECURITIES. ACCORDINGLY, MONIES PAID IN RESPECT OF ANY APPLICATION ACCEPTED FROM THE IPO WILL BE RETURNED WITHOUT INTEREST IF THE AFORESAID PERMISSION IS NOT GRANTED WITHIN SIX (6) WEEKS FROM THE DATE OF ISSUE OF THIS PROSPECTUS (OR SUCH LONGER PERIOD AS MAY BE SPECIFIED BY THE SC) PROVIDED THAT OUR COMPANY IS NOTIFIED BY OR ON BEHALF OF BURSA SECURITIES WITHIN THE AFORESAID TIME FRAME. IF ANY SUCH MONIES ARE NOT REPAYED WITHIN FOURTEEN (14) DAYS AFTER WE BECOME LIABLE TO REPAY IT, THE PROVISION OF SUB-SECTION 243(2) OF THE CMSA SHALL APPLY ACCORDINGLY.

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INDICATIVE TIMETABLE

The indicative timing of events leading up to the listing of and quotation for our entire enlarged share capital on the Main Market of the Bursa Securities is set out below: -

<u>Date</u>	<u>Events</u>
22 June 2011	Tentative Publication of Prospectus/Opening date of the application for the IPO
<u>Tentative Dates</u>	
29 June 2011	Tentative closing date of the application for the IPO
1 July 2011	Tentative date of balloting of application for the IPO Shares
8 July 2011	Tentative date of allotment of the IPO Shares to successful applicants.
13 July 2011	Tentative date of Listing

THIS TIMETABLE IS TENTATIVE AND IS SUBJECT TO CHANGES WHICH MAY BE NECESSARY TO FACILITATE IMPLEMENTATION PROCEDURES

THE APPLICATION PERIOD WILL REMAIN OPEN UNTIL 5.00 PM ON 29 JUNE 2011 OR FOR SUCH FURTHER PERIOD OR PERIODS AS OUR DIRECTORS, PROMOTERS AND/OR THE OFFEROR, TOGETHER WITH THE UNDERWRITERS, IN THEIR ABSOLUTE DISCRETION MAY MUTUALLY DECIDE.

IN THE EVENT THAT THE CLOSING DATE OF THE APPLICATION FOR THE IPO IS EXTENDED, THE DATES FOR THE BALLOTING, ALLOTMENT OF THE IPO SHARES AND THE LISTING OF OUR ENTIRE ISSUED AND PAID UP CAPITAL ON THE MAIN MARKET OF BURSA SECURITIES WILL BE EXTENDED ACCORDINGLY. ANY EXTENSION OF THE ABOVEMENTIONED DATES WILL BE ANNOUNCED BY WAY OF ADVERTISEMENT IN WIDELY CIRCULATED DAILY BAHASA MALAYSIA AND ENGLISH NEWSPAPERS.

DEFINITIONS

In this Prospectus, unless where the context requires otherwise, the following words and abbreviations shall have the following meanings: -

Acquisitions : The Acquisitions of Companies Not Owned by Old Town International and the Acquisitions of Companies Owned by Old Town International, collectively

Acquisitions of Companies Not Owned by Old Town International : The acquisitions of the following companies from their respective vendors, collectively:

Companies	% acquired	No. of shares of RM1.00 each	Purchase consideration (RM'million)	Mode of satisfaction
Emperor's Kitchen	100.0	200,002	16.4	Cash / Shares
Esquire Chef	100.0	1,000	10.8	Cash / Shares
Old Town Kopitiam Butterworth Group	100.0	100,000	14.9	Cash / Shares
Old Town Kopitiam Kuala Lumpur	100.0	100,000	2.1	Cash / Shares
Dynasty Confectionery	100.0	200,000	4.2	Cash / Shares
Old Town Kopitiam Cheras	100.0	160,000	11.9	Shares
Connecczone	80.0	40,000	3.9	Shares

Acquisitions of Companies Owned by Old Town International : The acquisitions of the following companies from Old Town International, collectively, where by the respective purchase considerations were satisfied via the issuance of Shares in Oldtown:

Companies	% acquired	No. of shares of RM1.00 each	Purchase consideration (RM'million)
White Cafe	100.0	1,000,000	62.3
Gongga Food	100.0	300,000	69.8
White Cafe Marketing	100.0	1,700,000	21.2
Kopitiam Asia Pacific Group	100.0	1,250,000	66.2
Oldtown Singapore Group	100.0	SGD100,000	6.7
OTK Eatery	40.0	40,000	1.1

Act : The Companies Act, 1965 or any statutory modification, amendment or re-enactment thereof for the time being in force

ADA : Authorised Depository Agent

ADA Code : ADA (Broker) Code

DEFINITIONS

AmlInvestment Bank	:	AmlInvestment Bank Berhad (23742-V), a member of AmlInvestment Bank Group
Application	:	The application for the IPO Shares by way of Application Forms or by way of Electronic Share Application or Internet Share Application
Application Form(s)	:	The printed Application Form(s) for the application for the IPO Shares
ATM	:	Automated Teller Machine
BLR	:	Base Lending Rate
Board or Directors	:	Board of Directors of Oldtown
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (165570-W), a subsidiary of Bursa Securities
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
CDS	:	Central Depository System
Central Depositories Act	:	The Securities Industry (Central Depositories) Act, 1991 or any statutory modification, amendment or re-enactment thereof for the time being in force
CMSA	:	Capital Markets and Services Act, 2007
Connezone	:	Connezone Sdn Bhd (715090-X)
COO	:	Chief Operating Officer
Deposited Security	:	A security in our Company standing to the credit of a Securities Account of a Depositor subject to the provision of the Central Depositories Act and the Rules
Depositor	:	A holder of a Securities Account
Dynasty Confectionery	:	Dynasty Confectionery Sdn Bhd (779642-P)
Dynasty Kitchen	:	Dynasty Kitchen Sdn Bhd (757106-A)
EBITDA	:	Earnings before interest, taxation, depreciation and amortisation
Electronic Prospectus	:	A copy of this Prospectus that is issued, circulated or disseminated via the Internet, and/or an electronic storage medium, including but not limited to CD-ROMs or floppy disks
Electronic Share Application or ESA	:	An application for the IPO Shares through Participating Financial Institutions' ATM
Emperor's Kitchen	:	Emperor's Kitchen Sdn Bhd (700643-U)
EPS	:	Earnings per Share
Esquire Chef	:	Esquire Chef Sdn Bhd (755476-W)
F&B	:	Food and Beverages

DEFINITIONS

FMCG	:	Fast moving consumer goods in this Prospectus refers to mainly instant coffee mix, instant tea mix, roasted coffee powder and ready-to-drink beverages that are packed for retail sales
FYE	:	Financial Year Ended 31 December
GMP	:	Good Manufacturing Practice
Gongga Food	:	Gongga Food Sdn Bhd (631203-M)
HACCP	:	Hazard Analysis Critical Control Point Management System
Internet Participating Financial Institution(s)	:	Participating organisation(s) in the Internet Share Application
Internet Share Application	:	Application for the subscription of the Public Issue Shares through an Internet Participating Financial Institution
IPO	:	Initial public offering of the Shares comprising the Public Issue and Offer for Sale collectively
IPO Price	:	RM1.25 for each IPO Share, being the price payable by investors under the Public Issue
IPO Share(s)	:	The Public Issue Shares and Offer Shares, collectively
Kopitiam Asia Pacific	:	Kopitiam Asia Pacific Sdn Bhd (196428-X)
Kopitiam Asia Pacific Group	:	Kopitiam Asia Pacific Sdn Bhd and Old Town Kopitiam Sdn Bhd, its wholly owned subsidiary company
Listing	:	Admission to the Official List and the listing of and quotation for the entire issued and paid up share capital of Oldtown of RM330,000,000 comprising 330,000,000 Shares on the Main Market of Bursa Securities
Listing Requirements	:	The Main Market Listing Requirements of Bursa Securities
Listing Scheme	:	The Acquisitions, IPO and Listing collectively
LPD	:	18 May 2011, being the latest practicable date prior to the publication of this Prospectus by our Company
Malaysian Public	:	Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
Market Day	:	A day on which Bursa Securities is open for trading
MIA	:	Malaysian Institute of Accountants
MIH or Issuing House	:	Malaysian Issuing House Sdn Bhd (258345-X)
MITI	:	Ministry of International Trade and Industry
NA	:	Net assets
NCI	:	Non-controlling interest

DEFINITIONS

NL	:	Net liabilities
NTA	:	Net tangible assets
NTL	:	Net tangible liabilities
Offer For Sale or Offer	:	Offer For Sale of 33,000,000 Shares by the Offeror at the Offer Price payable in full upon application, subject to the terms and conditions of this Prospectus.
Offer Price	:	RM1.25 for each Offer Share, being the price payable by investors under the Offer For Sale
Offer Share(s)	:	The 33,000,000 Shares which are the subject of the Offer For Sale
Offeror	:	Refers to Old Town International
Oldtown or Company	:	Oldtown Berhad (797771-M)
Oldtown Group or Group	:	Oldtown Berhad and its group of subsidiaries
Oldtown Logistics	:	Oldtown Logistics Sdn Bhd (891726-D)
Oldtown Singapore	:	Oldtown Singapore Pte Ltd (200711710M)
Oldtown Singapore Group	:	Oldtown Singapore Pte Ltd and OTK Singapore Pte Ltd, its associated company
Old Town (M)	:	Old Town (M) Sdn Bhd (784001-A)
Old Town International	:	Old Town International Sdn Bhd (716108-T)
Old Town Kopitiam	:	Old Town Kopitiam Sdn Bhd (716269-X)
Old Town Kopitiam Butterworth	:	Old Town Kopitiam Butterworth Sdn Bhd (700291-A)
Old Town Kopitiam Butterworth Group	:	Old Town Kopitiam Butterworth Sdn Bhd and Dynasty Kitchen Sdn Bhd, its wholly owned subsidiary
Old Town Kopitiam Cheras	:	Old Town Kopitiam Cheras Sdn Bhd (749213-U)
Old Town Kopitiam Kuala Lumpur	:	Old Town Kopitiam Kuala Lumpur Sdn Bhd (705772-T)
OTK Eatery	:	OTK Eatery Sdn Bhd (785282-H)
OTK Singapore	:	OTK Singapore Pte Ltd (200719451C)
Participating Financial Institution(s)	:	Refers to the participating financial institutions for Electronic Share Application as listed in Section 14.11 of this Prospectus
PAT	:	Profit after taxation
PBT	:	Profit before taxation
PE Multiple	:	Price earnings multiple
Prescribed Security	:	Shares of a company that are prescribed by Bursa Securities to be deposited in the CDS subject to the provision of the Central Depositories Act and the Rules

DEFINITIONS

Promoters	:	Old Town International, Lee Siew Heng, Goh Ching Mun and Chin Lai Yoong
PT Oldtown Indonesia	:	PT Oldtown Indonesia (AHU-42508.AH.01.01.Tahun 2010)
Public Issue	:	The public issue of 63,394,000 new Shares at IPO Price payable in full upon application, subject to the terms and conditions of this Prospectus
Public Issue Shares	:	63,394,000 new Shares, which are the subject of the Public Issue
QA	:	Quality assurances
R&D	:	Research and development
Record of Depositors	:	A record provided by the Central Depository to our Company under Chapter 24.0 of the Rules
RM and sen	:	Ringgit Malaysia and sen respectively
Rp	:	Indonesian Rupiah
RTD	:	Ready to drink
Rules	:	The Rules of the Bursa Depository
SGD	:	Singapore Dollar
SC	:	Securities Commission of Malaysia
SC Guidelines	:	Equity Guidelines issued by the SC
Securities Account	:	An account established by Bursa Depository for a Depositor for the recording of deposit of securities and for dealing in such securities by the Depositor
Selling Shareholder	:	Old Town International
Share(s)	:	Ordinary share(s) of RM1.00 each in Oldtown
Underwriters	:	AmlInvestment Bank and CIMB Investment Bank Berhad (18417-M)
Underwriting Agreement	:	The Underwriting Agreement dated 8 June 2011 entered into between Oldtown and the Underwriters for the underwriting of the Public Issue Shares to be offered pursuant to the IPO upon the terms and subject to the conditions contained therein
USA	:	United States of America
USD	:	USA Dollar
White Cafe	:	White Cafe Sdn Bhd (477122-A)
White Cafe Marketing	:	White Cafe Marketing Sdn Bhd (375220-U)

DEFINITIONS

Words referring to the singular shall, where applicable, include the plural and *vice versa*, and words referring to the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include a company or a corporation.

Any enactment referred to in this Prospectus is a reference to that enactment for the time being amended or re-enacted.

All references to "our Company" and "Oldtown" in this Prospectus are to Oldtown Berhad, references to "our Group" is to our Company and our subsidiaries and references to "we", "our", "us" and "ourselves" are to our Company, and save where the context requires, and our subsidiaries. Unless the context otherwise requires, references to statements as to our beliefs, expectations, estimates and opinions are those of our Directors and key management.

CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Designation	Address	Occupation	Nationality
Datuk Dr. Ahmed Tasir Bin Lope Pihie	Independent Non-Executive Chairman	No. 5, Jalan 3/6N Bandar Baru Bangi 43650 Hulu Langat Selangor Darul Ehsan	Director	Malaysian
Lee Siew Heng	Group Managing Director	A34-16, Block A Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur	Director	Malaysian
Goh Ching Mun	Executive Director	No.2, Jalan Bandar Timah 30000 Ipoh Perak Darul Ridzuan	Director	Malaysian
Tan Say Yap	Executive Director	No. 26, Lorong Taman 2B Taman Pertama 30100 Ipoh Perak Darul Ridzuan	Director	Malaysian
Clarence D'Silva A/L Leon D'Silva	Executive Director	No. 21, Jalan SL 4/3 Bandar Sg Long Batu 11 1/4, Jalan Cheras 43000 Kajang Selangor Darul Ehsan	Director	Malaysian
Chuah Seong Meng	Executive Director	No. 110, Jalan Labrooy Taman Merdeka 30100 Ipoh Perak Darul Ridzuan	Director	Malaysian
Chin Lai Yoong	Non-Independent Non-Executive Director	A34-16, Block A Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur	Director	Malaysian
Mark Wing Kong	Independent Non-Executive Director	No. 7, Jalan Eksekutif Empat U1/6D, Glenmarie Court 40150 Shah Alam Selangor Darul Ehsan	Director	Malaysian
Dr Leong Chik Weng	Independent Non-Executive Director	No. 12A, Jalan Daun Inai 6 Sunway SPK Damansara 52200 Kuala Lumpur	Director	Malaysian

AUDIT COMMITTEE

Name	Designation	Directorship
Mark Wing Kong	Chairman	Independent Non-Executive Director
Datuk Dr. Ahmed Tasir Bin Lope Pihie	Member	Independent Non-Executive Director
Dr Leong Chik Weng	Member	Independent Non-Executive Director

CORPORATE DIRECTORY

- COMPANY SECRETARY** : Ng Yuet Seam (MAICSA No: 7005639)
No. 1, Lorong Evergreen
Taman Bunga Raya
31650 Ipoh
Perak Darul Ridzuan
- HEAD OFFICE OF OUR COMPANY** : No. 1 , Persiaran Tasek Timur 6
Taman Medan Bercham
31400 Ipoh
Perak Darul Ridzuan
Tel: 05-545 4369
Website: www.oldtown.com.my
- REGISTERED OFFICE OF OUR COMPANY** : 47A, Jalan Chung Ah Ming
Pasir Puteh
31650 Ipoh
Perak Darul Ridzuan
Tel: 05-253 6073
- REGISTRARS** : Tricor Investor Services Sdn Bhd (118401-V)
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel: 03-2264 3883
- STATUTORY AUDITORS AND REPORTING ACCOUNTANTS** : Messrs. Deloitte KassimChan (AF 0080)
Chartered Accountants
No. 87, Jalan Sultan Abdul Jalil
30450 Ipoh
Perak Darul Ridzuan
Tel: 05-253 1358
- SOLICITORS FOR THE IPO** : Messrs. Lee Choon Wan & Co.
Advocates & Solicitors
No. 12, Lorong Dungun
Damansara Heights
50490 Kuala Lumpur
Tel: 03-2093 0078
- PRINCIPAL BANKERS** : Public Bank Berhad (6463-H)
Bercham Branch
4,6,8 & 10 Persiaran Bercham Selatan 2
31400 Ipoh
Perak Darul Ridzuan
Tel: 05-548 0058
- Public Bank Berhad (6463-H)
Ipoh Garden Branch
133,133A-D, Jalan Dato' Lau Pak Khuan
31400 Ipoh
Perak Darul Ridzuan
Tel: 05-548 0951
- CIMB Bank Berhad (13491-P)
No. 50-52, First Floor
Persiaran Greentown 1
Greentown Business Centre
30450 Ipoh
Perak Darul Ridzuan
Tel: 05-243 1190

CORPORATE DIRECTORY

- PRINCIPAL BANKERS (CONT'D)** HSBC Bank Malaysia Berhad (127776-V)
No. 138, Jalan Sultan Yussuf
30000 Ipoh
Perak Darul Ridzuan
Tel: 05-241 1022
- INDEPENDENT BUSINESS AND MARKET RESEARCH CONSULTANTS** : Vital Factor Consulting Sdn Bhd (266797-T)
75C & 77C, Jalan SS22/19
Damansara Jaya
47400 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7728 0248
- ISSUING HOUSE** : Malaysian Issuing House Sdn Bhd (258345-X)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7841 8000
- PRINCIPAL ADVISER AND MANAGING UNDERWRITER** AmInvestment Bank Berhad (23742-V)
22nd Floor, Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur
Tel: 03-2036 2633
- JOINT UNDERWRITERS AND JOINT PLACEMENT AGENTS** AmInvestment Bank Berhad (23742-V)
22nd Floor, Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur
Tel: 03-2036 2633
- CIMB Investment Bank Berhad (18417-M)
5th Floor, Bangunan CIMB
Jalan Semantan
Damansara Heights
50490 Kuala Lumpur
Tel: 03-2084 8888
- LISTING SOUGHT** : Main Market of Bursa Securities

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1. INFORMATION SUMMARY

THIS SECTION IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT OUR GROUP AND YOU SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER OR NOT TO INVEST IN THE SHARES OF OUR COMPANY. THE SUMMARY INFORMATION SET OUT BELOW IS DERIVED FROM THIS PROSPECTUS AND SHOULD BE READ IN CONJUNCTION WITH THE FULL TEXT OF THIS PROSPECTUS.

1.1 OUR HISTORY AND BUSINESS

Our Group's history can be traced back to the incorporation of White Cafe in 1999, with the intention to provide quality white coffee to Malaysian households and the food services industry, the co-founders and Executive Directors, Mr Goh Ching Mun and Mr Tan Say Yap formulated their own blend of 3 in 1 instant white coffee and commenced manufacturing in 1999.

With more than 10 years of experience in the coffee beverage industry, both our co-founders were instrumental in the growth of the Oldtown Group of companies. They are supported by Mr Lee Siew Heng, our Group Managing Director who played a significant role in implementing the overall vision, strategy and development of the Oldtown Group. With more than 20 years of experience in the manufacturing and retailing industries, of which more than 9 years were in the coffee beverage industry, Mr Lee Siew Heng brings with him invaluable industry, management and marketing experience.

In 1999, we successfully commercialised our instant 3 in 1 coffee mix under the 'OLDTOWN' brand name for the retail sector. In 2000, we commenced our first export of the 'OLDTOWN' brand of 3 in 1 instant coffee mix to Singapore.

In 2001, our subsidiary, White Cafe Marketing commenced operations as the marketing arm for our Group's beverage products. During the same year, we also expanded our product line to include different variations of our instant coffee mix and have also expanded our export markets to Hong Kong for our instant coffee mix.

In 2002, White Cafe obtained a HALAL certification from the Islamic Religious Department of Perak for the Group's beverages. This is part of our Group's intentions, which is to produce our beverages in accordance with the Islamic law. In the same year, we successfully expanded our nationwide retail distribution of our instant coffee mix to cover East and West Malaysia through major hypermarkets and supermarkets.

In 2003, as part of our on-going product line expansion, we also successfully commercialised our own formulated blend of 3 in 1 instant milk tea for the retail market under the 'OLDTOWN' brand name.

In view of expanding our manufacturing activities, we incorporated Gongga Food in 2003 and commenced operations in 2004 manufacturing of roasted coffee powder for the food services sector using the Group's proprietary bean roasting process. We initially distributed our roasted coffee powder to traditional coffee shops in Ipoh and subsequently expanded our distribution to cover other states in Malaysia. In addition to the food services sector, our roasted coffee powder is also marketed to the retail sector under the 'NAN YANG' brand. In 2004, we further penetrated the export markets for our instant coffee mix to cover the USA and United Kingdom and subsequently in 2005, Taiwan and Indonesia.

In 2005, we expanded vertically into the food services sector by opening a chain of cafe outlets based on the traditional Ipoh coffee shop setting and ambience under the 'OLDTOWN WHITE COFFEE' brand name. This is part of the Group's strategy of capitalising and reinforcing on the 'OLDTOWN WHITE COFFEE' brand in the food services industry. In the same year, Kopitiam Asia Pacific commenced operations in the licensing and provision of management services to 'OLDTOWN WHITE COFFEE' cafe outlets.

1. INFORMATION SUMMARY

Since the opening of our first 'OLDTOWN WHITE COFFEE' café outlet in Ipoh in 2005, our chain of cafe outlets have expanded to reach 182 cafe outlets in Malaysia, Singapore and Indonesia as at LPD. This includes fully and partially owned, as well as franchised and licensed cafe outlets. In 2005 and 2006, we established our subsidiaries namely Old Town Kopitiam, Old Town Kopitiam Butterworth, Old Town Kopitiam Kuala Lumpur, Old Town Kopitiam Cheras and Conneczone to focus on operating 'OLDTOWN WHITE COFFEE' cafe outlets in different areas and states within Malaysia.

To support our 'OLDTOWN WHITE COFFEE' cafe outlet business operations, we established the following subsidiaries as central food processing centres between 2005 and 2007:-

- Emperor's Kitchen commenced operations in 2005;
- Esquire Chef commenced operations in 2007; and
- Dynasty Confectionery commenced operations in 2007.

In 2005, Gongga Food's business activities also expanded to cater to the procurement of food items for 'OLDTOWN WHITE COFFEE' cafe outlets. In the same year, Gongga Food also obtained a HALAL certification from the Islamic Religious Department of Perak for the production of its roasted coffee powder. In the same year, our subsidiary, White Cafe obtained HACCP certification from BM TRADA Certification Ltd for the processing and manufacturing of beverage products. Please refer to Section 4.17 for the significance of the BM TRADA Certification.

In 2006, we expanded our export markets to Canada, Japan and China. In the same year, we incorporated Dynasty Kitchen as a distribution centre for the northern region of Peninsula Malaysia, which commenced operations in 2007. During this year, we also incorporated Oldtown Berhad, which is currently an investment holding company and also currently provides management services to its subsidiaries. Subsequently we also started exporting to Thailand and the Philippines.

In view of our plans to expand our cafe outlet business operations to Singapore, we incorporated Oldtown Singapore in 2007 to provide management services, supply of food and beverage items and licensing services to 'OLDTOWN WHITE COFFEE' cafe outlets in Singapore. OTK Singapore commenced operations in 2008 with the launch of our first partially owned 'OLDTOWN WHITE COFFEE' cafe outlet in Singapore. Subsequently in 2010, Oldtown Singapore also commenced operations of three of our fully owned cafe outlets.

In 2008, our subsidiaries, Dynasty Confectionery and Esquire Chef obtained HALAL certifications from the Islamic Religious Department of Perak for the processing of various food. Our other food processing subsidiary, Emperor's Kitchen obtained HALAL certification from the SAS-H Consultant Sdn Bhd. To further affirm our adherence to international food safety standards, our subsidiary, White Cafe achieved ISO 22000:2005 certification and ISO 9001:2000 from BM TRADA Certification Ltd in 2008 in addition to GMP certification by the Department of Public Health, Ministry of Health Malaysia in the same year. Within 2008, we also expanded our product line to include 3 in 1 instant coffee mix with cane sugar.

In 2009, Gongga Food obtained a HACCP certification from BM TRADA Certification Ltd for the production of roasted coffee powder and achieved ISO 22000:2005 certification from BM TRADA Certification Ltd for manufacturing of dried roasted ground coffee beverage products. During the same year, Kopitiam Asia Pacific had registered its franchise with the Registrar of Franchise, Malaysia. As at LPD, the operators of 169 'OLDTOWN WHITE COFFEE' cafe outlets in Malaysia have entered into franchise agreements with Kopitiam Asia Pacific. Within 2009, we also expanded into the RTD beverages market and launched our canned RTD coffee. Our subsidiary, White Cafe also obtained a HALAL certification from Hala! Industry Development Corporation for the manufacturing/distribution of Old Town white coffee, specifically for our RTD coffee. The manufacturing of our RTD coffee is sub-contracted to a third party. During the same year, White Cafe upgraded from ISO 9001:2000 to ISO 9001:2008 which was certified by BM TRADA Certification Ltd.

1. INFORMATION SUMMARY

As at LPD, our 'OLDTOWN' beverages were sold in approximately 5,002 retail outlets nationwide in Malaysia, approximately 730 retail outlets in Singapore and approximately 2,335 retail outlets in Hong Kong.

In 2010, our subsidiary, Esquire Chef obtained a HACCP certification and GMP certification for the preparation of food seasonings, condiments for restaurant outlets from Moody International Certification (Malaysia) Sdn Bhd. During the same year, Gongga Food obtained a GMP certification from Food Safety and Quality Division under the Department of Public Health of the Ministry of Health Malaysia for our roasted ground coffee mixture. One of our central food processing centres, Emperor's Kitchen obtained HALAL certifications from the Islamic Development Department of Malaysia (JAKIM) for various food manufactured and distributed by the company. Emperor's Kitchen also obtained HACCP Codex Alimentarius and MS 1480:2007 certifications from SGS (Malaysia) Sdn Bhd for its activities involving preparation of foodstuff from raw materials receiving, processing, packing, storage and delivery of finished goods to distributor.

In view of our plans to expand our cafe outlets business operations to Indonesia, we acquired a dormant company, namely Old Town (M) in 2010. Old Town (M) is currently an investment holding company of our associated company, PT Oldtown Indonesia. PT Oldtown Indonesia is a licensor and operator of café outlets. During the same year, we also incorporated Oldtown Logistics, which is currently dormant with intended logistics activities.

In 2011, PT Oldtown Indonesia commenced operations with the establishment of our first two partially owned 'OLDTOWN WHITE COFFEE' café outlets in Jakarta, Indonesia. During the same year, Dynasty Confectionery obtained HACCP certification and GMP certification for the production of bakery products and coconut jam for restaurant outlets from Moody International Certification (Malaysia) Sdn Bhd. Our Group's key milestones and awards are a testament to the success of our Group, which are as set out in Section 4.3 of this Prospectus.

The Oldtown Group has established itself as a major and reputable operator of a chain cafe and manufacturer of beverages with revenues of RM255.1 million for FYE 2010.

The principal activities of our subsidiaries and associated companies are as detailed out in Section 4.1 of this Prospectus. Further details on the history and business of our Group are set out in Section 4 of this Prospectus.

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1. INFORMATION SUMMARY

1.2 COMPETITIVE ADVANTAGES

Our Directors believe that we have the following significant competitive advantages over our competitors that ensure our Group's business sustainability and growth: -

- (a) Established Brand Name;
- (b) Extensive Sales Network;
- (c) Integrated Coffee Beverage Manufacturer and Cafe Operator;
- (d) Proprietary Formulation;
- (e) Economies of Scale;
- (f) Export Markets; and
- (g) Franchising Business.

Further details on our Group's competitive advantages are set out in Section 4.10 of this Prospectus.

1.3 PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND DIRECTORS OF OUR GROUP

The substantial shareholders and Promoters of our Company are Old Town International, Lee Siew Heng, Goh Ching Mun and Chin Lai Yoong.

The Directors of our Company are as follows: -

Name	Designation
Datuk Dr. Ahmed Tasir Bin Lope Pihie	Independent Non-Executive Chairman
Lee Siew Heng	Group Managing Director.
Goh Ching Mun	Executive Director
Tan Say Yap	Executive Director
Clarence D'Silva A/L Leon D'Silva	Executive Director
Chuah Seong Meng	Executive Director
Chin Lai Yoong	Non-Independent Non-Executive Director
Mark Wing Kong	Independent Non-Executive Director
Dr Leong Chik Weng	Independent Non-Executive Director

Further details on the Promoters, substantial shareholders and Directors of our Company are set out in Section 5 of this Prospectus.

1. INFORMATION SUMMARY

1.4 PROFORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

The Proforma Consolidated Statements of Comprehensive Income have been prepared for illustrative purposes only to show the Proforma Group for the four (4) FYE 2007 to 2010, assuming the Proforma Group has been in existence throughout the financial years under review.

It should be read in conjunction with the accompanying notes and assumptions included in the Reporting Accountants' letter on the Proforma Financial Information set out in Section 9.1 of this Prospectus.

	Audited			
	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000	FYE 2010 RM'000
Revenue	79,186	138,437	193,666	255,133
Cost of sales and direct expenses	(52,837)	(89,950)	(120,043)	(167,278)
Gross profit	26,348 [^]	48,487	73,622 [^]	87,855
Other income	1,954	4,506	4,862	7,430
Investment revenue	100	54	232	188
Other gains / (losses)	(390)	383	(326)	(1,450)
Selling and distribution expenses	(7,100)	(14,662)	(23,006)	(28,984)
Administrative expenses	(6,016)	(9,850)	(13,671)	(19,605)
Other expenses	(280)	(650)	(1,217)	(126)
Operating profit	14,616	28,268	40,496	45,310 [^]
Finance costs	(615)	(991)	(1,006)	(1,487)
Share of profits and losses of associates	(66)	139	670	(444)
Profit before tax	13,935	27,417 [^]	40,160	43,379
Taxation	(3,031)	(6,847)	(9,822)	(11,507)
Profit after tax	10,904	20,569 [^]	30,338	31,872
Attributable to:				
- Owners of Oldtown	10,821	20,446	30,231	31,700
- NCI	83	123	107	172
	10,904	20,569	30,338	31,872
EBITDA	17,322	33,295	48,930	57,515
Enlarged issued and paid-up share capital (shares) ('000)	266,606	266,606	266,606	266,606
Gross profit margin (%)	33.3	35.0	38.0	34.4
PBT Margin (%)	17.6	19.8	20.7	17.0
PAT after NCI margin (%)	13.7	14.8	15.6	12.4
Gross EPS (sen) ⁽¹⁾	5.23	10.28	15.06	16.27
Net EPS (sen) ⁽²⁾	4.06	7.67	11.34	11.89

Notes:-

(1) Gross EPS was computed based on PBT for the relevant financial year and divided by the enlarged issued and paid up share capital of 266,606,000 Shares upon completion of the Acquisitions.

(2) Net EPS was computed based on PAT after NCI for the relevant financial year and divided by the enlarged issued and paid up share capital of 266,606,000 Shares upon completion of the Acquisitions.

[^] Total does not add-up due to rounding

Further details on the financial information of our Group are set out in Section 9 of this Prospectus.

1. INFORMATION SUMMARY

1.5 PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP

The following information is extracted from the proforma consolidated financial information set out in Section 9.1 of this Prospectus and should be read in conjunction with the notes thereto.

	Audited as at 31 December 2010 RM'000	Proforma Upon Listing ⁽¹⁾ RM'000
ASSETS		
Non-current assets	144	167,490
Current assets	1,285	87,694
Total assets	1,429	255,184
EQUITY AND LIABILITIES		
EQUITY		
Share capital	*	330,000
Share premium	-	11,875
Retained profits	(1,404)	68,760
Reserve arising from restructuring	-	(222,654)
Reserve arising from foreign exchange	-	(20)
Shareholders' equity	(1,404)	187,961
NCI	-	250
Total Equity	(1,404)	188,211
LIABILITIES		
Non-current liabilities	-	17,685
Current liabilities	2,833	49,288
Total liabilities	2,833	66,973
Total equity and liabilities	1,429	255,184
Number of shares in issue ('000')	2 shares	330,000
(NTL) / NTA [^] (RM'000)	(1,411)	135,977
(NTL) / NTA per share (sen)	(70,534,000)	41.21

Notes:-

[^] Excluding NCI

* Share capital is RM2.

(1) Based on the audited consolidated financial statements of the Proforma Oldtown Group as at 31 December 2010, after incorporating the effects of the Acquisitions, Offer For Sale, Public Issue and utilisation of proceeds as set out in Section 2.6 of this Prospectus.

1. INFORMATION SUMMARY**1.6 PRINCIPAL STATISTICS RELATING TO THE IPO**

	Number of Shares	Share Capital (RM)
Authorised Share Capital	500,000,000	500,000,000
Existing Issued and Fully Paid-Up Share Capital	266,606,000	266,606,000
New Shares to be issued		
• New Shares to be issued pursuant to Public Issue	63,394,000	63,394,000
Enlarged Share Capital	330,000,000	330,000,000
Existing Shares to be offered for sale	33,000,000	33,000,000
IPO PRICE PER SHARE		1.25
MARKET CAPITALISATION OF OUR COMPANY (Based on the IPO Price and enlarged issued and paid up share capital of 330,000,000 Shares)		412,500,000

Further details of the Listing Scheme are set out in Sections 2.3 and 4.6 of this Prospectus, respectively.

1.7 UTILISATION OF PROCEEDS

The gross proceeds of RM79.2 million which would accrue to us from the IPO are proposed to be utilised in the following manner:-

	Timeframe for utilisation	% of total proceeds raised [^]	Total proceeds (RM)
(i) Acquisitions of Companies Not Owned by Old Town International [#]	within 3 months	25	19,718,000
(ii) Repayment of bank borrowings	within 6 months	8	5,897,029
(iii) Capital Expenditure	within 24 months	48	38,082,625
(iv) Working capital [*]	within 24 months	13	10,544,846
(v) Estimated listing expenses [*]	Immediate	6	5,000,000
Total proceeds		100	79,242,500

Notes:-

[#] Excludes the purchase consideration for the acquisition of the 30% shareholding in Old Town Kopitiam Kuala Lumpur and Old Town Kopitiam Butterworth from Kopitiam Asia Pacific, a wholly owned subsidiary of our Group pursuant to the Acquisitions.

^{*} If the actual listing expenses are higher than budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual listing expenses are lower than budgeted, the excess will be utilised for working capital purposes.

[^] Should the Group resort to financing for the above prior to Listing, the Public Issue proceeds shall be used to repay the said financing. The balance of any unutilised proceeds will be utilised for working capital purposes.

Further details on the utilisation of proceeds are set out in Section 2.6 of this Prospectus.

1. INFORMATION SUMMARY

1.8 RISK FACTORS

Prospective investors should carefully consider the following risk factors (which are not exhaustive) in addition to the other information contained elsewhere in this Prospectus before subscribing for any of the IPO Shares: -

Risks Relating to the Business

- (a) Risks associated with market expansion outside of Malaysia;
- (b) Changes in consumer preference and perception;
- (c) Negative publicity;
- (d) Food contamination;
- (e) Affected by the changes in conditions in places in which our cafe outlets are located;
- (f) Dependent on the availability, cost and quality of raw materials for products;
- (g) Successful imitation of our products and concept by competitors;
- (h) Infringement of trade marks;
- (i) Outbreak of any contagious or virulent disease;
- (j) Disruption at central food processing centres and café outlets;
- (k) Default or loss of franchisees and licensees;
- (l) Litigations by franchisees, licensees and third parties;
- (m) Increase in rental or failure to renew existing tenancies in respect of our cafe outlets and central food processing centres;
- (n) Quality of food products and services;
- (o) Dependence on key management;
- (p) Pilferage by employees; and
- (q) Rules, regulations and controls

Risks Relating to the Industry

- (a) Subject to labour and immigration laws and policies that govern the employment of foreign employees;
- (b) Subject to requirement of the relevant food regulations;
- (c) Public liability
- (d) Competitive industry; and
- (e) Subject to changes in economic, political, social, legal conditions and discretionary consumer spending.

Risks Relating to Investment in Our Shares

- (a) No prior trading market for our Shares and a market for our Shares may not develop;
- (b) Capital market risk;
- (c) We may require additional funding for our future growth;
- (d) We may not be able to pay dividends to shareholders;
- (e) Forward looking statements;
- (f) There may be a delay in our listing or our listing may be aborted; and
- (g) Ownership and control by our existing shareholders.

Further details of the risk factors are set out in Section 3 of this Prospectus.

2. PARTICULARS OF THE IPO

This Prospectus is dated 22 June 2011. The IPO is subject to the terms and conditions of this Prospectus.

A copy of this Prospectus has been registered with the SC and lodged with the Registrar of Companies who takes no responsibility for its contents.

The approval of the SC for the Listing Scheme, as set out in Section 6.1, obtained via its letter dated 12 April 2011 shall not be taken to indicate that the SC recommends the IPO and that investors should rely on their own evaluation to assess the merits and risks of the IPO.

Bursa Securities has approved our admission to the Official List of the Main Market of Bursa Securities and for the listing of and quotation for our entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities. Listing of and quotation for these Shares will commence after, amongst others, receipt of confirmation from Bursa Depository of the receipt of allotment information for the crediting of the Shares, and receipt of an undertaking that all notices of allotment will be issued and despatched to all successful applicants prior to the date of listing of and quotation for the Shares, failing which any allotment and allocation made on an application to subscribe for and/or purchase of our Shares pursuant to this Prospectus is required under Malaysian law to be void.

Pursuant to Section 14(1) of the Central Depositories Act, Bursa Securities has prescribed our Shares as a Prescribed Security. In consequence thereof, the Shares offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the aforesaid Act and the Rules of Bursa Depository.

Each applicant must have a CDS Account.

Pursuant to the Listing Requirements, our Company must have at least 25% of the total number of Shares for which listing is sought in the hands of a minimum of 1,000 public shareholders holding not less than 100 Shares each at the point of listing. In the event that the above requirement is not met pursuant to the Listing Scheme, our Company may not be allowed to proceed with our Listing on the Main Market of Bursa Securities. In the event thereof, monies paid in respect of all Applications will be returned if the said permission is not granted.

The SC and Bursa Securities assume no responsibility for the correctness of any statements made or opinions or report expressed in this Prospectus. Admission to the Official List of the Main Market of Bursa Securities is not to be taken as an indication of the merits of our Company or of our Shares.

No person is authorised to give any information or to make any representation not contained herein in connection with the IPO and if given or made, such information or representation must not be relied upon as having been authorised by our Company. Neither the delivery of this Prospectus nor any IPO made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of our Company since the date hereof. Nonetheless, should our Company becomes aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of issue of this Prospectus up to the date of the Listing, our Company shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238 of the CMSA.

2. PARTICULARS OF THE IPO

The distribution of this and the making of the IPO in certain other jurisdictions outside Malaysia may be restricted by law. The distribution of this Prospectus and the sale of any part of the IPO Shares are subject to Malaysian laws and our Company takes no responsibility for the distribution of this Prospectus and the offer of any part of the IPO Shares outside Malaysia, which may be restricted by law in certain other jurisdictions. Persons who may come into possession of this Prospectus are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an invitation to subscribe for the IPO Shares in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

If you are in doubt of any information contained in this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant, or other professional advisers.

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2. PARTICULARS OF THE IPO

2.1 SHARE CAPITAL

As at the date of this Prospectus, there is only one (1) class of shares in our Company being ordinary shares of RM1.00 each, the details of which are as follows:-

	Number of Shares	Share Capital (RM)
Authorised Share Capital	500,000,000	500,000,000
Existing Issued and Fully Paid-Up Share Capital	266,606,000	266,606,000
New Shares to be issued		
• New Shares to be issued pursuant to Public Issue	63,394,000	63,394,000
Enlarged Share Capital	330,000,000	330,000,000
Existing Shares to be offered for sale	33,000,000	33,000,000
IPO PRICE PER SHARE		1.25
MARKET CAPITALISATION OF OUR COMPANY <i>(Based on the IPO Price and enlarged issued and paid up share capital of 330,000,000 Shares)</i>		412,500,000

Please refer to Sections 2.3 and 4.6 of this Prospectus for further details of the Listing Scheme.

The IPO Price is payable in full upon Application, subject to the terms and conditions of this Prospectus. The board lot size for our enlarged issued and paid-up share capital upon Listing will be standardised at 100 units per board lot.

We only have one (1) class of shares; namely, ordinary shares of RM1.00 each, all of which rank pari passu with one another. The IPO Shares will rank pari passu in all respects with our existing Shares, including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment thereof.

Subject to any special rights attaching any Shares which our Company may issue in the future, the holders of Shares in our Company shall, in proportion to the amount paid-up on the shares held by them, be entitled to share in the whole of the profits paid out by our Company as dividends and other distributions and in respect of any surplus in the event of the liquidation, in accordance with our Articles of Association.

At every general meeting, each shareholder shall be entitled to vote in person or by proxy or by attorney, and on a show of hands, every person present who is a shareholder or representative or proxy or attorney to a shareholder and entitled to vote shall be entitled to one (1) vote and on a poll, every shareholder present in person or by proxy or by attorney or by representative shall have one (1) vote for each ordinary share held. A proxy may but need not be a member of the Company. If the proxy is not a member, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.

There is no limitation on the right to own securities in our Company, including the right of non-resident or foreign shareholders to hold or exercise voting rights on the securities imposed by law or by constituent documents of our Company.

2. PARTICULARS OF THE IPO

2.2 PURPOSES OF THE IPO

The purposes of the IPO are as follows:-

- (i) To enable the Oldtown Group to gain recognition and enhance its profile through listing status and further augment Oldtown's corporate reputation and assist the Oldtown Group in expanding its customer base locally and overseas;
- (ii) To provide immediate funds for investment in expansion of Oldtown's business and markets, as such increasing the overall capability of the Oldtown Group. This would enhance the Oldtown Group's operating capability and business capacity in overseas as well as widening its scope of product and service offerings and support for its expanding customer base;
- (iii) To provide additional funds to meet the working capital requirements of the Group;
- (iv) To enable the Group to gain access to the capital market in future to raise funds for future expansion and continued growth of our existing divisions locally and internationally;
- (v) To provide the opportunity for the eligible Directors and employees of the Oldtown Group, business associates of the Group and the Malaysian investing public and institutions to participate in the equity and continuing growth of our Group; and
- (vi) To facilitate the listing of and quotation for the entire enlarged issued and paid-up share capital of our Company on Bursa Securities.

2.3 DETAILS OF THE IPO

(a) Public Issue

The Public Issue of 63,394,000 new Shares at the IPO Price is payable in full on application upon such terms and conditions as set out in this Prospectus and will be allocated in the following manner:-

(i) Malaysian Public

10,000,000 Public Issue Shares, representing approximately 3.0% of the enlarged issued and paid-up share capital of our Company, to be allotted by way of balloting, will be made available for application by Malaysian citizens, companies, co-operatives, societies and institutions whereby 50.0% of these 10,000,000 Public Issue Shares will be set aside for Bumiputera individuals, companies, societies, co-operatives and institutions.

(ii) Eligible Directors, Employees and Business Associates of our Group

5,000,000 Public Issue Shares representing approximately 1.5% of the enlarged issued and paid-up share capital of our Company will be made available for application by eligible Directors, employees and business associates of our Group ("**Pink Form Shares Allocation**").

The above Public Issue Shares will be as follows:-

2. PARTICULARS OF THE IPO

Category	No of persons	No. of Shares
Eligible Directors	5	500,000
Eligible employees	486	3,590,000
Eligible business associates	88	910,000
Total	579	5,000,000

The Public Issue Shares will be allocated to the eligible Directors and employees of our Group based on the following criteria as approved by our Company's Board of Directors:-

- (a) At least eighteen (18) years of age;
- (b) Job position; and
- (c) Length of service.

The Public Issue Shares will be allocated to the business associates of our Group after taking into consideration their length of business relationship with our Group and their contribution to the success of our Group.

The eligible Directors of our Company who are entitled for the Pink Form Shares Allocation are as set out below: -

Name of Directors	Designation	No. of Shares
Datuk Dr. Ahmed Tasir Bin Lope Pihie	Independent Non-Executive Chairman	100,000
Lee Siew Heng*	Group Managing Director	-
Goh Ching Mun*	Executive Director	-
Tan Say Yap*	Executive Director	-
Clarence D'Silva A/L Leon D'Silva	Executive Director	100,000
Chuah Seong Meng	Executive Director	100,000
Chin Lai Yoong*	Non-Independent Non-Executive Director	-
Mark Wing Kong	Independent Non-Executive Director	100,000
Dr Leong Chik Weng	Independent Non-Executive Director	100,000
Total		500,000

- * *These Directors have voluntarily given their irrevocable undertakings to subscribe for the IPO Shares pursuant to the Pink Form Shares Allocation, which have been reoffered to the Group's eligible Directors, employees and/or business associates, which are not taken up.*

The above Pink Form Shares Allocation is subject to the eligible Directors, employees and business associates subscribing to their respective allocations.

2. PARTICULARS OF THE IPO**(iii) Identified Investors**

48,394,000 Shares, representing approximately 14.7% of the enlarged issued and paid up share capital of our Company will be issued via private placement to identified investors. Out of these 48,394,000 Shares, 36,250,000 Shares (representing approximately 11.0% of the enlarged issued and paid up share capital of our Company), will be reserved for Bumiputera investors approved by MITI.

(b) Offer For Sale

The Offer for Sale of 33,000,000 Shares by Old Town International (being the Selling Shareholder), representing 10.0% of the enlarged issued and paid-up share capital of our Company, will be offered at the Offer Price, payable in full upon application, via private placement to identified investors.

In summary, IPO Shares will be allocated in the following manner:-

	Public Issue		Offer For Sale	
	No. of Shares	%	No. of Shares	%
Malaysian Public (via balloting)	10,000,000	15.8	-	-
Eligible Directors, employees and business associates of our Group	5,000,000	7.9	-	-
Identified investors	48,394,000	76.3	33,000,000	100.0
Total	63,394,000	100.0	33,000,000	100.0

The Public Issue will increase our issued and paid up share capital from 266,606,000 Shares to 330,000,000 Shares.

All the IPO Shares available for the application by the Malaysian Public have been fully underwritten.

The IPO Shares available for application by identified investors are not underwritten as irrevocable undertakings have been obtained from the identified investors to take up the IPO Shares available under private placement.

The IPO Shares which are not taken up by the Bumiputera investors approved by MITI will be made available for application by the Bumiputera public as part of the balloting process. Subsequently, any IPO Shares which are not taken up by the Bumiputera public will be made available for application by the Malaysian public via balloting and/or private placement to identified investors.

In the event of an under-subscription of the IPO Shares by the Malaysian Public, the unsubscribed IPO Shares will be made available to identified investors.

2. PARTICULARS OF THE IPO

Any IPO Shares which are not taken up by eligible Directors, employees and business associates of our Group will be reoffered to the Group's eligible Directors, employees and/or business associates. Subsequently, any IPO Shares reoffered which are not taken up will be subscribed by Lee Siew Heng, Goh Ching Mun, Chin Lai Yoong and/or Tan Say Yap.

There is no minimum subscription to be raised from the IPO. All the IPO Shares are either fully underwritten by the Underwriters and/or subscribed/will be subscribed by the identified investors, Lee Siew Heng, Goh Ching Mun, Chin Lai Yoong and/or Tan Say Yap, pursuant to their irrevocable undertakings.

2.4 BASIS OF ARRIVING AT THE IPO PRICE

The IPO price was determined and agreed upon by our Company and AmInvestment Bank as our Principal Adviser after taking into consideration, amongst others, the following factors: -

- (i) Our Group's financial operating history and conditions and financial position as outlined in Section 9 of this Prospectus;
- (ii) The business growth potential, future plans, strategies and prospects of our Group as set out in Sections 4.23 and 4.24 of this Prospectus;
- (iii) Our historical PE multiple for the FYE 2010 of 13.0 times which is based on the historical net EPS of 9.6 sen and enlarged issued and paid-up share capital of 330,000,000 Shares upon Listing;
- (iv) Favourable outlook of the food services industry focusing on cafe outlets as set out in Section 4.24 of this Prospectus; and
- (v) Competitive advantages as listed in Section 4.10 of this Prospectus.

The Directors of our Company and AmInvestment Bank are of the opinion that the IPO Price is fair and reasonable after careful consideration of the abovementioned factors.

However, you should note that the market price of our Shares upon listing on Bursa Securities is subject to the vagaries of market forces and other uncertainties, which may affect the price of our Shares being traded.

You should bear in mind the risk factors as set out in Section 3 of this Prospectus and form your own views of the valuation of the IPO Shares and the reasonableness of your bases used before deciding to invest in our Shares.

2.5 MARKET CAPITALISATION

Our Company's market capitalisation upon Listing, based on the IPO Price and the enlarged issued and paid-up share capital of 330,000,000 Shares amounts to RM412,500,000.

2. PARTICULARS OF THE IPO

2.6 UTILISATION OF PROCEEDS

The gross proceeds of RM79.2 million which would accrue to us from the IPO are proposed to be utilised in the following manner:-

		Timeframe for utilisation	% of total proceeds raised	Total proceeds (RM)
(i)	Acquisitions of Companies Not Owned by Old Town International [#]	within 3 months	25	19,718,000
(ii)	Repayment of bank borrowings	within 6 months	8	5,897,029
(iii)	Capital Expenditure [^]	within 24 months	48	38,082,625
(iv)	Working capital*	within 24 months	13	10,544,846
(v)	Estimated listing expenses*	Immediate	6	5,000,000
Total proceeds			100	79,242,500

Notes:-

Excludes the purchase consideration for the acquisition of the 30% shareholding in Old Town Kopitiam Kuala Lumpur and Old Town Kopitiam Butterworth from Kopitiam Asia Pacific, a wholly owned subsidiary of our Group pursuant to the Acquisitions.

* If the actual listing expenses are higher than budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual listing expenses are lower than budgeted, the excess will be utilised for working capital purposes.

^ Should the Group resort to financing for the above prior to Listing, the Public Issue proceeds shall be used to repay the said financing. The balance of any unutilised proceeds will be utilised for working capital purposes.

The proceeds raised from the IPO will be placed in licensed financial institutions until eventual utilisation.

The gross proceeds arising from the Offer For Sale shall accrue entirely to the Offeror and no part of the proceeds will be received by our Company.

Brief details on the utilisation of proceeds are as follows: -

(i) Acquisitions of Companies Not Owned by Old Town International

Please refer to Section 4.6.1.1 for further details on the Acquisitions of Companies Not Owned by Old Town International.

(ii) Repayment of bank borrowings

As at FYE 2010, our Group's total borrowings are approximately RM22.2 million, prior to the utilisation of proceeds. Approximately 8% of the total gross proceeds will be utilised towards the repayment of some of our Group's outstanding bank borrowings. The details of the repayment for the respective credit facilities are as follows:

2. PARTICULARS OF THE IPO

	Maturity	Interest Rate (%)	Purpose of bank borrowings	Amount to be repaid (RM'000)
(i)	6 years	BLR + 1.75%	To part finance setting up costs of 16 Oldtown outlets	2,428
(ii)	15 years	BLR + 1.25%	To finance purchase of a shoplot Lot 3A-G-26, Kompleks Bukit Jambul, Jalan Rumbia, 11900 Bayan Lepas, Penang	249
(iii)	20 years	BLR + 1.25%	To part finance purchase of land held under individual title H.S.(D) 33231, PT 126279 in the Mukim of Hulu Kinta, District of Kinta, State of Perak Darul Ridzuan.	217
(iv)	5 years	BLR + 1.25%	For working capital	153
(v)	20 years	BLR + 0.6%	To finance purchase of factory building No.1, Persiaran Tasek Timur 6, Taman Medan Bercham, 31400 Ipoh, Perak.	980
(vi)	5 years	BLR + 1.25%	For working capital	805
(vii)	120 days	BLR + 1.00% - BLR + 1.75%	To finance sales and purchase of goods	1,065

Such borrowing have been utilised to finance, amongst others, our working capital and capital expenditure requirements, which include the purchase of raw materials, stocks, payment of salaries as well as the defrayment of expenses.

Please refer to Section 2.7 of this Prospectus for the financial impact of the repayment of some of the abovementioned borrowings.

(iii) Capital Expenditure

Approximately 48% of our IPO proceeds will be utilised for our Group's capital expenditure such as the opening of five (5) new fully owned OLDTOWN WHITE COFFEE café outlets, costing approximately an average of RM700,000 per outlet depending on the location and size of the proposed new outlets and the relocation of seven (7) fully owned OLDTOWN WHITE COFFEE café outlets costing approximately an average of RM350,000 per outlet depending on the location and size of the relocated outlets. The balance would be utilised for the acquisition of plant and machinery as well as for the construction of the new manufacturing and food processing plant in Ipoh. Please refer to Section 8.4 for the details on the proposed acquisition of property, plant and equipment.

(iv) Working capital

Approximately 13% of our IPO proceeds will be utilised for our Group's day to day operations, such as the purchase of raw materials, payment of salaries and the defrayment of expenses as well as for the growth of our Group. As our Group continues to expand the number of OLDTOWN WHITE COFFEE cafe outlets, our Group would require additional working capital to meet operational obligations such as payment of rental, utilities and staff salaries as well as the purchase of stocks, outlet equipment and utensils. Our Group will also need sufficient working capital to expand our Group's instant beverages products which are sold in retail outlets such as supermarkets.

Our Group's central food processing centres will also require additional working capital to cope with the increase in production to ensure sufficiency of finished goods, such as frozen foods and food paste, to be supplied to all of the OLDTOWN WHITE COFFEE cafe outlets.

2. PARTICULARS OF THE IPO**(v) Estimated listing expenses**

The estimated listing expenses for the Listing are as follows: -

Estimated listing expenses	Amount (RM'000)
Fees to authorities	292
Professional fees ¹	2,000
Underwriting and brokerage fees	1,835
Printing and advertising fees	250
Miscellaneous expenses ²	623
	5,000

Notes: -

1. *Include fees for the Adviser, Placement Agent, Reporting Accountants, Solicitors, Independent Business and Market Research Consultants and other professional advisors as well as Issuing House.*
2. *Travelling expenses, other incidental or related expenses and contingencies in connection with the IPO. Any unutilised amount shall be used for our Group's working capital purposes.*

Our Company will bear all expenses and fees incidental to the Listing which include underwriting commission, placement fees, brokerage, professional fees, fees to authorities, advertising and other fees the aggregate of which is estimated to be RM5.0 million.

All expenses and fees incidental to the Offer For Sale, for example placement fees and miscellaneous expenses, estimated to be approximately RM1.0 million (in addition to the RM5.0 million above), shall be borne by the Offeror.

2.7 FINANCIAL IMPACT FROM UTILISATION OF PROCEEDS

Our utilisation of the proceeds from the Public Issue is expected to have a financial impact on our Group as follows:

(a) Interest savings

By repaying some of the abovementioned bank borrowings as described in Section 2.6(ii) of this Prospectus, at the respective interest rate as disclosed in Section 2.6(ii), we will be able to effect interest savings of approximately RM1.6 million.

(b) Enhancement of working capital

It is our objective to minimise our gearing to enable our Group to have the flexibility to invest in new facilities and projects and to raise financing as and when attractive opportunities arise.

2. PARTICULARS OF THE IPO

2.8 COMMISSIONS AND BROKERAGE

Brokerage is payable by our Company in respect of the Public Issue under Section 2.3(a)(i) at the rate of 1.0% of the IPO price in respect of successful applications which bear the stamp of member companies of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and/or MIH.

The Placement Agent have agreed to place the IPO Shares set out in Section 2.3(a)(iii) of this Prospectus, which are reserved for identified investors. Accordingly, our Company will pay a placement fee to the Placement Agent at the rate of 1.8% of the value of the IPO Shares under Section 2.3(a)(iii) herein (being the number of IPO Shares reserved for placement multiplied by the IPO Price).

Our Company will pay the Underwriter an underwriting commission at the rate of 1.8% of the value of the underwritten IPO Shares under Section 2.3(a)(i) herein (being the number of the underwritten IPO Shares multiplied by the IPO Price).

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2. PARTICULARS OF THE IPO

2.9 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

The salient terms of the Underwriting Agreement dated 8 June 2011 entered into between our Company and the Underwriters ("Underwriting Agreement") are as set out below.

Unless otherwise stated, all capitalised terms herein shall bear the same meanings as prescribed in the Underwriting Agreement.

(i) Conditions Precedent

Clause 5.1

Unless waived by the Joint Underwriters (in which case any condition precedent or any part thereof so waived shall be deemed to have been satisfied), the obligations of the Joint Underwriters under this Agreement shall be conditional upon the fulfilment and/or satisfaction of the following:-

- (a) the Bursa Securities having agreed in principle to the listing of and quotation for (on terms satisfactory to the Joint Underwriters) the entire issued and paid-up share capital of the Company on the Main Market of the Bursa Securities;
- (b) the approval from the SC in respect of the Prospectus and registration of the Prospectus with the SC pursuant to the CMSA and subsequent lodgement of the Prospectus with the Registrar of Companies, Malaysia;
- (c) all other necessary approvals and consents required in relation to the Public Issue, the Offer for Sale, the Issue Shares and the Offer Shares including but not limited to governmental approvals having been obtained and are in full force and effect;
- (d) the issue of the Issue Shares having been approved by the shareholders of the Company in an extraordinary general meeting;
- (e) the Joint Underwriters receiving a certificate in the form or substantially in the form, as set out in Schedule 3 of this Agreement, from the Company dated the date of registration of the Prospectus and next, from the Company, dated the Closing Date or the Extended Closing Date, as the case may be, all of which are to be signed by a director or a duly authorized signatory of the Company (on behalf of the board of directors of the Company);
- (f) there having been, on or prior to the Closing Date or the Extended Closing Date, as the case may be, no material adverse change, or any development involving a prospective material adverse change, in the financial condition or business or operations of the Group or business or operations of the Group or in the prospects or future financial condition or business or operations of the Group (which in the reasonable opinion of the Joint Underwriters, is or will be material in the context of the Public Issue and Offer for Sale and the sale of any Underwritten Shares) from that set forth in the Prospectus, nor the occurrence of any event nor the discovery of any fact rendering inaccurate, untrue or incorrect to such extent which is or will be material in any of the representations, warranties, covenants and undertakings and obligations of the Company herein contained; and
- (g) the Joint Underwriters receiving a copy certified by a director or secretary of the Company to be a true resolution of the Board of Directors of the Company approving this Agreement and authorising a person or persons to sign on behalf of the Company, this Agreement.

2. PARTICULARS OF THE IPO

Clause 5.2

In the event any of the conditions set forth in Clause 5.1 are not satisfied within two (2) months from the date of this Agreement, each of the Underwriters shall, subject as mentioned below in this clause, be entitled to forthwith terminate this Agreement by notice in writing given to the Company and in such event, the provisions of Clause 11.3 shall apply.

(ii) Payment of Arranger Fee and Underwriting Commission

Clause 10.1

The Company shall pay to:

- (a) Each Joint Underwriter the Underwriting Commission; and
- (b) the Managing Underwriter the Arranger Fee.

For the purpose of this Clause 10.1, the value of the relevant portion of the Underwritten Shares shall mean the number of that portion of the Underwritten Shares multiplied by the Issue Price. The Underwriting Commission and the Arranger Fee shall accrue to the Joint Underwriters and the Managing Underwriter respectively notwithstanding that the Issue Shares have been subscribed for in full.

Clause 10.2

The Arranger Fee and Underwriting Commission shall be paid by or on behalf of the Company to the Managing Underwriter and other Joint Underwriter respectively within five (5) Market Days from the Listing Date provided that any amount thereof that remains outstanding and owing to the Joint Underwriters by the Company when such Joint Underwriters are required to make a remittance in accordance with Clause 8, may be deducted by such Joint Underwriters from the amount which such Joint Underwriters would otherwise be required to remit.

Clause 10.3

The Company irrevocably authorises the Managing Underwriter to instruct the Issuing House to pay:

- (a) the Arranger Fee to the Managing Underwriter;
- (b) the Underwriting Commission to the Underwriters in their respective proportions; and
- (c) all other sums due from the Company under this Agreement including but not limited to pay to the Managing Underwriter and the other Joint Underwriter any costs and expenses due to them respectively pursuant to this Agreement from the proceeds of the Public Issue.

Clause 10.4

The Arranger Fee and Underwriting Commission payable to the Managing Underwriter and the Underwriting Commission payable to the other Joint Underwriter shall remain payable to the Managing Underwriter and other Joint Underwriter notwithstanding that this Agreement shall be terminated or the obligations of the Managing Underwriter and other Joint Underwriter shall be cancelled or terminated or withdrawn for any reason whatsoever.

2. PARTICULARS OF THE IPO**(iii) Termination****Clause 11.1**

Notwithstanding anything herein contained, the Joint Underwriters and/or the Managing Underwriter, as the case may be, may by notice in writing to the Company given at any time before the Listing Date, terminate, cancel and withdraw their respective Underwriting Commitment upon the occurrence of any of the following:-

- a) in the event that the Listing does not take place by 13 July 2011 or approval of Bursa Securities for the admission of the Company to the Official List of the Main Market of Bursa Securities or for the listing of and quotation for the entire issued and paid-up share capital of the Company on the Main Market of Bursa Securities is withdrawn or procured but subject to the conditions not acceptable to the Joint Underwriters;
- b) there is any breach by the Company of any of the representations, warranties or undertakings contained in **Clauses 3 and 4**, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated in the notice given to the Company;
- c) there is failure on the part of the Company to perform any of its obligations herein contained;
- d) there is withholding of information of a material nature from the Joint Underwriters which is required to be disclosed pursuant to this Agreement which, in the reasonable opinion of the Joint Underwriters, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the Public Issue, or the distribution or sale of the Issue Shares;
- e) there shall have occurred, or happened any material and adverse change in the business or financial condition of the Group;
- f) there shall have occurred, or happened any of the following circumstances: -
 - (i) any material change, or any development involving a prospective change, in national or international monetary, financial and capital market, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or currency exchange rates or the occurrence of any combination of any of the foregoing or which in the opinion of the Joint Underwriters is likely to have a material adverse effect (whether in the primary market or in respect of dealings in the secondary market) on the value or price of the Offer Shares or a material adverse effect on the Listing or the Public Issue. For the avoidance of doubt, and without prejudice to the foregoing, if the FTSE Bursa Malaysia KLCI Index is, at the close of normal trading on Bursa Securities, on any Market Day:
 - (1) on or after the date of this Agreement; and
 - (2) prior to the Closing Date,

2. PARTICULARS OF THE IPO

lower than 85% of the level of index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of this Agreement or any other adverse change in the market conditions which the parties mutually agree to be sufficiently material and adverse to render it to be a terminating event, it shall be deemed a material adverse change in the stock market condition;

- (ii) any new or change in law, regulation, directive, policy or ruling in any jurisdiction; or
- (iii) any event or series of events beyond the reasonable control of the parties hereto including (without limitation), acts of government, acts of God, acts of terrorism (including, without limitation, the occurrence of a tsunami and/or earthquakes), strikes, national disorder, declaration of a state of emergency, lock-outs, fire, explosion, flooding, landslide, civil commotion, sabotage, acts of war, diseases or accidents which in the view of the Managing Underwriter and the other Joint Underwriter have or are likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Public Issue or pursuant to the underwriting of the Underwritten Shares;

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

- (g) any commencement of legal proceedings or action against any member of the Group or any of their directors, which in the reasonable opinion of the Managing Underwriter and/or the other Joint Underwriter, would have a material adverse effect or make it impracticable to proceed with the Public Issue and Offer for Sale; or
- (h) the Public Issue or the Offer for Sale is stopped or delayed by:
 - (i) the Company; or
 - (ii) the regulatory authorities,

for any reason whatsoever (unless such delay has been approved by the Joint Underwriters).

Clause 11.2

In the event that this Agreement is terminated pursuant to Clause 11.1, the Joint Underwriters and the Company may confer with a view to deferring the Public Issue by amending the terms of this Agreement and enter into a new underwriting agreement accordingly, but neither the Joint Underwriters nor the Company shall be under any obligation to enter into a fresh agreement.

Clause 11.3

Upon any such notice(s) being given pursuant to Clauses 5.2 or 11.1, the Joint Underwriters shall be released and discharged from its obligations hereunder without prejudice to their respective rights under this Agreement, whereupon the following shall take place within three (3) Market Days of the receipt of such notice:

2. PARTICULARS OF THE IPO

- (a) the Company shall make payment of the Arranger Fee and Underwriting Commission to the Managing Underwriter and the Underwriting Commission to the other Joint Underwriter together with all costs and expenses incurred by the Managing Underwriter and the other Joint Underwriter (including those costs and expenses incurred in the event the Closing Date is extended); and
- (b) the Company shall refund to the Joint Underwriters the subscription monies, if any, paid by the Joint Underwriters and/or its designated nominees pursuant to its subscription of the Unsubscribed Underwritten Shares pursuant to **Clause 8.3**;

and thereafter, this Agreement shall become null and void and of no further force and effect and none of the parties shall have a claim against the other save and except in respect of any antecedent breaches.

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2. PARTICULARS OF THE IPO**2.10 DILUTION**

Dilution is the amount of which the NA per Share immediately after the implementation of the Listing Scheme is less than the IPO Price. Our audited net assets per Share as at 31 December 2010 based on our enlarged issued and paid up ordinary share capital of 330,000,000 Shares, after taking into account the adjustments for the Listing Scheme was RM0.57 per Share. The following table illustrates such a dilution on a per Share basis:

	RM
IPO Price	1.25
NA per Share as at 31 December 2010, before adjusting for the IPO ⁽¹⁾	0.43
NA per Share as at 31 December 2010, after adjusting for the IPO ⁽²⁾	0.57
Increase in NA per Share contributed by new investors	0.14
Dilution in NA per Share to new investors	0.68
Dilution in NA per Share to new investors as a percentage of the IPO Price	54%

Notes:

- (1) *Taking into account the effects of the Acquisitions but excluding the IPO and the utilisation of proceeds*
- (2) *Taking into account the effects of Acquisitions, IPO and the utilisation of proceeds*

Save as disclosed in the table below indicating the total number of Shares acquired by our directors, senior management, substantial shareholders or person connected to them, the purchase consideration paid by them and the average effective cash cost per Share and to the new public investors who subscribe for the IPO Shares pursuant to the IPO, there has been no other equity transaction and/or right to acquire during the past three (3) years prior to the date of this Prospectus.

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2. PARTICULARS OF THE IPO

	Total number of Shares held after the Acquisitions No. of Shares	Purchase consideration (RM)	Average effective cash cost per Share (RM)
Directors, Key Management and Substantial Shareholders			
Lee Siew Heng	17,772,560	17,772,559	1.00
Goh Ching Mun ⁽¹⁾	1	-	-
Directors and Key Management			
Tan Say Yap	5,955,500	5,955,500	1.00
Clarence D'Silva A/L Leon D'Silva	100,000	125,000	1.25
Chuah Seong Meng	100,000	125,000	1.25
Director and Substantial Shareholder			
Chin Lai Yoong	4,634,559	4,634,559	1.00
Directors			
Datuk Dr. Ahmed Tasir	100,000	125,000	1.25
Bin Lope Pihie			
Mark Wing Kong	100,000	125,000	1.25
Dr Leong Chik Weng	100,000	125,000	1.25
Substantial Shareholder			
Old Town International	194,251,998	194,251,998	1.00
Other Shareholders			
Lee Siew Kong	640,764	640,764	1.00
Lee Teck Wai	213,559	213,559	1.00
Lim Ah Fah	6,169,059	6,169,059	1.00
Chow Kwai Mun	975,000	975,000	1.00
CN Properties Sdn Bhd	2,993,000	2,993,000	1.00
New Investors			
- Public Issue	62,894,000	78,617,500	1.25
- Offer for Sale	33,000,000	41,250,000	1.25

Note:

- (1) Goh Ching Mun is deemed a substantial shareholder of Oldtown by virtue of his shareholdings in Old Town International, pursuant to Section 6A of the Act.

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3. RISK FACTORS

Prospective applicants should carefully consider the following risk factors (which are not exhaustive) in addition to the other information contained elsewhere in this Prospectus before applying for the IPO Shares:-

RISKS RELATING TO THE BUSINESS

(a) Risks associated with market expansion outside of Malaysia

As part of our growth strategy, we are in the process of penetrating into new markets outside of Malaysia. In addition to Singapore and Hong Kong, our beverage products have been exported to other overseas countries including the USA, Canada, Taiwan, Indonesia, Brunei, Thailand, Philippines, China, United Kingdom and Australia. We have also commenced operations of OLDTOWN WHITE COFFEE café outlets in Singapore and in Indonesia in 2008 and in the first quarter of 2011, respectively. While we believe that market diversification would enhance our growth potentials and reduce our dependence on the local market, it would subject us to the various food and beverage regulations in foreign jurisdictions. We will also increase our dependence on the third party distributors to distribute and market our product in these foreign markets. While exporting our products increases revenue and profits, we may be required to expand our existing resources such as our management information systems, personnel and existing infrastructure, in order to be fully equipped to manage the market expansion.

For our overseas expansion plans to work according to plan and expectations, the expansion plans are subject to the company being able to attract suitable joint venture partners or franchisees. We would be highly dependent on the joint venture partner or franchisee's familiarity with the local market outlook, preferences and goodwill to secure good locations (which have characteristics such as heavy human traffic flow, reasonable rental costs, safe and conducive environment for dining and close proximity to patrons) for further expansion of our business. We may also face financial challenges in managing the costs involved in setting up new outlets as opposed to the funds required for working capital.

(b) Changes in consumer preference and perception

Our business is highly dependent on the goodwill and market receptiveness associated with brands such as OLDTOWN, OLDTOWN WHITE COFFEE and NAN YANG. Consumer preference and market perception are expected to continually change and there is no guarantee that the market receptiveness to the brands will persist, hence we would be challenged to continuously adapt to such changes.

(c) Negative publicity

Any negative publicity concerning food quality, publication of government or industry findings concerning food and beverage served by us or others in the industry would have adverse effects on the business, just as positive research findings may have a positive boost towards our performance.

Like any other operator in the food and beverage industry, bad publicity may adversely affect our image, reducing customer confidence in our products and result in reduced patronage to our outlets. This affects financial performance as the drop in revenue will need to be addressed by defensive measures which may result in a compounded increase in expenses incurred to re-build customer confidence or to challenge lawsuits. The management of Oldtown Group is of the opinion that in the current age of information technology, any claims which result in negative publicity can easily be made without the claimant first ascertaining the accuracy or validity of such facts. There has been unfavourable publicity in the past with regards to the OLDTOWN WHITE COFFEE cafe outlet's branding and the management views such publicity very seriously and has, amongst others, conducted internal investigations on such negative publicity claims. As at to date, the management has found no evidence to support such claims and there have not been any adverse effects on the operations and financial performance of Oldtown Group.

3. RISK FACTORS

(d) Food contamination

Food contamination is an inherent risk to all food and beverages companies. There is, always the possibility of food contamination given the numerous manufacturing process involved in the production of our products. As such we may be exposed to claims relating to possible contamination of our products, thereby resulting in costly litigation. Should we be involved in any litigation due to the contamination of our products, our Group's operation and profitability maybe adversely affected.

Furthermore, this may result in premise inspection by the local authorities and / or National Institute of Occupational Safety and Health ("NIOSH"), which may result in monetary fine and/ or directive to temporary close down operations for a cleaning exercise. This would also have a negative impact on our Group's operation and profitability. To the best knowledge of our Board, our Group has not had any food contamination issue which materially affected the operations of our central food processing centres or cafe outlets and has never been ordered by any government agencies to close our central food processing centres and/or cafe outlets.

(e) Affected by the changes in conditions in places in which our cafe outlets are located

There is no assurance that the buildings in which our cafe outlets are located will continue to be in operation and will not close down or be demolished. If the above happens, we would need to write off the fixed assets of that particular cafe outlet. There is a risk that we may not be able to find suitable alternative locations for our cafe outlets and this may lead to a loss of income. The compensation received may not be sufficient to cover our losses and this in turn may have an adverse effect on earnings.

We may also be affected by any changes in tenant mix and poor maintenance of the malls in which our cafe outlets are located, which may lead to reduced patronage, thereby affecting our business. To the best knowledge of our Board of Directors, our Group is not aware of any changes in conditions in places which our cafe outlets are located.

(f) Dependent on the availability, costs and quality of raw materials for products

There are also risks that our suppliers may not be able to fulfil our needs and expectations in terms of cost and product quality. The cessation of suppliers or the business relationship with these suppliers may result in our Group having to incur time and higher costs in sourcing from new suppliers. This may lead to a disruption to business activities. However, our Group is not dependent on any supplier as the main raw materials, such as creamer, as these raw materials are widely available.

The costs of some of the raw materials, such as coffee beans, used by our business are dictated by global commodity prices. Changes in climatic conditions and governmental regulations may result in reduced supply leading to an increase in costs of raw materials.

If our suppliers, owing to any reason whatsoever, are not able to constantly provide adequate quantity of raw materials and/or meet our quality requirements, there may be interruption to our operations which in turn may materially affect the profitability of our Group. However as at LPD, suppliers of our Group have continuously proven to be a reliable source in terms of both quality and quantity. As such, our Group has not experienced any interruption of supply of raw materials.

3. RISK FACTORS

(g) Successful imitation of our products and concept by competitors

Our Group's profitability may also be affected if our competitors are successful in imitating our product's recipes and restaurant concepts and are able to provide such products and services at competitive prices. While there are competitors with similar products and concepts in the market, our Group does not appear to have been affected by these competitors as we have been able to maintain our sales expectations.

(h) Infringement of trade marks

Our Group has invested in branding campaigns to promote our trade mark items and have also filed for trade mark applications to protect against any infringement of trade marks. Despite that, there is no certainty that the trade marks will not be infringed. Such infringement may lead to the loss of sales and reduced customer confidence. Our Group would also have to incur legal costs to initiate legal proceedings against those who infringe on our trade marks. Our Group has taken action against certain parties who have infringed upon our trade mark. However the infringement by other parties has not led to any loss in sales and/or reduced customer confidence.

(i) Outbreak of any contagious or virulent disease

The spread or outbreak of any contagious or virulent disease in the countries in which we operate could have a material adverse impact on our Group's operations. In the event that any of our employees in our Group, employees of our suppliers and/or customers is infected with such diseases, we may be required to temporarily shut down the affected OLDTOWN WHITE COFFEE cafe outlets to prevent the spread of disease. This will have a negative impact on our profitability. Our Group has not encountered any case whereby any of our Group's employees, employees of our suppliers and/or customers has been infected with a disease requiring temporary shutdown of any of OLDTOWN WHITE COFFEE cafe outlets.

(j) Disruption at central food processing centres and café outlets

Our central food processing centres which are located at Ipoh and Subang Jaya may face disruption such as fire hazards or power failures which may result in the damage of our supplies and/or products and we may be unable to process / supply the food ingredients necessary for the continuous operation of our restaurants and/or franchises. While we maintain insurance policy covering certain losses, such as loss due to fire and loss due to theft, which we consider adequate, we are not insured against business interruption. Accordingly we cannot assure that our insurance coverage would be sufficient to cover all our potential losses. To the best knowledge of our Board of Directors, there has not been any disruption at our central food processing centres and cafe outlets.

(k) Default or loss of franchisees and licensees

Our financial performance is to a certain extent, affected by the performance of our franchisees and licensees. While our franchisees and licensees have been compliant in their financial obligations to date, the franchisees and licensees may default on future payments of royalty and advertising and promotional fees, to our Group due to any reasons whatsoever and is not in a position to compensate us for any direct or indirect losses which we may have suffered as a result of such defaults. We cannot give any assurance that our existing franchisees and licensees will continue to be successful in their operations. The loss of our franchisees and licensees will result in a decrease in our revenues in that market or geographical area and this may present an opportunity to our competitors to increase their market share in that market or geographical area. Our Group has not experienced any failure or loss pertaining to payments due to us from our franchisees and licensees.

3. RISK FACTORS

(l) Litigations by franchisees, licensees and third parties

There is risk of litigation which may be brought against us by third parties for the wrongdoings of our franchisees or licensees or as a result of disagreements between our Group and the franchisee or licensees which cannot be resolved amicably through negotiations. We may incur litigation expenses to defend our Group, which may have an adverse impact on our business and financial performance. To the best knowledge of our Board of Directors, there is no material litigation brought by any of the franchisees or licensees against our Group.

(m) Increase in rental or failure to renew existing tenancies in respect of our cafe outlets and central food processing centres

Most of our cafe outlets are rented from third parties with tenancy terms of up to three (3) years. We generally commence negotiations of a new tenancy term three (3) months before the expiry of the existing tenancy. During the negotiation process, the landlords have the rights to review and change the terms and conditions of the rental agreements. We face the possibility of an increase in rental fees payable to the landlords. Additionally, the landlords may also refuse to extend the tenancy of the said properties and as such we would have to close down the cafe outlets located on the rented properties. This will have an adverse impact on our Group's operations and profitability. All rental increases have already been forecasted and in most cases our tenancy agreements provide for the increase of such rentals which have been mutually agreed upon.

(n) Quality of food products and services

It is essential that the quality of food served must be consistent throughout all our outlets. Any inconsistency in the quality of our food products may result in customer dissatisfaction and hence a decrease in their patronage to our cafe outlets. High staff turnover, shortage of staff and lack of supervision, although consistently addressed by internal training and development programs, may not be sufficient to ensure consistency and quality of the food products served and the services at our cafe outlets which may have an adverse impact on our Group's financial performance. Our Group's products and services are tailored as a "quick serve" concept thereby reducing the skill requirement of the employees, hence we have not been affected by shortage of manpower nor have our Group been affected by inconsistent food quality as all our food are cooked and/or prepared by the central food processing centres located in Ipoh and Subang Jaya.

(o) Dependence on key management

As in any other businesses, the Group believes that its continued success will depend to a significant extent upon the abilities, skills, experience, competency and continuous efforts of its existing Directors and management team. The Group will strive to continue attracting and retaining qualified and experienced personnel who are essential towards providing the required skills and services to successfully support the operations of the Group.

In addition, every effort is being made to groom the younger members of the management team to gradually take over from the senior members to ensure a smooth transition in the management team should changes occur. The loss of the services of any of our Executive Directors and key management personnel without suitable and timely replacement, or the inability of our Group to attract and retain other qualified personnel, could adversely affect our operations and hence, our revenue and profitability.

Details of our key management personnel and our management succession plans are set out in Sections 5.6 and 5.12 of this Prospectus, respectively.

3. RISK FACTORS

(p) Pilferage by employees

We operate cafe outlets where a large proportion of our transactions is based on cash payments. There is a risk of pilferage of cash by employees, which may materially affect our financial performance.

However, we have put in place various operational procedures and controls to minimise pilferages by employees. Some of them are as follows:

- (i) Customer's orders are entered into a Point-of-Sale (POS) system, which are transmitted to the cafe kitchen for preparation of food and beverages. The customer pays the amount stated on the official receipt, which is generated from the POS system. This ensures that all customers' payments are captured by the POS system;
- (ii) All cash collected for the day are deposited daily into a bank and/or once a certain threshold has been reached, by each of the cafe outlet manager;
- (iii) Daily bank-in slips are faxed to Oldtown Group's head office on a daily basis. These are then verified against the sales summary report generated by the POS system for each café outlet at Oldtown Group's head office; and
- (iv) All daily cash sales are reconciled to the amount stated in the sales summary report.

The POS is linked to our Group's head office via Wide Area Network and is programmed to transmit sales data from the cafe outlet to head office on a daily basis. Notwithstanding the above, there is no assurance that cash pilferages may not affect our future financial performance.

(q) Rules, regulations and controls

To avoid any disruption in its business operations, the Group has been using its best endeavours to ensure strict compliance with the relevant laws and regulations and conditions that are enforced and/or imposed and that the relevant licenses and permits are obtained and renewed on a timely basis.

There is, however, no assurance that the introduction of new laws or other future regulatory development will not have a material adverse effect on the business operations of the Group. Generally, any inability to comply with all regulations and/or conditions or changes in applicable regulations and requirements may have a negative impact on its businesses. There is also no assurance that the existing licences and permits issued will not be subject to the imposition of further conditions or restrictions by the relevant authorities from time to time or upon renewal, which may materially affect the business operations of the Group.

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3. RISK FACTORS

RISK RELATING TO THE INDUSTRY

(a) Subject to labour and immigration laws and policies that govern the employment of foreign employees

Our business operations are labour intensive. As at LPD, we had, in aggregate, 2,342 employees, out of which 174 employees are based in Singapore and 65 are based in Indonesia. Please refer to Section 5.12 of this Prospectus for further details on our employees. Our business is therefore subject to the labour and immigration laws that govern the employment of our foreign employees. In the event of any restrictions on the number of foreign workers being brought into our country, overseas operation or any increases in foreign worker levy, our business and financial performance may be adversely affected. Our Group has not been affected by any changes in labour and immigration laws and policies that govern the employment of foreign employees.

(b) Subject to requirement of the relevant food regulations

We are subject to the laws and regulations governing the food and beverage industry, including but not limited to those relating to taxes, food safety, handling and storage, hygiene standards, sale of food and beverage requirements, namely the Food Act 1983, Food Regulations 1985 and Trade Descriptions Order 1975 (Use of Expression "Halal" in Malaysia). We are required to obtain and maintain for our operations, certain licences, permits and approvals from the relevant authorities. There is no assurance that there will not be any changes in these legislations and that we would be able to continue complying with any of the changes which may be introduced by the relevant authorities. In the event that we are unable to comply with the existing regulations, such as obtaining, maintaining or reviewing the relevant licences required in operating our businesses, we may be disallowed to continue our business operations. In addition, any changes in or introduction of new regulations that require our compliance may increase our cost of operations. All these will have an effect on our business and financial performance.

(c) Public liability

The Food Services Industry interacts directly with the public as the end-consumers of its products and services. As such, there is always a risk of public liability from the food and beverages served, as well as dining within the premises. Any incidents caused on the premises would subject the operator to legal redress, which may impact financially on the business, as well as contributing to the bad publicity of the restaurant, cafe or other food service outlets. However some incidents are unavoidable, and as such, operators of food services would normally take public liability insurance to help mitigate such risk. In addition, operators who exercise due care, consideration and safety would be able to mitigate to a large extent the risk of public liability. Such care and consideration would include proper handling and storage of foods, ergonomics of the work place and public seating area, and other customer consideration procedures. Our Group has purchased insurance coverage for public liability and hence, we are covered by insurance in respect of losses, claims and liability arising from or in connection with public liability from the food and beverages served, as well as dining within the premises. As such, these events, should they occur, will not adversely affect our business and financial performance.

3. RISK FACTORS

(d) Competitive industry

We operate in an industry which is highly competitive where the barriers of entry are low. Our competitors include large and diverse groups of restaurant chain operators, individual restaurants and cafe outlets. We compete by being able to offer good quality food, competitive pricing, good customer services and accessible locations with good facilities. However, there are risks that our competitors may be able to replicate our products and offer them at competitive prices. In the event that we are unable to compete effectively in our industry, our business and financial performance will be materially and adversely affected. Our Group has been extremely competitive in the past and we have not faced any financial repercussions with regards to competition within the industry in the past.

(e) Subject to changes in economic, political, social, legal conditions and discretionary consumer spending

Our business is subject to prevailing economic and social conditions. Any adverse changes in the above conditions in Malaysia as well as in the other countries where we obtain our supplies, market our products and operate our cafes could materially affect our operational and financial prospects. Among the negative changes which may impact consumer spending include unemployment levels, high interest rates, consumer debt levels, availability of credit, increased tax rates etc. Any such negative changes will affect consumer spending and hence, have an effect on our business and our financial performance.

As our Group is also operating in foreign countries such as Singapore and Indonesia, our Group is also subject to compliance with any government laws, decree, regulation or other requirements including any regulation which may affect the repatriation of capital and remittance of profit to or by the Group's overseas operations back to Malaysia. Our Directors are not aware of any government laws, decree, regulation or other requirements which may affect the repatriation of capital and remittance of profit to or by the Group's overseas operations back to Malaysia.

However, although this is highly unlikely to happen, we may not be able to comply with the regulations and/or monetary policies of both, locally and overseas, which may be newly introduced from time to time by the relevant authorities. In the event that we are unable to comply with those regulations, we may run into difficulties and constraints in our business operations both locally and/or overseas. In addition, any changes in or introduction of new regulations that require our compliance may increase our cost of operations. All these will have an effect on our business and financial performance.

RISK RELATING TO INVESTMENT IN OUR SHARES

(a) No prior trading market for our Shares and a market for our Shares may not develop

Prior to this invitation, there has been no public market for our Shares. Although we have made an application to list our Shares on the Main Market of Bursa Securities, there is no assurance as to the liquidity of any market that may develop for our Shares, or even if a market develops, will be sustained. There is no assurance of the ability of the holders or the prices at which the holders would be able to sell their Shares. The market prices of our Shares are subject to the vagaries of market forces and many other factors, such as prevailing economic, political and financial conditions in Malaysia, our operating results and the markets for similar securities. Hence, there is no assurance that the market price may not decline below the issue price.

3. RISK FACTORS

(b) Capital market risk

The performance of the local bourse is very much dependent on external factors such as the performance of regional and world bourses and the flows of foreign funds. Sentiments are also largely driven by internal factors including political and economic conditions of the country as well as growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risk to the market price, which may already fluctuate significantly and rapidly as a result, inter alia, of the following factors:-

- differences between our actual financial and operating results and those expected by investors and analysts;
- announcements by us or our competitors of significant contracts, acquisitions, strategic alliances, joint ventures or capital commitments;
- fluctuations in stock market prices and volume;
- changes in our operating results;
- changes in securities analysts' estimates of our financial performance and recommendations;
- changes in market valuation of similar companies;
- our involvement in litigation, arbitration or other forms of dispute resolution;
- additions or departures of key personnel; and
- changes in general economic and stock market conditions

(c) We may require additional funding for our future growth

Although we have identified our future plans as set out in the Section 4.23 of this Prospectus as avenues to pursue growth in our business, the proceeds from the IPO may not be sufficient to fully cover the estimated costs of implementing these future plans.

We may also find opportunities to grow through acquisitions that cannot be predicted at this juncture. Under such circumstances, secondary issue(s) of securities after the IPO may be necessary to raise the required capital to develop these growth opportunities.

If we then fail to utilise the new equity to generate a commensurate increase in earnings, our EPS will be diluted, and this could lead to a decline in our share price. Any additional debt financing may, apart from increasing interest expense and gearing, contain restrictive covenants with respect to dividends, future fund-raising exercises and other financial and operational matters in any such events, our growth or financial performance will be adversely affected.

(d) We may not be able to pay dividends to shareholders

Our ability to pay dividends or make other distributions to our shareholders may be subject to, amongst others:

- restrictions contained in loan agreements which limit dividend payments without the prior written consent of our lenders; or
- our Group having profits and excess funds which are not needed to fund our operations, obligations or business plans; or
- receipt of funds from our subsidiaries.

Our shareholders' claims will generally rank junior to all other creditors and claimants against our Group. In the event of liquidation, there may not be sufficient assets for us to pay out dividends.

3. RISK FACTORS

(e) Forward looking statements

Certain information in this Prospectus is based on the historical experience of the Group and may not be reflective of future results. Whilst the interpretation of this information may be forward-looking, the contingencies and inherent uncertainties underlying these information should be carefully considered by investors and should not be regarded as a representation by the Group and its advisers that the objectives and the future plans of the Group will be achieved. Any differences in the expectation of the Group from its actual performance may result in the Group's financial and business performances and plans to be either, materially or immaterially, different from those anticipated.

(f) There may be a delay in our listing or our listing may be aborted

The occurrence of any one or more of the following events, which may not be exhaustive, may cause a delay in our listing or our listing to be aborted:-

- the Bumiputera investors approved by MITI fail to acquire the portion of Shares allocated to them;
- the identified investors under the Public Issue and Offer for Sale fail to subscribe for the portion of our Shares allocated to them although they have furnished their irrevocable undertaking letters to subscribe for such Shares;
- the Underwriters exercising their rights pursuant to the Underwriting Agreement to discharge themselves from their obligations thereunder; or
- we are unable to meet the public spread requirement as determined by Bursa Securities, including at least 25% of our total issued and paid-up share capital being in the hands of a minimum of 1,000 public shareholders holding not less than 100 Shares each at the point of Listing

Although our Directors will endeavour to ensure compliance by our Company of the Listing Requirements, including inter-alia, the public spread requirements imposed by the SC and Bursa Securities for the successful listing, no assurance can be given that the above-mentioned factors will not cause delay or abortion of the Listing.

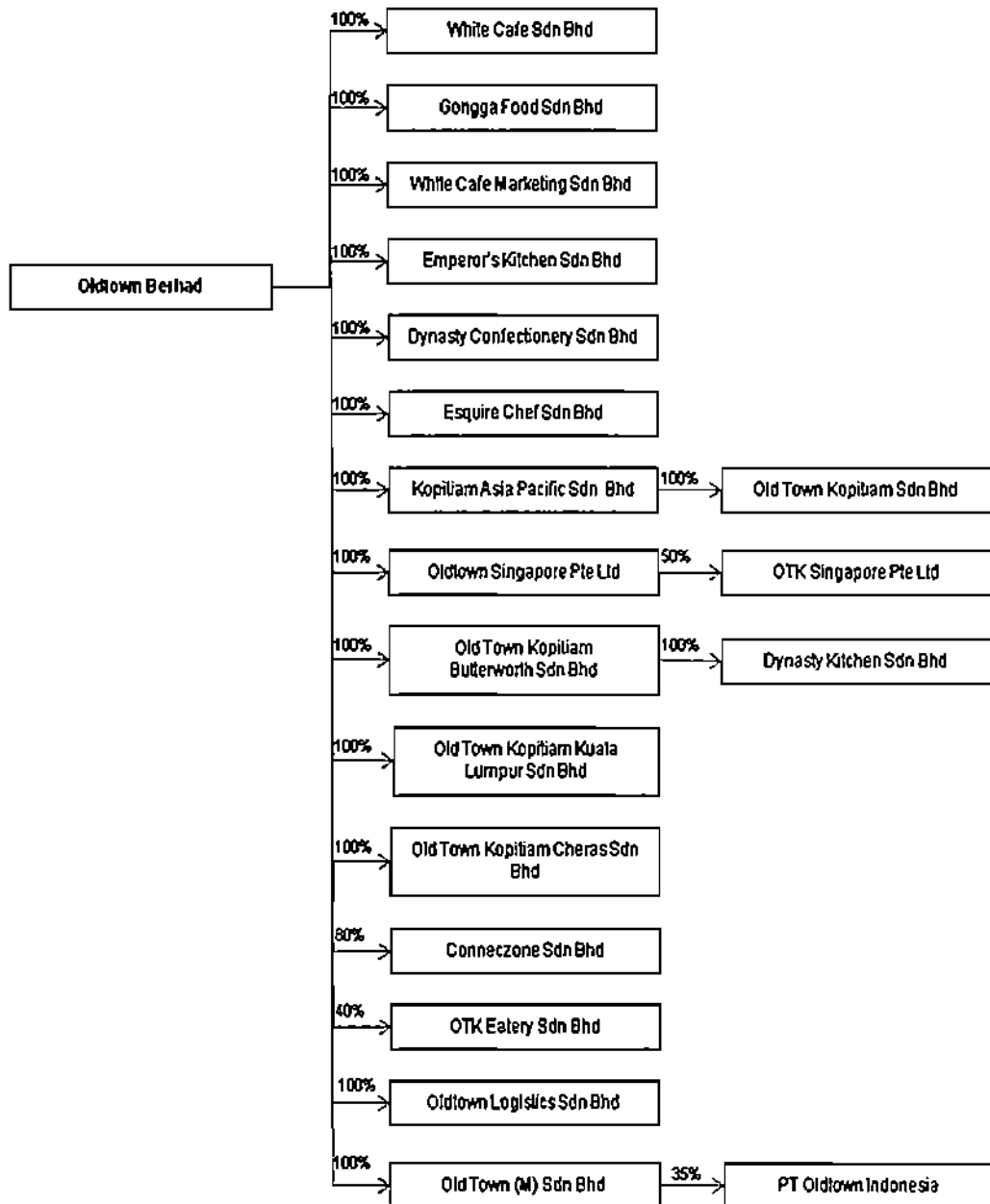
(g) Ownership and control by our existing shareholders

After the IPO, our Promoters as set out in Section 5.1 of this Prospectus will collectively directly control more than 50% of our Group's enlarged issued and paid up share capital. Therefore, our promoters will be able to exercise some influence over the direction and matters governing our Group requiring the vote of our Group's shareholders unless they are required to abstain from voting by law, covenants, and/or by relevant authorities.

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

4. INFORMATION ON OUR GROUP

4.1 GROUP STRUCTURE



4. INFORMATION ON OUR GROUP

The summary details of our subsidiaries and associated companies are as follows:

Corporation	Date/Place of Incorporation	Effective Equity Interest (%)	Issued and Paid-up Share Capital (RM)	Principal Activities
Connecczone	16.11.2005 / Malaysia	80.0	50,000	Operator of cafe outlets.
Dynasty Confectionery	04.07.2007 / Malaysia	100.0	200,000	Central bakery and confectionery processing centre.
Dynasty Kitchen	21.12.2006 / Malaysia	100.0	10	Distribution centre.
Esquire Chef	05.12.2006 / Malaysia	100.0	1,000	Central food processing centre.
Emperor's Kitchen	21.06.2005 / Malaysia	100.0	200,002	Central food processing centre.
Gongga Food	13.10.2003 / Malaysia	100.0	300,000	Manufacture of roasted coffee powder and procurement of food items.
Kopiliam Asia Pacific	10.04.1990 / Malaysia	100.0	1,250,000	Franchisor of cafe outlets and provision of management services.
Old Town Kopiliam	29.11.2005 / Malaysia	100.0	200,000	Operator of cafe outlets.
Old Town Kopiliam Butterworth	14.06.2005 / Malaysia	100.0	100,000	Operator of cafe outlets.
Old Town Kopiliam Cheras	03.10.2006 / Malaysia	100.0	160,000	Operator of cafe outlets.
Old Town Kopiliam Kuala Lumpur	09.08.2005 / Malaysia	100.0	100,000	Operator of cafe outlets.
OTK Eatery	20.08.2007 / Malaysia	40.0	100,000	Operator of cafe outlets.
OTK Singapore	19.10.2007 / Singapore	50.0	SGD 100,000	Operator of cafe outlets.
Oldtown Singapore	29.06.2007 / Singapore	100.0	SGD 100,000	Supply of food and beverages, provision of management services, licensor and operation of food and beverage outlets.
Oldtown Logistics	04.03.2010/ Malaysia	100.0	2	Dormant.
Old Town (M)	08.08.2007/ Malaysia	100.0	2	Investment holding.
PT Oldtown Indonesia	13.08.2010/ Indonesia	35.0	Rp 6,923,374,800	Licensor and operator of cafe outlets.
White Cafe	11.02.1999 / Malaysia	100.0	1,000,000	Manufacturing of beverages.
White Cafe Marketing	24.01.1996 / Malaysia	100.0	1,700,000	Marketing of beverages.

4. INFORMATION ON OUR GROUP

4.2 OUR HISTORY AND BUSINESS

Our Group's history can be traced back to the incorporation of White Cafe in 1999, formerly known as Leadercal Sdn Bhd before assuming its present name on 3 August 2000. The current principal activity of the company is in the manufacturing of beverages. With the intention to provide quality white coffee to Malaysian households and the food services industry, the co-founders and Executive Directors, Mr Goh Ching Mun and Mr Tan Say Yap formulated their own blend of 3 in 1 instant white coffee and commenced manufacturing in 1999.

With more than 10 years of experience in the coffee beverage industry, both our co-founders were instrumental in the growth of the Oldtown Group of companies. They are supported by Mr Lee Siew Heng, our Group Managing Director who played a significant role in implementing the overall vision, strategy and development of the Oldtown Group. With more than 20 years of experience in the manufacturing and retailing industries, of which more than 9 years were in the coffee beverage industry, Mr Lee Siew Heng brings with him invaluable industry, management and marketing experience.

In 1999, we successfully commercialised our instant 3 in 1 coffee mix under the 'OLDTOWN' brand name for the retail sector. In 2000, we commenced our first export of the 'OLDTOWN' brand of instant coffee mix to Singapore. In 2001, our subsidiary, White Cafe Marketing commenced operations as the marketing arm for our Group's beverage products. During the same year, we also expanded our product line to include different variations of our instant coffee mix to those with no added sugar, hazelnut flavoured and ice cold version. During this time, we also expanded our export markets to Hong Kong for our instant coffee mix.

In 2002, White Cafe obtained a HALAL certification from the Islamic Religious Department of Perak for the Group's beverages. This is part of our Group's intentions, which is to produce our beverages in accordance with the Islamic law. In the same year, we successfully expanded our nationwide retail distribution of our instant coffee mix to cover East and West Malaysia through major hypermarkets and supermarkets.

In 2003, as part of our on-going product line expansion, we also successfully commercialised our own formulated blend of 3 in 1 instant milk tea for the retail market under the 'OLDTOWN' brand name.

In view of expanding our manufacturing activities, we incorporated Gongga Food in 2003 and commenced operations in 2004. The principal activity of the company is in the manufacturing of roasted coffee powder for the food services sector using the Group's proprietary bean roasting process. We initially distributed our roasted coffee powder to traditional coffee shops in Ipoh and subsequently expanded our distribution to cover other states in Malaysia. In addition to the food services sector, our roasted coffee powder is also marketed to the retail sector under the 'NAN YANG' brand. In 2004, we further penetrated the export markets for our instant coffee mix to cover the USA and United Kingdom and subsequently in 2005, Taiwan and Indonesia.

In 2005, we expanded vertically into the food services sector by opening a chain of cafe outlets based on the traditional Ipoh coffee shop setting and ambience under the 'OLDTOWN WHITE COFFEE' brand name. This is part of the Group's strategy of capitalising and reinforcing on the 'OLDTOWN WHITE COFFEE' brand in the food services industry. In the same year, Kopitiam Asia Pacific commenced operations in the licensing and provision of management services to 'OLDTOWN WHITE COFFEE' cafe outlets.

4. INFORMATION ON OUR GROUP

Since the opening of our first 'OLDTOWN WHITE COFFEE' cafe outlet in Ipoh in 2005, our chain of cafe outlets have expanded to reach 182 cafe outlets in Malaysia, Singapore and Indonesia as at LPD. This includes fully and partially owned, as well as franchised and licensed cafe outlets. In 2005 and 2006, we established our subsidiaries namely Old Town Kopitiam, Old Town Kopitiam Butterworth, Old Town Kopitiam Kuala Lumpur, Old Town Kopitiam Cheras and Connezone to focus on operating cafe outlets in different areas and states within Malaysia.

To support our cafe outlet business operations, we established the following subsidiaries as central food processing centres between 2005 and 2007:-

- Emperor's Kitchen commenced operations in 2005;
- Esquire Chef commenced operations in 2007; and
- Dynasty Confectionery commenced operations in 2007.

In 2005, Gongga Food's business activities also expanded to cater to the procurement of food items for 'OLDTOWN WHITE COFFEE' cafe outlets. In the same year, Gongga Food also obtained a HALAL certification from the Islamic Religious Department of Perak for the production of its roasted coffee powder. In the same year, our subsidiary, White Cafe obtained HACCP certification from BM TRADA Certification Ltd for the processing and manufacturing of beverage products. Please refer to Section 4.17 for the significance of the BM TRADA Certification.

In 2006, we expanded our export markets to Canada, Japan and China. In the same year, we incorporated Dynasty Kitchen as a distribution centre for the northern region of Peninsula Malaysia, which commenced operations in 2007. During this year, we also incorporated Oldtown Berhad, which is currently an investment holding company and also currently provides management services to its subsidiaries. Subsequently we also started exporting to Thailand and the Philippines.

In view of our plans to expand our cafe outlet business operations to Singapore, we incorporated Oldtown Singapore in 2007 to provide management services, supply of food and beverage items and licensing services to cafe outlets in Singapore. OTK Singapore commenced operations in 2008 with the launch of our first partially owned 'OLDTOWN WHITE COFFEE' cafe outlet in Singapore. Subsequently in 2010, Oldtown Singapore also commenced operations of three of our fully owned cafe outlets.

In 2008, our subsidiaries, Dynasty Confectionery and Esquire Chef obtained HALAL certifications from the Islamic Religious Department of Perak for the processing of various food. Our other food processing subsidiary, Emperor's Kitchen obtained HALAL certification from the SAS-H Consultant Sdn Bhd. To further affirm our adherence to international food safety standards, our subsidiary, White Cafe achieved ISO 22000:2005 certification and ISO 9001:2000 from BM TRADA Certification Ltd in 2008 in addition to GMP certification by the Department of Public Health, Ministry of Health Malaysia in the same year. Within 2008, we also expanded our product line to include 3 in 1 instant coffee mix with cane sugar.

In 2009, Gongga Food obtained a HACCP certification from BM TRADA Certification Ltd for the production of roasted coffee powder and achieved ISO 22000:2005 certification from BM TRADA Certification Ltd for manufacturing of dried roasted ground coffee beverage products. During the same year, Kopitiam Asia Pacific had registered its franchise with the Registrar of Franchise, Malaysia. As at LPD, the operators of 169 'OLDTOWN WHITE COFFEE' cafe outlets in Malaysia have entered into franchise agreements with Kopitiam Asia Pacific. Within 2009, we also expanded into the RTD beverages market and launched our canned RTD coffee. Our subsidiary, White Cafe also obtained a HALAL certification from Halal Industry Development Corporation for the manufacturing/distribution of Old Town white coffee, specifically for our RTD coffee. The manufacturing of our RTD coffee is sub-contracted to a third party. During the same year, White Cafe upgraded from ISO 9001:2000 to ISO 9001:2008 which was certified by BM TRADA Certification Ltd.

4. INFORMATION ON OUR GROUP

As at LPD, our 'OLDTOWN' beverages were sold in approximately 5,002 retail outlets nationwide in Malaysia, approximately 730 retail outlets in Singapore and approximately 2,335 retail outlets in Hong Kong.

In 2010, our subsidiary, Esquire Chef obtained a HACCP certification and GMP certification for the preparation of food seasonings, condiments for restaurant outlets from Moody International Certification (Malaysia) Sdn Bhd. During the same year, Gongga Food obtained a GMP certification from Food Safety and Quality Division under the Department of Public Health of the Ministry of Health Malaysia for our roasted ground coffee mixture. One of our central food processing centres, Emperor's Kitchen obtained HALAL certifications from the Islamic Development Department of Malaysia (JAKIM) for various food manufactured and distributed by the company. Emperor's Kitchen also obtained HACCP Codex Alimentarius and MS 1480:2007 certifications from SGS (Malaysia) Sdn Bhd for its activities involving preparation of foodstuff from raw materials receiving, processing, packing, storage and delivery of finished goods to distributor.

In view of our plans to expand our cafe outlets business operations to Indonesia, we acquired a dormant company, namely Old Town (M) in 2010. Old Town (M) is currently an investment holding company of our associated company, PT Oldtown Indonesia. PT Oldtown Indonesia is a licensor and operator of café outlets. During the same year, we also incorporated Oldtown Logistics, which is currently dormant with intended logistics activities.

In 2011, PT Oldtown Indonesia commenced operations with the establishment of our first two partially owned 'OLDTOWN WHITE COFFEE' café outlets in Jakarta, Indonesia. During the same year, Dynasty Confectionery obtained HACCP certification and GMP certification for the production of bakery products and coconut jam for restaurant outlets from Moody International Certification (Malaysia) Sdn Bhd. Our Group's key milestones and awards are a testament to the success of our Group, which are as set out in Section 4.3 of this Prospectus.

The Oldtown Group has established itself as a major and reputable operator of a chain cafe and manufacturer of beverages with revenues of RM255.1 million for FYE 2010.

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4. INFORMATION ON OUR GROUP

4.3 KEY ACHIEVEMENTS AND MILESTONES

The table below sets out our Group's key development and achievement milestones over the years:-

Year	Key Milestones
1999	Incorporated White Cafe and commenced manufacturing of 3 in 1 instant coffee mix under the 'OLDTOWN' brand name.
2000	Commenced our first export of instant coffee mix to Singapore.
2001	White Cafe Marketing commenced operations as the marketing arm for our Group's beverage products. Expanded product lines to include instant coffee mix with no added sugar, hazelnut flavoured and ice cold versions. Commenced export of our instant coffee mix to Hong Kong.
2002	White Cafe obtained HALAL certification from the Islamic Religious Department of Perak for the Group's beverages. Expanded nationwide retail distribution to cover East and West Malaysia through major hypermarkets and supermarkets.
2003	Commercialised 3 in 1 instant milk tea for the retail market as part of the on-going product line expansion. Incorporated Gongga Food to manufacture roasted coffee powder using our proprietary bean roasting process.
2004	Gongga Food commenced operations in the manufacturing of roasted coffee powder. Penetrated additional export markets including the USA and United Kingdom.
2005	Subsequently exported our instant coffee mix to Taiwan and Indonesia. Vertical expansion into operation of cafe outlets under the 'OLDTOWN WHITE COFFEE' brand name. Opened our first cafe outlet in Ipoh. Kopitiam Asia Pacific, commenced operations in the licensing of cafe outlets and provision of management services. Incorporated our subsidiaries including Old Town Kopitiam, Old Town Kopitiam Butterworth, Old Town Kopitiam Kuala Lumpur and Connezone to focus on operating cafe outlets in different areas and states within Malaysia. Old Town Kopitiam Butterworth, Old Town Kopitiam Kuala Lumpur and Connezone commenced operations. Gongga Food expanded to cater to the procurement of food items for OLDTOWN WHITE COFFEE cafe outlets. Gongga Food obtained HALAL certification from the Islamic Religious Department of Perak for the production of roasted coffee powder. White Cafe obtained a HACCP certification from BM TRADA Certification Ltd for the processing and manufacturing of beverage products. Emperor's Kitchen commenced operations as a central food processing centre to service our cafe outlets.

4. INFORMATION ON OUR GROUP

Year	Key Milestones
2006	<p>Incorporated our subsidiary, Old Town Kopitiam Cheras as an operator of cafe outlets. Old Town Kopitiam Cheras and Old Town Kopitiam commenced operations.</p> <p>We exported our products to Canada, Japan and China.</p>
2007	<p>Dynasty Kitchen commenced operations as a distribution centre for the northern region of Peninsula Malaysia.</p> <p>Esquire Chef commenced operations as a central food processing centre.</p> <p>Incorporated Oldtown Berhad.</p> <p>Dynasty Confectionery commenced operations as central food processing centre.</p> <p>Incorporated Oldtown Singapore to provide management services and supply food and beverages as well as licensing services to café outlets in Singapore. The company commenced operations in the same year.</p> <p>We started exporting instant coffee mix to Thailand and the Philippines.</p>
2008	<p>OTK Singapore commenced operations in 2008 with the launch of our first partially owned 'OLDTOWN WHITE COFFEE' café outlet in Singapore.</p> <p>We expanded our product line to include 3 in 1 instant coffee mix with cane sugar.</p> <p>White Cafe achieved ISO 22000:2005 certification and ISO 9001:2000 from BM TRADA Certification Ltd. In addition, White Cafe also attained GMP certified by Department of Public Health, Ministry of Health Malaysia.</p> <p>Esquire Chef and Dynasty Confectionery obtained HALAL certification from the Islamic Religious Department of Perak for the processing of various food.</p> <p>Emperor's Kitchen obtained HALAL certification from SAS-H Consultant Sdn Bhd.</p>
2009	<p>Gongga Food obtained a Hazard Analysis Critical Control Point Management System (HACCP) certification from BM TRADA Certification Ltd for the production of roasted coffee powder. Gongga Food also obtained the ISO 22000:2005 certification from BM TRADA Certification Ltd for manufacturing of dried roasted ground coffee beverage products.</p> <p>Kopitiam Asia Pacific registered its franchise with the Registrar of Franchise, Malaysia.</p> <p>White Cafe obtained a HALAL certification from Halal Industry Development Corporation for the manufacturing/distribution of Old Town white coffee, specifically for RTD coffee.</p> <p>We expanded into the RTD beverages market and launched our canned RTD coffee.</p> <p>White Cafe upgraded from ISO 9001:2000 to ISO 9001:2008 which was certified by BM TRADA Certification Ltd.</p>
2010	<p>Oldtown Singapore started operation of cafe outlets.</p> <p>Esquire Chef obtained a HACCP certification and GMP certification for the preparation of food seasonings, condiments for restaurant outlets from Moody International Certification (Malaysia) Sdn Bhd.</p> <p>Gongga Food obtained a GMP certification from Food Safety and Quality Division under the Department of Public Health of the Ministry of Health Malaysia for our roasted ground coffee mixture.</p> <p>Emperor's Kitchen obtained HALAL certifications from the Islamic Development Department of Malaysia (JAKIM) for various food manufactured and distributed by the company.</p>

4. INFORMATION ON OUR GROUP

Year	Key Milestones
2010 <i>(cont'd)</i>	<p>Emperor's Kitchen obtained HACCP Codex Alimentarius and MS 1480:2007 certifications from SGS (Malaysia) Sdn Bhd for its activities involving preparation of foodstuffs from raw materials receiving, processing, packing, storage and delivery of finished goods to distributor.</p> <p>Acquired Old Town (M) as investment holding company of our associated company, PT Oldtown Indonesia, which is a licensor and operator of café outlets in the territories of Java and Bali, Indonesia.</p>
2011	<p>PT Oldtown Indonesia commenced operations with the establishment of our first two partially owned 'OLDTOWN WHITE COFFEE' café outlets in Jakarta, Indonesia</p> <p>Dynasty Confectionery obtained HACCP certification and GMP certification for the production of bakery products and coconut jam for restaurant outlets from Moody International Certification (Malaysia) Sdn Bhd.</p> <p>As at LPD, the number of OLDTOWN WHITE COFFEE cafe outlets expanded to a total of 182 cafe outlets in Malaysia, Singapore and Indonesia. This includes fully and partially owned, as well as franchised and licensed cafe outlets.</p> <p>As at LPD, our 'OLDTOWN' beverages were sold in approximately 5,002 retail outlets nationwide in Malaysia, approximately 730 retail outlets in Singapore and approximately 2,335 retail outlets in Hong Kong.</p>

Awards

Our Group has won numerous awards through our subsidiaries and substantial shareholder, Old Town International. These awards are listed as follows:

Year	Award
2007	<p>Golden Bull Award 2007 organised by Nanyang Siang Pau.</p> <p>Best brands Food and Beverage Kopitiam 2007 by the BrandLaureate.</p> <p>SME Brand Excellence Award 2007 from the SMI Association of Malaysia.</p> <p>Malaysia Book of Records for achieving the largest Kopitiam chain in Malaysia by year end 2007.</p>
2008	<p>Golden Award in the National Growth Award 2008 from the Malaysian Retailer-Chains Association.</p> <p>Enterprise 50 Award 2008.</p> <p>Golden Bull Award 2008 organised by Nanyang Siang Pau.</p>
2009	<p>Ranked first in the Top 10 outstanding SMEs category in the Golden Bull Award 2009 organised by Nanyang Siang Pau.</p> <p>Gold Award (National Growth Award) in the MRCA Award 2009 from the Malaysian Retailer-Chains Association.</p>
2010	<p>Silver Award (Fast Food) in Putra Brand Awards 2010 organised by the Association of Accredited Advertising Agents Malaysia.</p> <p>Platinum Award for Outstanding Malaysian Brand in the Outstanding Business Awards 2010 organised by the Star.</p>

4. INFORMATION ON OUR GROUP

Year	Award
2010 (cont'd)	Ranked first in the Super Golden Bull category in the Golden Bull Award 2010 organised by Nanyang Siang Pau. Enterprise 50 Award 2010.
2011	Product Excellence Award (Category III) in Industry Excellence Award 2010 organised by Ministry of International Trade and Industry. Industry Excellence Award 2010 organised by Ministry of International Trade and Industry. The People's Choice Special Mention (Retail - Fast Food) in Putra Brand Awards 2011 organised by the Association of Accredited Advertising Agents Malaysia.

4.4 SHARE CAPITAL AND CHANGES IN SHARE CAPITAL

As at the date of incorporation, the authorised share capital of our Company was RM100,000 comprising 100,000 ordinary shares of RM1.00 each. On 28 December 2009, the authorised share capital of our Company was increased to RM500,000,000 comprising 500,000,000 ordinary shares of RM1.00 each.

As at LPD, the existing issued and paid-up share capital of our Company is RM266,606,000 comprising 266,606,000 Shares of RM1.00 each. The changes in the issued and paid-up share capital of our Company for the last three (3) years are as follows: -

Date of Allotment	Number of shares Allotted	Par Value (RM)	Consideration ⁽¹⁾	Cumulative Issued and Paid-up Share Capital (RM)
30.11.2007	2	1.00	Cash	2
16.05.2011	266,605,998	1.00	Acquisitions	266,606,000

Note:

(1) There were no discounts, special terms or instalment payment terms provided in relation to these transactions.

Please refer to Section 13.1 for further information on the share capital of our Company.

4.5 SUBSIDIARY AND ASSOCIATED COMPANIES**4.5.1 Conneczone****(a) Background and History**

Conneczone was incorporated under the Act on 16 November 2005 in Malaysia as a private limited company under its present name. Conneczone commenced business operations in 2005.

(b) Principal Activities and Products / Services

Conneczone is principally engaged as an operator of cafe outlets.

4. INFORMATION ON OUR GROUP**(c) Substantial Shareholders**

Name	Direct		Indirect	
	No. of Shares Held	%	No. of Shares Held	%
Oldtown	40,000	80.0	-	-
Chow Kwai Mun	10,000	20.0	-	-

(d) Share Capital

The present authorised share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, while its issued and paid up share capital is RM50,000 comprising 50,000 ordinary shares of RM1.00 each.

There are no changes in the authorised, issued and paid up share capital of Connezone for the last three (3) years preceding the date of this Prospectus.

As at the date of this Prospectus, Connezone does not have any outstanding warrants, options, convertible securities or uncalled capital.

(e) Subsidiary or Associated Company

As at LPD, Connezone does not have any subsidiary or associated companies.

4.5.2 Dynasty Confectionery**(a) Background and History**

Dynasty Confectionery was incorporated under the Act on 4 July 2007 in Malaysia as a private limited company under its present name. Dynasty Confectionery commenced business operations in 2007.

(b) Principal Activities and Products / Services

Dynasty Confectionery is principally involved as the central bakery and confectionery processing centre of our Group.

(c) Substantial Shareholders

Dynasty Confectionery is a wholly owned subsidiary of our Company.

(d) Share Capital

The present authorised share capital is RM500,000 comprising 500,000 ordinary shares of RM1.00 each, while its issued and paid up share capital is RM200,000 comprising 200,000 ordinary shares of RM1.00 each.

There are no changes in the authorised, issued and paid up share capital of Dynasty Confectionery for the last three (3) years preceding the date of this Prospectus.

As at the date of this Prospectus, Dynasty Confectionery does not have any outstanding warrants, options, convertible securities or uncalled capital.

(e) Subsidiary or Associated Company

As at LPD, Dynasty Confectionery does not have any subsidiary or associated companies.

4. INFORMATION ON OUR GROUP

4.5.3 Dynasty Kitchen

(a) **Background and History**

Dynasty Kitchen was incorporated under the Act on 21 December 2006 in Malaysia as a private limited company under its present name. Dynasty Kitchen commenced business operations in 2007.

(b) **Principal Activities and Products / Services**

Dynasty Kitchen is principally engaged as the distribution centre of our Group for the northern region of Peninsula Malaysia.

(c) **Substantial Shareholders**

Dynasty Kitchen is a wholly owned subsidiary of Old Town Kopitiam Butterworth, which in turn is a wholly owned subsidiary of our Company.

(d) **Share Capital**

The present authorised share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, while its issued and paid up share capital is RM10 comprising 10 ordinary shares of RM1.00 each.

There are no changes in the authorised, issued and paid up share capital of Dynasty Kitchen for the last three (3) years preceding the date of this Prospectus.

As at the date of this Prospectus, Dynasty Kitchen does not have any outstanding warrants, options, convertible securities or uncalled capital.

(e) **Subsidiary or Associated Company**

As at LPD, Dynasty Kitchen does not have any subsidiary or associated companies.

4.5.4 Esquire Chef

(a) **Background and History**

Esquire Chef was incorporated under the Act on 5 December 2006 in Malaysia as a private limited company under its present name. Esquire Chef commenced business operations in 2007.

(b) **Principal Activities and Products / Services**

Esquire Chef is principally engaged as the central food processing centre of our Group.

(c) **Substantial Shareholders**

Esquire Chef is a wholly owned subsidiary of our Company.

(d) **Share Capital**

The present authorised share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, while its issued and paid up share capital is RM1,000 comprising 1,000 ordinary shares of RM1.00 each.

There are no changes in the authorised, issued and paid up share capital of Esquire Chef for the last three (3) years preceding the date of this Prospectus.

4. INFORMATION ON OUR GROUP

As at the date of this Prospectus, Esquire Chef does not have any outstanding warrants, options, convertible securities or uncalled capital.

(e) Subsidiary or Associated Company

As at LPD, Esquire Chef does not have any subsidiary or associated companies.

4.5.5 Emperor's Kitchen

(a) Background and History

Emperor's Kitchen was incorporated under the Act on 21 June 2005 in Malaysia as a private limited company under its present name. Emperor's Kitchen commenced business operations in 2005.

(b) Principal Activities and Products / Services

Emperor's Kitchen is principally engaged as the central food processing centre of our Group.

(c) Substantial Shareholders

Emperor's Kitchen is a wholly owned subsidiary of our Company.

(d) Share Capital

The present authorised share capital is RM500,000 comprising 500,000 ordinary shares of RM1.00 each, while its issued and paid up share capital is RM200,002 comprising 200,002 ordinary shares of RM1.00 each.

There are no changes in the authorised, issued and paid up share capital of Emperor's Kitchen for the last three (3) years preceding the date of this Prospectus.

As at the date of this Prospectus, Emperor's Kitchen does not have any outstanding warrants, options, convertible securities or uncalled capital.

(e) Subsidiary or Associated Company

As at LPD, Emperor's Kitchen does not have any subsidiary or associated companies.

4.5.6 Gongga Food

(a) Background and History

Gongga Food was incorporated under the Act on 13 October 2003 in Malaysia as a private limited company under its present name. Gongga Food commenced business operations in 2004.

(b) Principal Activities and Products / Services

Gongga Food is principally engaged in the manufacture of roasted coffee powder and procurement of food items.

(c) Substantial Shareholders

Gongga Food is a wholly owned subsidiary of our Company.

4. INFORMATION ON OUR GROUP

(d) Share Capital

The present authorised share capital is RM500,000 comprising 500,000 ordinary shares of RM1.00 each, while its present issued and paid up share capital is RM300,000 comprising 300,000 ordinary shares of RM1.00 each.

The changes in the issued and paid up share capital of Gongga Food for the last three (3) years are as follows:-

Date Issued	No. of shares allotted	Par value (RM)	Consideration	Cumulative issued and paid up share capital (RM)
13.7.2010	200,000	1.00	Cash ⁽¹⁾	300,000

Note:

(1) There were no discounts, special terms or instalment payment terms provided in relation to this transaction.

As at the date of this Prospectus, Gongga Food does not have any outstanding warrants, options, convertible securities or uncalled capital.

(e) Subsidiary or Associated Company

As at LPD, Gongga Food does not have any subsidiary or associated companies.

4.5.7 Kopitiam Asia Pacific

(a) Background and History

Kopitiam Asia Pacific was incorporated under the Act on 10 April 1990 in Malaysia under the name of Ultimate Apparel Sdn Bhd as a private limited company. It subsequently changed its name to Uomo Donna Accessori Sdn Bhd on 7 August 1992. On 10 January 2001, it changed its name to CN Trading Sdn Bhd and on 3 June 2005 it changed its name to Kopitiam Asia Pacific Sdn Bhd and has assumed that name since. It commenced business operations in 1993.

(b) Principal Activities and Products / Services

Since its incorporation, Kopitiam Asia Pacific was principally involved in the supplying of garments and various kinds of fashion and accessories. In 2005, it changed its principal activities to being involved as a licensor of cafe outlets and provision of management services. Subsequently in 2009, pursuant to the registration of its franchise with the Registrar of Franchise, Malaysia, Kopitiam Asia Pacific started to be involved as the franchisor of cafe outlets, while still continuing to provide management services.

(c) Substantial Shareholders

Kopitiam Asia Pacific is a wholly owned subsidiary of our Company.

4. INFORMATION ON OUR GROUP

(d) Share Capital

The present authorised share capital is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each, while its issued and paid up share capital is RM1,250,000 comprising 1,250,000 ordinary shares of RM1.00 each.

There are no changes in the authorised, issued and paid up share capital of Kopitiam Asia Pacific for the last three (3) years preceding the date of this Prospectus.

As at the date of this Prospectus, Kopitiam Asia Pacific does not have any outstanding warrants, options, convertible securities or uncalled capital.

(e) Subsidiary or Associated Company

As at LPD, the subsidiary of Kopitiam Asia Pacific is Old Town Kopitiam.

4.5.8 Old Town Kopitiam

(a) Background and History

Old Town Kopitiam was incorporated under the Act on 29 November 2005 in Malaysia as a private limited company under its present name. Old Town Kopitiam commenced business operations in 2006.

(b) Principal Activities and Products / Services

Old Town Kopitiam is principally engaged as an operator of cafe outlets.

(c) Substantial Shareholders

Old Town Kopitiam is a wholly owned subsidiary of Kopitiam Asia Pacific, which in turn is a wholly owned subsidiary of our Company.

(d) Share Capital

The present authorised share capital is RM500,000 comprising 500,000 ordinary shares of RM1.00 each, while its issued and paid up share capital is RM200,000 comprising 200,000 ordinary shares of RM1.00 each.

There are no changes in the authorised, issued and paid up share capital of Old Town Kopitiam for the last three (3) years preceding the date of this Prospectus.

As at the date of this Prospectus, Old Town Kopitiam does not have any outstanding warrants, options, convertible securities or uncalled capital.

(e) Subsidiary or Associated Company

As at LPD, Old Town Kopitiam does not have any subsidiary or associated companies.

4. INFORMATION ON OUR GROUP

4.5.9 Old Town Kopitiam Butterworth

(a) **Background and History**

Old Town Kopitiam Butterworth was incorporated under the Act on 14 June 2005 in Malaysia under the name of Superb Chef Sdn Bhd as a private limited company. Superb Chef Sdn Bhd was a dormant company until end July 2005 when it commenced business as an operator of café outlets. Subsequently on 9 August 2005, it changed its name to Old Town Kopitiam Butterworth Sdn Bhd and has assumed that name since.

(b) **Principal Activities and Products / Services**

Old Town Kopitiam Butterworth is principally engaged as an operator of cafe outlets.

(c) **Substantial Shareholders**

Old Town Kopitiam Butterworth is a wholly owned subsidiary of our Company.

(d) **Share Capital**

The present authorised, issued and paid up share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each.

There are no changes in the authorised, issued and paid up share capital of Old Town Kopitiam Butterworth for the last three (3) years preceding the date of this Prospectus.

As at the date of this Prospectus, Old Town Kopitiam Butterworth does not have any outstanding warrants, options, convertible securities or uncalled capital.

(e) **Subsidiary or Associated Company**

As at LPD, the subsidiary of Old Town Kopitiam Butterworth is Dynasty Kitchen.

4.5.10 Old Town Kopitiam Cheras

(a) **Background and History**

Old Town Kopitiam Cheras was incorporated under the Act on 3 October 2006 in Malaysia as a private limited company under its present name. Old Town Kopitiam Cheras commenced business operations in 2006.

(b) **Principal Activities and Products / Services**

Old Town Kopitiam Cheras is principally engaged as an operator of cafe outlets.

(c) **Substantial Shareholders**

Old Town Kopitiam Cheras is a wholly owned subsidiary of our Company.

(d) **Share Capital**

The present authorised share capital is RM500,000 comprising 500,000 ordinary shares of RM1.00 each, while its issued and paid up share capital is RM160,000 comprising 160,000 ordinary shares of RM1.00 each.

4. INFORMATION ON OUR GROUP

There are no changes in the authorised, issued and paid up share capital of Old Town Kopitiam Cheras for the last three (3) years preceding the date of this Prospectus.

As at the date of this Prospectus, Old Town Kopitiam Cheras does not have any outstanding warrants, options, convertible securities or uncalled capital.

(e) Subsidiary or Associated Company

As at LPD, Old Town Kopitiam Cheras does not have any subsidiary or associated companies.

4.5.11 Old Town Kopitiam Kuala Lumpur

(a) Background and History

Old Town Kopitiam Kuala Lumpur was incorporated under the Act on 9 August 2005 in Malaysia as a private limited company under its present name. Old Town Kopitiam Kuala Lumpur commenced business operations in 2005.

(b) Principal Activities and Products / Services

Old Town Kopitiam Kuala Lumpur is principally engaged as an operator of cafe outlets.

(c) Substantial Shareholders

Old Town Kopitiam Kuala Lumpur is a wholly owned subsidiary of our Company.

(d) Share Capital

The present authorised, issued and paid up share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each.

There are no changes in the authorised, issued and paid up share capital of Old Town Kopitiam Kuala Lumpur for the last three (3) years preceding the date of this Prospectus.

As at the date of this Prospectus, Old Town Kopitiam Kuala Lumpur does not have any outstanding warrants, options, convertible securities or uncalled capital.

(e) Subsidiary or Associated Company

As at LPD, Old Town Kopitiam Kuala Lumpur does not have any subsidiary or associated companies.

4.5.12 OTK Eatery

(a) Background and History

OTK Eatery was incorporated under the Act on 20 August 2007 in Malaysia as a private limited company under its present name. OTK Eatery commenced business operations in 2007.

(b) Principal Activities and Products / Services

OTK Eatery is principally engaged as an operator of cafe outlets.

4. INFORMATION ON OUR GROUP**(c) Substantial Shareholders**

Name	Direct		Indirect	
	No. of Shares Held	%	No. of Shares Held	%
Oldtown	40,000	40.0	-	-
Old Town International	-	-	40,000 ⁽¹⁾	40.0
Khong Cheong Fong	25,000	25.0	-	-
Heng Teik Chun	25,000	25.0	-	-
Liew Choi Yin	10,000	10.0	-	-
Lee Siew Heng	-	-	40,000 ⁽²⁾	40.0
Goh Ching Mun	-	-	40,000 ⁽²⁾	40.0
Chin Lai Yoong	-	-	40,000 ⁽²⁾	40.0

Notes:

(1) Deemed interested by virtue of its substantial shareholding in Oldtown, which in turn has a 40% shareholding in OTK Eatery, pursuant to Section 6A of the Act.

(2) Deemed interested by virtue of their shareholdings in Old Town International, pursuant to Section 6A of the Act

(d) Share Capital

The present authorised, issued and paid up share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each.

There are no changes in the authorised, issued and paid up share capital of OTK Eatery for the last three (3) years preceding the date of this Prospectus.

As at the date of this Prospectus, OTK Eatery does not have any outstanding warrants, options, convertible securities or uncalled capital.

(e) Subsidiary or Associated Company

As at LPD, OTK Eatery does not have any subsidiary or associated companies.

4.5.13 OTK Singapore**(a) Background and History**

OTK Singapore was incorporated under the Companies Act (Cap. 50) on 19 October 2007 in Singapore as a private limited company under its present name. OTK Singapore commenced business operations in 2008.

(b) Principal Activities and Products / Services

OTK Singapore is principally engaged as an operator of cafe outlets.

4. INFORMATION ON OUR GROUP**(c) Substantial Shareholders**

Name	Direct		Indirect	
	No. of Shares Held	%	No. of Shares Held	%
Oldtown Singapore	50,000	50.0	-	-
Oldtown			50,000 ⁽¹⁾	50.0
Old Town International			50,000 ⁽²⁾	50.0
Lee Kok Huang	50,000	50.0	-	-
Lee Siew Heng			50,000 ⁽³⁾	50.0
Goh Ching Mun			50,000 ⁽³⁾	50.0
Chin Lai Yoong			50,000 ⁽³⁾	50.0

Notes:

- (1) Deemed interested by virtue of its 100% shareholding in Oldtown Singapore, which in turn has a 50% shareholding in OTK Singapore, pursuant to Section 6A of the Act.
- (2) Deemed interested by virtue of its substantial shareholding in Oldtown, pursuant to Section 6A of the Act.
- (3) Deemed interested by virtue of their shareholdings in Old Town International, pursuant to Section 6A of the Act

(d) Share Capital

The company has a share capital of SGD100,000 comprising 100,000 ordinary shares, all of which has been issued and are fully paid up.

There are no changes in the authorised, issued and paid up share capital of OTK Singapore for the last three (3) years preceding the date of this Prospectus.

As at the date of this Prospectus, OTK Singapore does not have any outstanding warrants, options, convertible securities or uncalled capital.

(e) Subsidiary or Associated Company

As at LPD, OTK Singapore does not have any subsidiary or associated companies.

4.5.14 Oldtown Singapore**(a) Background and History**

Oldtown Singapore was incorporated under the Companies Act (Cap. 50) on 29 June 2007 in Singapore as a private limited company under its present name. Oldtown Singapore commenced business operations in 2007.

(b) Principal Activities and Products / Services

Oldtown Singapore is principally engaged in the supply of food and beverages and provision of management services, as a licensor and operation of food and beverage outlets.

(c) Substantial Shareholders

Oldtown Singapore is a wholly owned subsidiary of our Company.

4. INFORMATION ON OUR GROUP**(d) Share Capital**

The company has a share capital of SGD100,000 comprising 100,000 ordinary shares, all of which has been issued and are fully paid up. The changes in the issued and paid up share capital of Oldtown Singapore for the last three (3) years are as follows:-

Date Issued	No. of shares allotted	Consideration	Cumulative issued and paid up share capital (SGD)
28.11.2009	99,900	Cash ⁽¹⁾	100,000

Note:

(1) *There were no discounts, special terms or instalment payment terms provided in relation to this transaction.*

As at the date of this Prospectus, Oldtown Singapore does not have any outstanding warrants, options, convertible securities or uncalled capital.

(e) Subsidiary or Associated Company

As at LPD, the associated company of Oldtown Singapore is OTK Singapore.

4.5.15 Oldtown Logistics**(a) Background and History**

Oldtown Logistics was incorporated under the Act on 4 March 2010 in Malaysia as a private limited company under its present name.

(b) Principal Activities and Products / Services

Oldtown Logistics is currently a dormant company.

(c) Substantial Shareholders

Oldtown Logistics is a wholly owned subsidiary of our Company.

(d) Share Capital

The present authorised share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, while its issued and paid up share capital is RM2 comprising 2 ordinary shares of RM1.00 each. The changes in Oldtown Logistics's issued and paid up share capital for the past three (3) years are as follows:-

Date Issued	No. of shares allotted	Par value (RM)	Consideration	Cumulative Issued and paid up share capital (RM)
04.03.2010	2	1.00	Cash ⁽¹⁾	2

Note:

(1) *There were no discounts, special terms or instalment payment terms provided in relation to this transaction.*

4. INFORMATION ON OUR GROUP

As at the date of this Prospectus, Oldtown Logistics does not have any outstanding warrants, options, convertible securities or uncalled capital.

(e) **Subsidiary or Associated Company**

Oldtown Logistics does not have any subsidiary or associated companies.

4.5.16 White Cafe

(a) **Background and History**

White Cafe was incorporated under the Act on 11 February 1999 in Malaysia as a private limited company under the name of Leadercal Sdn Bhd. It subsequently changed its name to White Cafe Sdn Bhd on 3 August 2000 and has assumed that name since. It commenced business operations in 1999.

(b) **Principal Activities and Products / Services**

White Cafe is principally engaged in the manufacturing of beverages. Previously as Leadercal Sdn Bhd, it was then principally involved in the manufacturing, trading & packing of white coffee powder and other related gourmet products.

(c) **Substantial Shareholders**

White Cafe is a wholly owned subsidiary of our Company.

(d) **Share Capital**

The present authorised share capital is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each, while its issued and paid up share capital is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each.

There are no changes in the authorised, issued and paid up share capital of White Cafe for the last three (3) years preceding the date of this Prospectus.

As at the date of this Prospectus, White Cafe does not have any outstanding warrants, options, convertible securities or uncalled capital.

(e) **Subsidiary or Associated Company**

As at LPD, White Cafe does not have any subsidiary or associated companies.

4.5.17 White Cafe Marketing

(a) **Background and History**

White Cafe Marketing was incorporated under the Act on 24 January 1996 in Malaysia as a private limited company under the name of Serba Mutiara Sdn Bhd. It subsequently changed its name to White Cafe Marketing Sdn Bhd on 10 September 2001 and has assumed that name since. It commenced business operations in 2001.

(b) **Principal Activities and Products / Services**

White Cafe Marketing is principally engaged in the marketing of beverages. Previously as Serba Mutiara Sdn Bhd, it was principally involved in properties investment.

4. INFORMATION ON OUR GROUP

(c) Substantial Shareholders

White Cafe Marketing is a wholly owned subsidiary of our Company.

(d) Share Capital

The present authorised share capital is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each, while its issued and paid up share capital is RM1,700,000 comprising 1,700,000 ordinary shares of RM1.00 each.

There are no changes in the authorised, issued and paid up share capital of White Cafe Marketing for the last three (3) years preceding the date of this Prospectus.

As at the date of this Prospectus, White Cafe Marketing does not have any outstanding warrants, options, convertible securities or uncalled capital.

(e) Subsidiary or Associated Company

As at LPD, White Cafe Marketing does not have any subsidiary or associated companies.

4.5.18 Old Town (M)

(a) Background and History

Old Town (M) was incorporated under the Act on 8 August 2007 in Malaysia as a private limited company under its present name.

(b) Principal Activities and Products/ Services

Old Town (M) is currently an investment holding company.

(c) Substantial Shareholders

Old Town (M) is a wholly owned subsidiary of our Company.

(d) Share Capital

The present authorised share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, while its issued and paid up share capital is RM2 comprising two (2) ordinary shares of RM1.00 each.

There are no changes in the authorised, issued and paid up share capital of Old Town (M) for the last three (3) years preceding the date of this Prospectus.

As at the date of this Prospectus, Old Town (M) does not have any outstanding warrants, options, convertible securities or uncalled capital.

(e) Subsidiary or Associated Company

As at LPD, the associated company of Old Town (M) is PT Oldtown Indonesia. Old Town (M) does not have any subsidiaries.

4. INFORMATION ON OUR GROUP

4.5.19 PT Oldtown Indonesia

(a) Background and History

PT Oldtown Indonesia was registered with the Ministry of Laws of Indonesia under Notary Deed number 37 on 13 August 2010 in Indonesia as a private limited company under its present name.

(b) Principal Activities and Products / Services

PT Oldtown Indonesia is currently a licensor and operator of cafe outlets.

(c) Substantial Shareholders

Name	Direct		Indirect	
	No. of Shares Held	%	No. of Shares Held	%
Existing:				
Old Town (M)	271,110	35.0	-	-
Oldtown ⁽¹⁾	-	-	271,110	35.0
Old Town International ⁽²⁾	-	-	271,110	35.0
Lee Siew Heng ⁽³⁾	-	-	271,110	35.0
Goh Ching Mun ⁽³⁾	-	-	271,110	35.0
Chin Lai Yoong ⁽³⁾	-	-	271,110	35.0
PT. Parama Samaya ⁽⁴⁾	503,490	65.0	-	-
PT. Miki Danko ⁽⁵⁾	-	-	503,490	65.0
PT. Langgeng Satya Pratama ⁽⁶⁾	-	-	503,490	65.0
Alamsjah ⁽⁷⁾	-	-	503,490	65.0
Ishak Chandra ⁽⁷⁾	-	-	503,490	65.0
Lie Tommy Irawan ⁽⁷⁾	-	-	503,490	65.0
Liem Hendra ⁽⁸⁾	-	-	503,490	65.0
Handoko ⁽⁸⁾	-	-	503,490	65.0
Rudy Prawira Satya ⁽⁸⁾	-	-	503,490	65.0

Notes:-

- (1) Deemed interested by virtue of its 100% shareholding in Old Town (M), which in turn has a shareholding of 35.0% in PT Oldtown Indonesia, pursuant to Section 6A of the Act.
- (2) Deemed interested by virtue of its substantial shareholding in Oldtown, pursuant to Section 6A of the Act.
- (3) Deemed interested by virtue of their shareholdings in Old Town International, which in turn is a substantial shareholder of Oldtown, which in turn has a 100% shareholding in Old Town (M), which in turn has a shareholding of 35.0% in PT Oldtown Indonesia, pursuant to Section 6A of the Act.

4. INFORMATION ON OUR GROUP

(4) General Information on PT. Parama Samaya

Country of incorporation	:	Indonesia
Company registration number	:	AHU-27707.AH.01.01.Tahun 2010
Registered address	:	Wisma Soewama, 2 nd Floor, Suite L-O, Soewama Business Park, Soekarno-Hatta International Airport, Tangerang 19110
Principal activities	:	General Trading
Directors	:	1) Alamsjah 2) Lie Tommy Irawan
Shareholders	:	1) PT. Miki Danko 2) PT. Langgeng Satya Pratama

- (5) *Deemed interested, by virtue of its substantial shareholding of 75% in PT. Parama Samaya, which in turn has a shareholding of 65.0% in PT Oldtown Indonesia, pursuant to Section 6A of the Act.*

General Information on PT. Miki Danko

Country of incorporation	:	Indonesia
Company registration number	:	AHU-25178.AH.01.01.Tahun 2010
Registered address	:	Jl. Daan Mogil KM. 11 No. 12, Kedeung Keli Angke, Cengkareng Jakarta Barat 11710
Principal activities	:	General Trading
Directors	:	1) Alamsjah 2) Ishak Chandra
Shareholders	:	1) Alamsjah 2) Ishak Chandra 3) Lie Tommy Irawan

- (6) *Deemed interested, by virtue of its substantial shareholding of 25% in PT. Parama Samaya, which in turn has a shareholding of 65.0% in PT Oldtown Indonesia, pursuant to Section 6A of the Act.*

General Information on PT. Langgeng Satya Pratama

Country of incorporation	:	Indonesia
Company registration number	:	AHU-23395.AH.01.01.Tahun 2010
Registered address	:	Menara Bafavia, 10 th Floor Jl. KH Mas Mansyur Kav. 126 Jakarta 10220
Principal activities	:	General Trading
Directors	:	1) Liem Hendra 2) Hendoko
Shareholders	:	1) Liem Hendra 2) Handoko 3) Rudy Prawira Satya

- (7) *Deemed interested, by virtue of their substantial shareholding in PT. Miki Danko, which in turn has a shareholding of 75% in PT. Parama Samaya, which in turn has a shareholding of 65.0% in PT Oldtown Indonesia, pursuant to Section 6A of the Act.*
- (8) *Deemed interested, by virtue of their substantial shareholding in PT. Langgeng Satya Pratama, which in turn has a shareholding of 25% in PT. Parama Samaya, which in turn has a shareholding of 65.0% in PT Oldtown Indonesia, pursuant to Section 6A of the Act.*

4. INFORMATION ON OUR GROUP**(d) Share Capital**

The present authorised share capital is Rp27,693,499,200 comprising 3,098,400 shares of Rp8,938 each, while its issued and paid up share capital is Rp6,923,374,800 comprising 774,600 shares of Rp8,938 each. The changes in PT Oldtown Indonesia's issued and paid up share capital for the past three (3) years are as follows:-

Date Issued	No. of shares allotted	Par value (Rp)	Consideration	Cumulative issued and paid up share capital (Rp)
13.08.2010	276,000	8,938	Cash ⁽¹⁾	2,466,888,000
17.3.2011	498,600	8,938	Cash ⁽¹⁾	6,923,374,800

Note:

(1) *There were no discounts, special terms or instalment payment terms provided in relation to this transaction.*

As at the date of this Prospectus, PT Oldtown Indonesia does not have any outstanding warrants, options, convertible securities or uncalled capital.

(e) Subsidiary or Associated Company

As at LPD, PT Oldtown Indonesia does not have any subsidiary or associated companies.

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4. INFORMATION ON OUR GROUP

4.6 LISTING SCHEME

In conjunction with, and as an integral part of our listing and quotation for our entire issued and paid-up share capital on the Main Market of Bursa Securities, our Company implemented the listing scheme set out as follows:-

- (i) Acquisitions;
- (ii) IPO; and
- (iii) Listing of Oldtown Shares.

The above are inter-conditional and are viewed as one exercise undertaken to facilitate the Listing of our Company.

4.6.1 Acquisitions

4.6.1.1 Acquisitions of Companies Not Owned by Old Town International

Oldtown had entered into the following conditional sale and purchase agreements for shares, all dated 28 December 2009 (as supplemented by the letters dated 24 May 2010, 11 June 2010, 15 April 2011 and 21 April 2011 respectively, and supplemental agreements dated 9 December 2010 and 15 December 2010, respectively) with the respective vendors for the following acquisitions:-

Companies	Vendors	% acquired	No. of shares at RM1.00 each	Purchase consideration (RM'million)	To be satisfied via No. of Shares Issued (million)	Cash (RM'million)
Emperor's Kitchen	Lee Siew Heng and Chee Siew Chin	100.0	200,002	16.4	8.2	8.2
Esquire Chef	Lee Siew Heng and Choong Len Fatt	100.0	1,000	10.8	5.4	5.4
Old Town Kopitiam Butterworth Group	Lee Siew Heng, Chin Lai Yoong, CN Properties Sdn Bhd, Mohammad Danial Looi bin Abdullah and Kopitiam Asia Pacific	100.0	100,000	14.9	5.9	9.0
Old Town Kopitiam Kuala Lumpur	Lee Siew Heng, Chin Lai Yoong, Lee Teck Wai, Lee Siew Kong, Lim Ah Fah and Kopitiam Asia Pacific	100.0	100,000	2.1	1.5	0.6
Dynasty Confectionery	Lee Siew Heng and Looi Kar Min	100.0	200,000	4.2	2.5	1.7
Old Town Kopitiam Cheras	Lim Ah Fah and Tan Say Yap	100.0	160,000	11.9	11.9	-
Conneczone	Chin Lai Yoong and Chow Kwai Mun	80.0	40,000	3.9	3.9	-
Total				64.2	39.3	24.9

The respective purchase considerations for the above transactions were arrived at on a willing-buyer willing-seller basis after taking into consideration the earnings generated by the respective companies and the future prospects of the food services industry, focusing on cafe outlets in Malaysia. The purchase consideration represents a price earning ratio of approximately 9 times based on the historical earnings of the respective companies for FYE 2009.

4. INFORMATION ON OUR GROUP

The above Acquisitions of Companies Not Owned by Old Town International were completed on 16 May 2011.

Upon completion of the abovementioned Acquisitions of Companies Not Owned by Old Town International, Emperor's Kitchen, Esquire Chef, Old Town Kopitiam Butterworth Group, Old Town Kopitiam Kuala Lumpur, Dynasty Confectionery and Old Town Kopitiam Cheras became wholly owned subsidiaries of Oldtown. Oldtown has 80% shareholding in Connezone upon completion of the abovementioned Acquisitions of Companies Not Owned by Old Town International.

4.6.1.2 Acquisitions of Companies Owned by Old Town International

Oldtown had entered into the following conditional sale and purchase agreements for shares, all dated 28 December 2009 (as supplemented by the letters dated 24 May 2010 and 11 June 2010 respectively, and supplemental agreements dated 9 December 2010), with Old Town International for the following acquisitions:-

Companies	% acquired	No. of shares at RM1.00 each	Purchase consideration (RM'million)	No. of Shares issued ('million)
White Cafe	100.0	1,000,000	62.3	62.3
Gongga Food	100.0	300,000	69.8	69.8
White Cafe Marketing	100.0	1,700,000	21.2	21.2
Kopitiam Asia Pacific Group	100.0	1,250,000	66.2	66.2
Oldtown Singapore Group	100.0	SGD100,000	6.7	6.7
OTK Ealery	40.0	40,000	1.1	1.1
Total			227.3	227.3

The respective purchase considerations for the above transactions were arrived at on a willing-buyer willing-seller basis after taking into consideration the earnings generated by the respective companies and the future prospects of the food services industry, focusing on cafe outlets in Malaysia. The purchase consideration represents a price earning ratio of approximately 9 times based on the historical earnings of the respective companies in FYE 2009.

The above Acquisitions of Companies Owned by Old Town International were completed on 16 May 2011.

Upon completion of the Acquisitions of Companies Owned by Old Town International, White Cafe, Gongga Food, White Cafe Marketing, Kopitiam Asia Pacific Group and Oldtown Singapore Group became wholly owned subsidiaries of Oldtown while OTK Ealery became an associated company of Oldtown.

The completion of the Acquisitions resulted in the issued and paid up share capital of Oldtown to increase from two (2) to 266,606,000 Shares.

4. INFORMATION ON OUR GROUP

4.6.2 IPO

Our Company is undertaking an IPO and details of the Public Issue and Offer For Sale are as set out in Section 2.3 of this Prospectus.

4.6.3 Listing of and Quotation for our Shares

Upon completion of the abovementioned IPO, our Company has made an application to Bursa Securities for the listing of and quotation for our entire enlarged issued and paid up share capital of 330,000,000 Shares on the Main Market of Bursa Securities.

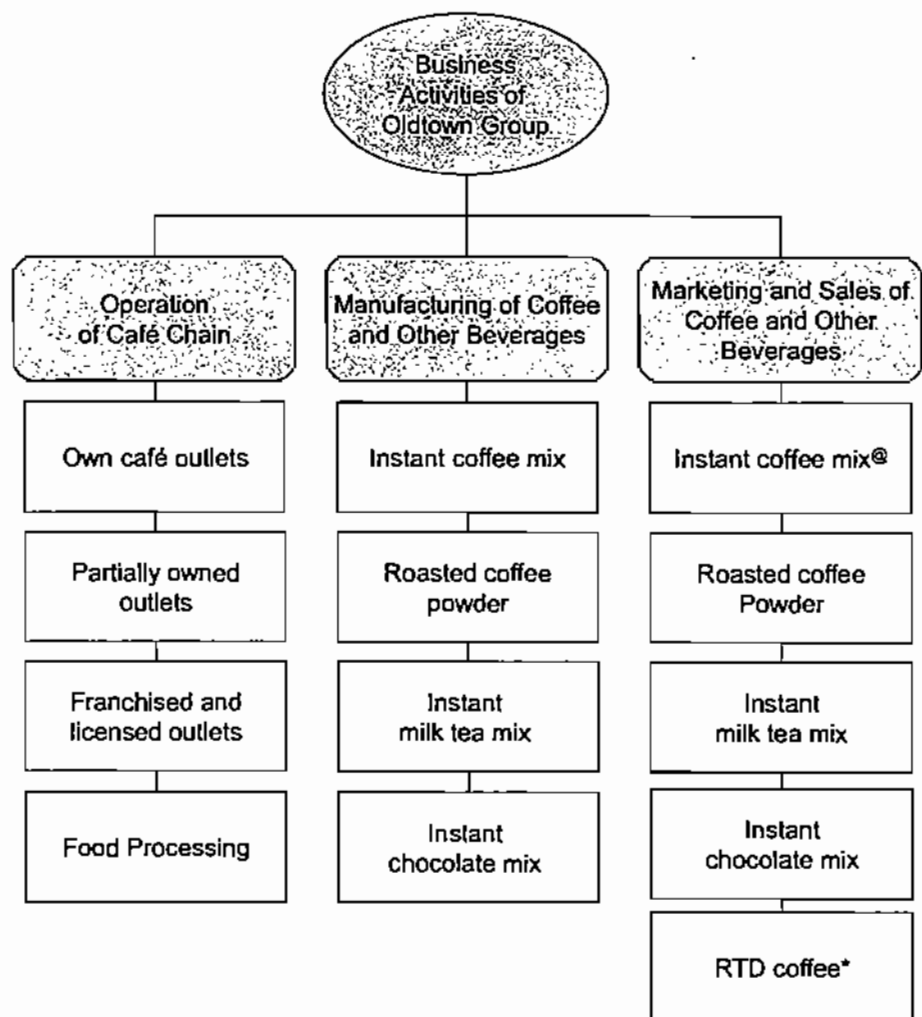
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4. INFORMATION ON OUR GROUP

4.7 BUSINESS OVERVIEW OF OUR GROUP

4.7.1 Principal Business Activities

The principal business activities of our Group can be depicted as follows:



Notes:-

@ Also includes instant bottled coffee which represented a very small proportion of our total revenue for FYE 2010

* RTD coffee started in 2009

We are a major operator of a chain of cafe outlets with our own coffee, tea and chocolate beverage manufacturing facilities. Our principal business activities are as follows:-

- operation of cafe chain;
 - . our fully and partially owned 'OLDTOWN WHITE COFFEE' cafe outlets; and
 - . franchised and licensed cafe outlets;
- manufacturing of coffee and other beverages; and
- marketing and sales of coffee and other beverages.

4. INFORMATION ON OUR GROUP

The coffee beverages served in our cafes are produced using our own specially formulated blend of coffee. Our chain of cafe outlets is supported by two coffee manufacturing facilities including our own bean roasting and processing facilities and three (3) centralised food processing centres. We operate from our head office and manufacturing operations, which are located in Ipoh, Perak while our centralised food processing centers are located in Ipoh, Perak and Subang Jaya, Selangor, the details of which are as follows:-

No.	Facilities	Owned / Rented	Address
1	Corporate Head Office and Manufacturing Facility	Owned	No. 1, Persiaran Tasek Timur 6, Taman Medan Bercham, 31400 Ipoh, Perak
2		Rented (Nos 7 & 9), Owned (Nos 19 & 21)	No. 7, 9, 19 & 21 Lebuhr Bercham (S) 2/8, Kawasan Perindustrian Bercham, 31400 Ipoh, Perak
3	Central Food Processing Centres	Rented	96 & 98, Persiaran Bercham Selatan 20, Taman Bercham Indah, 31400 Ipoh, Perak
4		Rented	Lot 896, Jalan Subang 10, Taman Perindustrian Subang, 47600 Subang Jaya, Selangor
5	Confectionery and Bakery	Owned	No. 11 and 13, Persiaran Industri Rapat 2, Kawasan Perindustrian Ringan Sri Rapat, 31350 Ipoh, Perak

Please refer to Section 8 for further information of the land and buildings and material plant and equipment owned by our Group.

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4. INFORMATION ON OUR GROUP

4.7.2 Business Activities, Products and Services

(a) Operation of Cafe Chain

As at LPD, we have a total chain of 182 cafe outlets in Malaysia, Singapore and Indonesia, all of which operate under the brand name of 'OLDTOWN WHITE COFFEE' which is a registered trademark in Malaysia and overseas. Approximately 53% of the cafe outlets are either fully owned or partially owned and operate under our own management. The remaining 47% are either franchised or licensed outlets.

The central theme of our 'OLDTOWN WHITE COFFEE' cafe outlets is based on the traditional coffee shop in Ipoh with a contemporary setting. We specialise in our own formulation of hot and cold coffee and tea beverages using high quality coffee beans that have been roasted using our proprietary bean roasting process, which is undertaken by our subsidiary, Gongga Food.



Our showcase 'OLDTOWN WHITE COFFEE' cafe outlet is located in the Bangsar South branch, which occupies approximately 11,000 square feet. As at LPD, our Group has five (5) 'OLDTOWN WHITE COFFEE' *Signature* cafe outlets. The Signature Outlet is differentiated from its OLDTOWN WHITE COFFEE' cafe outlets

4. INFORMATION ON OUR GROUP

elsewhere as it has a dedicated cook, a more extensive food menu and commands on average a premium of approximately 19% on its food and beverages prices.

The coffee and tea beverages offered at our cafe outlets are specially formulated and manufactured for our 'OLDTOWN WHITE COFFEE' cafe outlets which differ from our range of retail pack instant coffee mix and roasted coffee powder. Some of our signature hot and cold coffee beverages offered at our cafe outlets include the following:-

- OLDTOWN White Coffee (Hot);
- OLDTOWN White Coffee (Cold);
- OLDTOWN's NAN YANG – O (Hot);
- OLDTOWN's NAN YANG – O (Cold);
- OLDTOWN White Coffee Freeze;
- OLDTOWN Xi Mut Milk Tea (Hot);
- OLDTOWN Xi Mut Milk Tea (Cold); and
- OLDTOWN Coffee Lava.



OLDTOWN White Coffee (Hot) and OLDTOWN White Coffee (Cold)



*OLDTOWN's Nan Yang - O (Hot) and
OLDTOWN's Nan Yang - O (Cold)*



OLDTOWN White Coffee Freeze



*OLDTOWN Xi Mut Milk Tea (Hot) and
OLDTOWN Xi Mut Milk Tea (Cold)*



OLDTOWN Coffee Lava

4. INFORMATION ON OUR GROUP

All our cafe outlets are supported by three (3) centralised food processing centres operated by our subsidiaries, Dynasty Confectionery, Esquire Chef and Emperor's Kitchen. The centralised food processing centres are responsible for the processing of all the ingredients including the freshly baked signature toasts that are served at the cafe outlets.

We have a menu that reflects our central theme with a focus on serving local fare that is traditionally available at coffee shops. These include half boiled eggs, specialty rice, homemade toasted bread and buns, noodles, sandwiches and many others. Some of our signature food that is offered at our cafe outlets includes the following:-

- Kaya and Butter Toast (Double);
- Omega Soft Boiled Eggs;
- OLDTOWN Ipoh Chicken Hor Fun;
- SUPREME Nasi Lemak;
- OLDTOWN Curry Mee; and
- OLDTOWN Rendang Chicken Rice;



Kaya and Butter Toast (Double)



Omega Soft Boiled Eggs



SUPREME Nasi Lemak



OLDTOWN Ipoh Chicken Hor Fun



OLDTOWN Rendang Chicken Rice



OLDTOWN Curry Mee

4. INFORMATION ON OUR GROUP

The food and beverages in the 'OLDTOWN WHITE COFFEE' cafe outlets are targeted at consumers of all ages.

Network of Cafe Outlets

As at LPD, we have 171 cafe outlets in Malaysia, of which 75 are fully owned, ten (10) are partially owned, 85 are franchised outlets and one (1) is a licensed outlet. In Singapore, we have three (3) fully owned and six (6) partially owned cafe outlets. In Indonesia, we have two (2) partially owned outlets. Within Malaysia, we have cafe outlets in the various States and Federal Territories.

	Number of Cafe Outlets				
	Fully Owned	Partially Owned	Franchised	Licensed	Total
Malaysia	75	10	85	1*	171
- Selangor	23	2	32	-	57
- Wilayah Persekutuan Kuala Lumpur	20	-	22	1*	43
- Johor	11	-	3	-	14
- Penang	12	-	2	-	14
- Perak	4	2	4	-	10
- Pahang	-	-	8	-	8
- Kedah	2	-	3	-	5
- Melaka	2	-	2	-	4
- Sabah	-	6	1	-	7
- Negeri Sembilan	1	-	2	-	3
- Sarawak	-	-	3	-	3
- Terengganu	-	-	1	-	1
- Wilayah Persekutuan Putrajaya	-	-	1	-	1
- Wilayah Persekutuan Labuan	-	-	1	-	1
Singapore	3	6	-	-	9
Indonesia	-	2	-	-	2
Total	78	18	85	1*	182

* The license agreement in relation to this cafe outlet will be terminated and a franchise agreement will be entered into between Kopitiam Asia Pacific and the potential franchisee for the operation of this cafe outlet in due course.

As at LPD, the operators of 169 'OLDTOWN WHITE COFFEE' cafe outlets in Malaysia have entered into franchise agreements with Kopitiam Asia Pacific. This includes fully owned, partially owned and franchised 'OLDTOWN WHITE COFFEE' cafe outlets in Malaysia.

For the FYE 2010, the operation of cafe chain contributed 65.1% of our Group's total revenue, amounting to RM166.0 million.

4. INFORMATION ON OUR GROUP

For the FYE 2010, the average revenue per outlet for wholly owned, partially owned, franchise and licensed outlets are estimated at RM1.4 million per annum, with an average of approximately 435 customers per outlet per day contributing an average of approximately RM8.95 per customer.

The total expenditure required for the setting up of a cafe outlet costs approximately an average of RM700,000 per outlet depending on the location and size of the new outlet.

(b) Manufacturing of Coffee and Other Beverages

Part of our business also involves the manufacturing of coffee and tea beverages including instant coffee mix, instant milk tea mix, instant chocolate mix and roasted coffee powder, which is undertaken by the following subsidiaries:-

- White Cafe produces instant coffee mix, instant milk tea mix and instant chocolate mix beverages; and
- Gongga Food produces roasted coffee powder.

In November 2007, we also expanded our range of coffee products to include freeze dried and spray dried instant bottled coffee. We sub-contract the production and packing of freeze dried and spray dried instant bottled coffee to an overseas manufacturer in Poland as local manufacturers are unable to pack the freeze dried or spray dried instant coffee in glass bottles.

However our reliance on our contract manufacturer is minimised as there are numerous producers of freeze dried and spray dried instant bottled coffee overseas that are able to pack them in glass bottles.

We have also expanded into the RTD beverages market and launched our canned RTD coffee based on our formulation and packed under the 'OLDTOWN' brand name in December 2009. The manufacturing of our RTD coffee is sub-contracted to a third party. The RTD coffee is primarily distributed via supermarkets, hypermarkets, petrol kiosks and convenience stores.

We mainly use three types of coffee beans, which are Robusta, Arabica and Liberica, of which Robusta constitutes more than 70% of the total usage of coffee beans. Other ingredients used include creamer and sugar depending on the range of products.

Our instant coffee mix and instant milk tea are packed under the 'OLDTOWN' brand name whilst our roasted coffee powder is packed under the 'NAN YANG' brand name. All these brand names are registered trade marks in Malaysia and overseas.

We also manufacture instant chocolate mix beverages under the customer's brand name, however this accounts for a very small proportion of our business.

For the FYE 2010, the manufacture of coffee and other beverages for the retail sector alone contributed 34.9% of the Group's total revenue, which amounted to RM89.1 million.

4. INFORMATION ON OUR GROUP

(i) **Instant Coffee and Tea Beverages**

Instant Coffee Mix

We manufacture five different types of instant coffee mix including:-

- OLDTOWN 3 in 1 Classic White Coffee;
- OLDTOWN 3 in 1 Natural Cane Sugar White Coffee;
- OLDTOWN 3 in 1 Hazelnut White Coffee;
- OLDTOWN 3 in 1 Ice Cold White Coffee; and
- OLDTOWN 2 in 1 White Coffee & Creamer.

The process of manufacturing instant coffee mix involves the use of raw materials such as instant coffee powder which is mixed with creamer with or without sugar depending on the requirements. It is common for the industry to purchase instant coffee powder from external sources locally or overseas, as the production of instant coffee powder itself requires different types of machinery and equipment.

The production of our instant milk tea mix also goes through the same process by using instant tea powder, which is sourced from overseas with the addition of creamer and sugar.

The range of our instant coffee mix and milk tea is depicted below:-



OLDTOWN 3 in 1 Classic White Coffee



*OLDTOWN 3 in 1
Natural Cane Sugar White Coffee*



OLDTOWN 3 in 1 Hazelnut White Coffee



OLDTOWN 3 in 1 Ice Cold White Coffee



OLDTOWN 2 in 1 White Coffee & Creamer



OLDTOWN 3 in 1 White Milk Tea

4. INFORMATION ON OUR GROUP

For information purposes, packagings may vary from country to country.

(ii) Roasted Coffee Powder

We manufacture the following three types of roasted coffee powder products as follows:-

- NAN YANG White Coffee 'O';
- NAN YANG 2 in 1 White Coffee 'O'; and
- NAN YANG Kopi 'O'.

The coffee beans that are used in our 'OLDTOWN WHITE COFFEE' cafe outlets and distributed to retail outlets are roasted in-house.

Our non-instant coffee comes in two different types of packaging, either in convenience or box packaging.



NAN YANG White Coffee 'O'



NAN YANG 2 in 1 White Coffee "O"



NAN YANG Kopi 'O'

(c) Marketing and Sales of Coffee and Other Beverages

We have our own marketing arm, namely White Cafe Marketing, which is responsible for the retail sector. We have built a strong distribution network, which is demonstrated by the extensiveness of our coverage in Malaysia and overseas. As at LPD, our 'OLDTOWN' beverages were sold in approximately 5,002 retail outlets nationwide in Malaysia, approximately 730 retail outlets in Singapore and approximately 2,335 retail outlets in Hong Kong.

In addition to Singapore and Hong Kong, our beverage products were exported to other overseas countries including the USA, Canada, Taiwan, Indonesia, Brunei, Thailand, Philippines, China, United Kingdom and Australia for the FYE 2010. In the first quarter of 2011, we started exporting our coffee and tea beverages to New Zealand.

As at LPD, we have 37 sales and marketing personnel in our Group.

Our canned RTD coffee is depicted below:



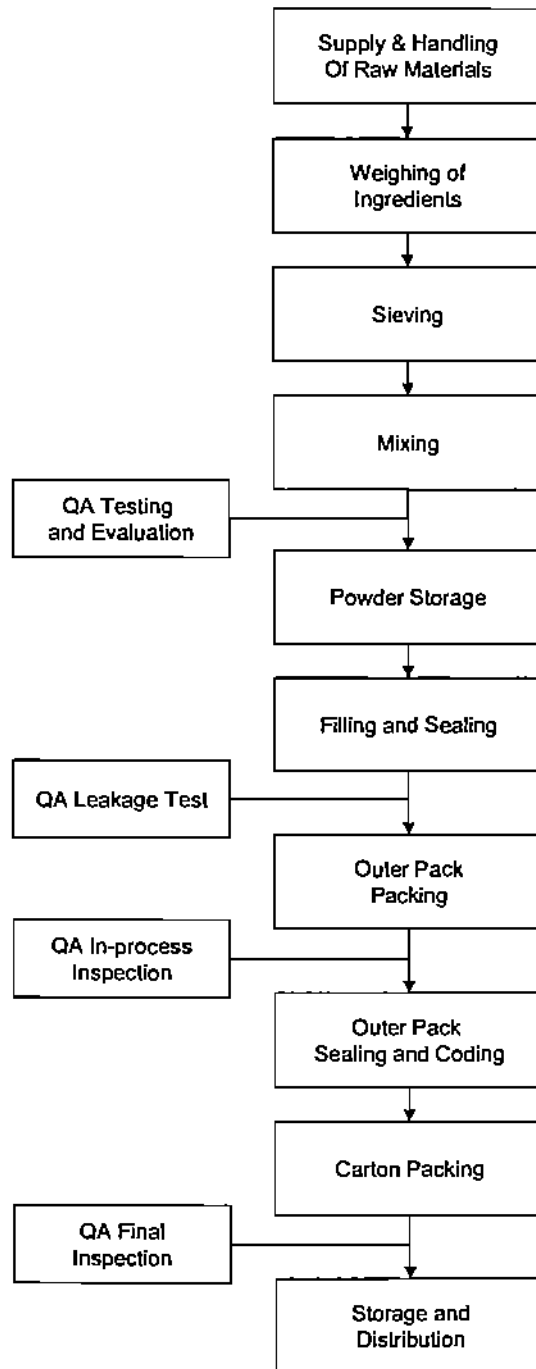
Canned RTD Coffee

4. INFORMATION ON OUR GROUP

4.7.3 Process flow

(i) Process Flow for Instant Coffee Mix

The process flow for the manufacture of instant coffee mix is depicted in the diagram below:-



4. INFORMATION ON OUR GROUP

Raw materials such as processed instant coffee, sugar, creamer and anti caking agents are sourced and supplied for the manufacture of instant coffee mix. Only approved raw materials are issued for use in production of instant coffee mix.

The manufacturing process begins with the weighing of the raw materials and other ingredients as required to ensure the correct quantities. This is in accordance to the determined ratios and portions of the specific recipes of each type of instant coffee mix to be manufactured.

The raw materials and ingredients are then sieved or screened using a large mechanical sieve to ensure that any unwanted foreign objects, dirt, debris, physical hazards, excess packaging materials and other small objects such as wood splinters, metal scrap and other coarse ingredients etc., are removed to prevent contamination.

The various types of raw materials and ingredients in its correct ratios and portions are then mixed thoroughly together in a mechanical mixer according to a set time. Testing and evaluation by the QA team is undertaken at this stage of the process.

Upon completion of the mixing process, the bulk instant coffee mix, which is in a powdered form, is stored in a concealed storage tank and is transferred to the filling station where it is immediately filled into sachets and sealed. This is to prevent any cross contamination and for keeping the mixture fresh.

After being checked for any leakage in the sealing of the sachets by the QA Department, the sachets and packets of instant coffee mix are packed into larger packages or outer bags, which is usually either a box or in a polybag packaging. Further in-process inspections by the QA team including visual and taste tests are undertaken at this stage.

The outer packages and bags are weighed and sealed and also coded for identification and tracking purposes.

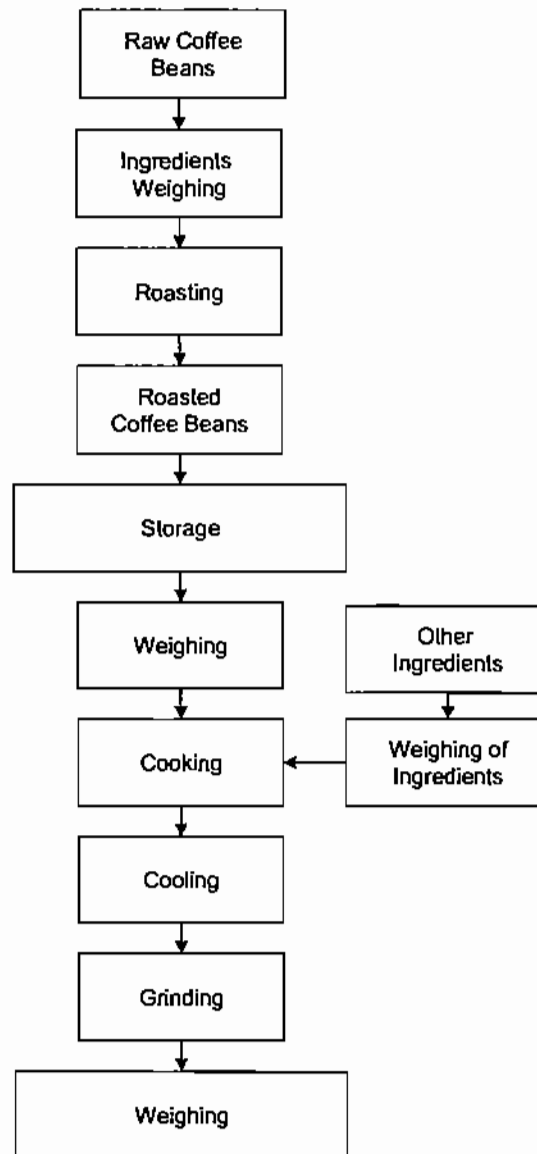
The sealed bags or polybag containing the instant coffee mix are then put into cartons and boxes and are temporarily stored in the finished goods store before being despatched for delivery to customers.

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4. INFORMATION ON OUR GROUP

(ii) Process Flow for Roasted Coffee Powder Products

The process flow for the manufacture of roasted coffee powder is depicted in the diagrams below:-



Process Flow of Roasted Coffee Powder – Part 1

The process flow for the manufacture of roasted coffee powder consists essentially of cleaning, roasting, cooling, grinding, and packaging. The process begins with weighing the raw coffee beans (or green coffee beans) before proceeding to the roasting process.

After screening to remove dirt and other debris, green coffee beans are transferred to a mechanical feed hopper, which feed green coffee beans to the roaster. The coffee beans are then roasted according to the required temperature and period of time depending on the desired coffee bean colour and flavour.

4. INFORMATION ON OUR GROUP

When the beans have achieved the desired colour and time frame, air is blown over and through the beans as they are stirred or agitated to facilitate the cooling process.

The cooled beans are then transferred to remove more debris and other heavier material such as stones, metal fragments, and other waste materials that were not removed during the initial cleaning process.

Depending on the type of end product required, the roasted coffee beans are cooked with other ingredients to enhance the flavour of the coffee beans.

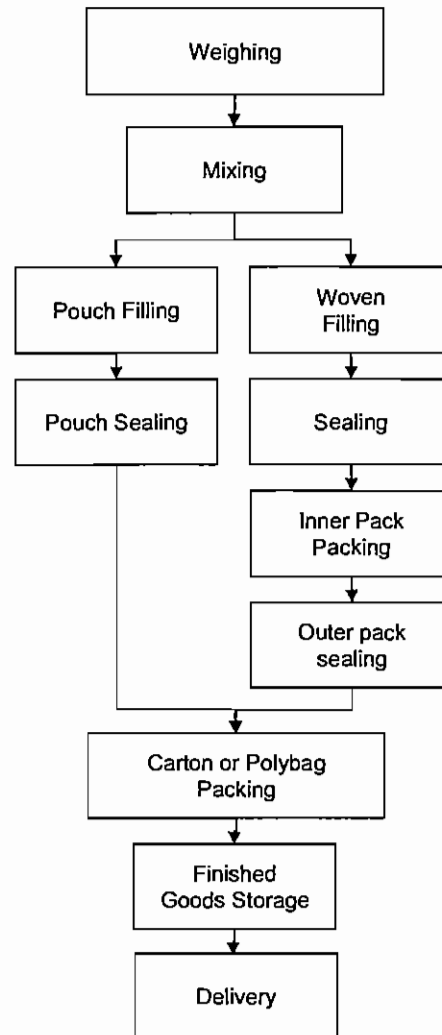
Uncooked roasted beans

The roasted coffee beans are sent directly to the grinder to be ground to varying stages of coarseness and into a grounded powder form.

Cooked roasted beans

Before starting the cooking process, the roasted beans are weighed accordingly so that the amount and weight of other ingredients such as salt, sugar, wheat and margarine are determined as in the recipe. The mixture of other ingredients and roasted coffee beans are then cooked. The cooked roasted beans then go through a cooling process before it is ground by multi-stage grinders into the desired powdered form.

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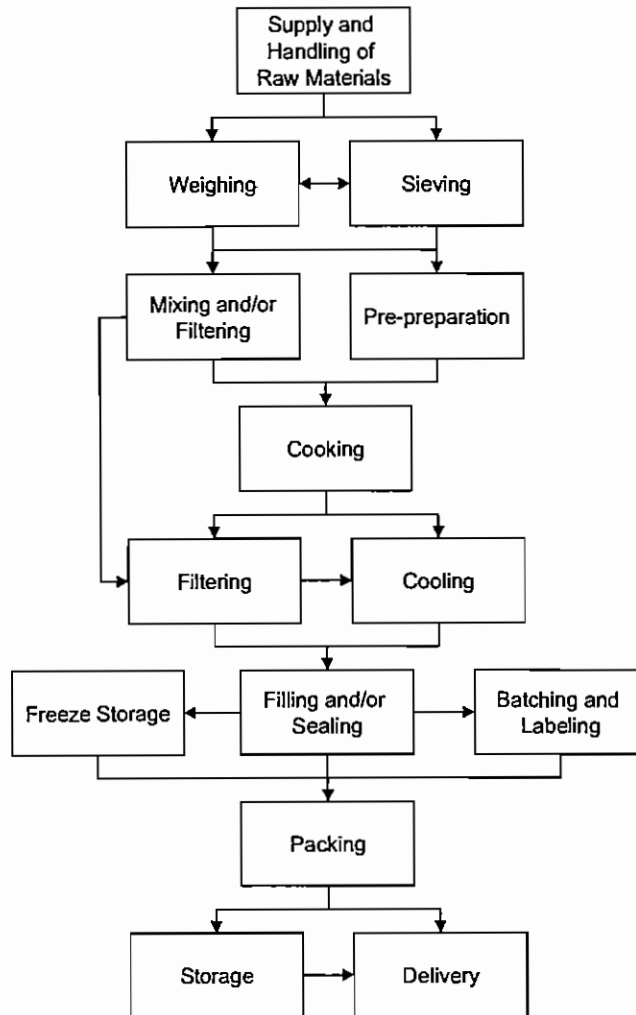
4. INFORMATION ON OUR GROUP**Process Flow of Roasted Coffee Powder – Part 2**

In the next stage of the process, the ground coffee powder is weighed and mixed together in various ratios, weights and parts depending on the required blend of the end product.

After thoroughly mixing, the coffee powder blends are sent for packaging. The various blends of coffee powder are filled into either a laminated pouch or woven sachets which are then sealed before it is packed into cartons for storage or despatched for delivery to customers.

4. INFORMATION ON OUR GROUP

(iii) Process flow for food processing - General



The process flow for food processing generally involves weighing, sieving, mixing, pre-preparation, cooking, filtering, cooling, filling and sealing, packing, storage and delivery.

All raw materials, such as chicken meat and vegetables, used for food processing have to undergo inspection and only approved raw materials are used for processing of food.

Approved raw materials are to be weighed to ensure the correct quantities. Powdered materials are sieved and screened to remove foreign objects and coarse ingredients. The sieving process is checked by the QA team.

Raw materials would then undergo the pre-preparation and/or mixing and/or filtering process.

For dried seasoning powder, the sieved ingredients are mixed thoroughly for a set time, after which it is ready to be filled into bags and sealed to prevent cross contamination.

4. INFORMATION ON OUR GROUP

Raw materials used for processing food such as edible oil and food seasoning paste have to be cut, peeled and washed. Raw materials for food seasoning paste require further pre-preparation processes before cooking, including blending, mincing and mixing according to its formulation. Some of the raw materials used to produce kaya also have to be filtered and mixed before cooking.

The ingredients used for processing different foods have to be cooked for a certain time at a certain temperature for safety purposes as well as to get the desired taste, texture and aroma. The cooking process is supervised by the QA team.

After cooking, edible oil has to be filtered to remove any residue. All the cooked food including edible oil, food seasoning paste and kaya must also be cooled down to a certain temperature before storage.

Edible oil is filled into polyethylene terephthalate (PET) bottle and capped to ensure product freshness. Food seasoning paste and kaya are filled into nylon bags and sealed to prevent cross contamination. Sealed food seasoning paste must be stored in a freezer at -18C° to maintain its freshness. Before final packing, all products require batching and labelling of expiry date.

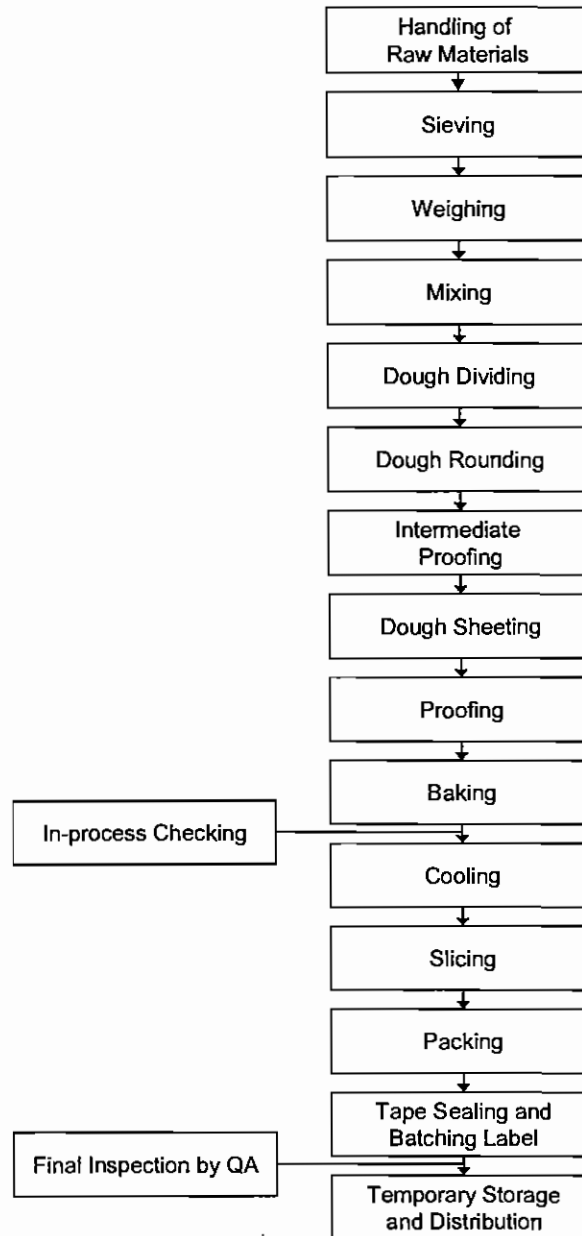
Edible oil and dried seasoning powder are packed into carton boxes; and kaya is packed onto bakery trays and stored in a cool and dry place before despatched for delivery to customers.

For freezed food seasoning paste, it is packed into insulation boxes and delivered to customers by freezer trucks.

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4. INFORMATION ON OUR GROUP

(iv) Process flow for food processing – Bread Baking



Raw materials such as flour, yeast and shortening is used for baking of bread must be inspected and only approved raw materials are used.

The processing process begins with sieving of powdered materials to remove foreign objects. Raw materials are then weighed accordingly to ensure the correct quantities.

After weighing, the raw materials are mixed thoroughly according to a set time to achieve homogeneity and to form the dough.

Upon completion of the mixing process, the dough is fed into a dough divider to be separated into smaller portions. The separated portions are then rounded using a conical dough rounder.

4. INFORMATION ON OUR GROUP

The rounded dough is then placed inside an intermediate proofer machine and allowed to proof (process to allow the dough to rise) for a certain time. After the dough pieces have passed through the intermediate proofing process, they are rolled through a sheeter and shaped. The dough pieces are collected into baking pans which are greased manually.

The dough pieces are then ready for final proofing in the proofing room with humidifier under controlled temperature and humidity.

After the final proofing process, the dough pieces are ready for baking in a revolving oven at a set temperature and time. The baking process is checked throughout.

After baking, the bread is naturally cooled down to a temperature suitable for packing. The bread is then sliced and packed into plastic bags.

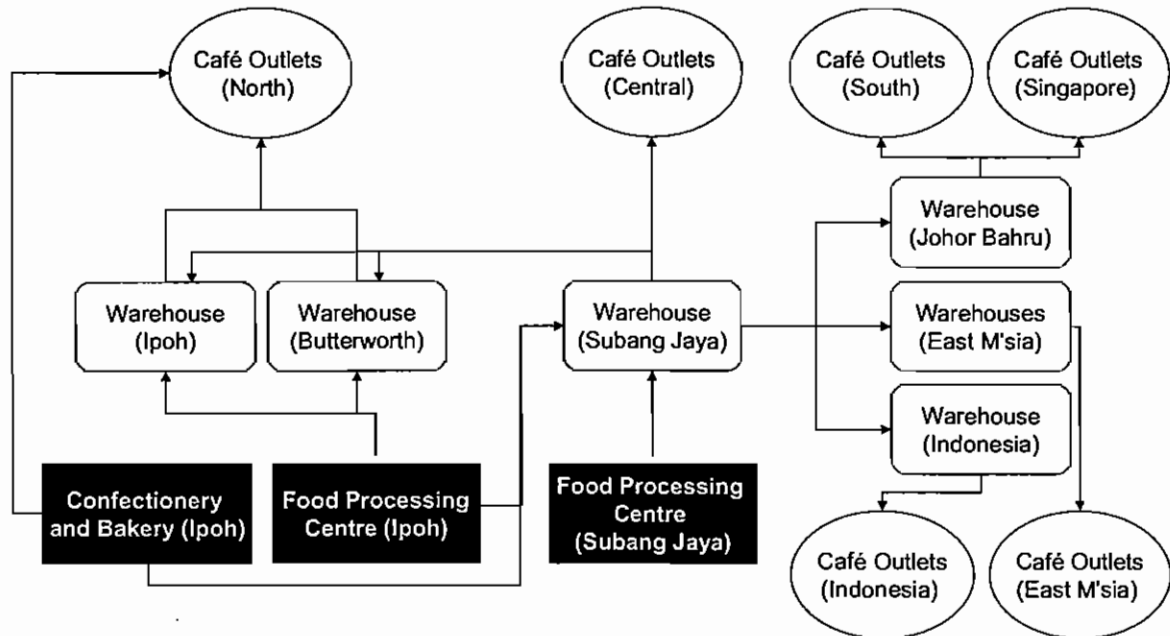
After packing, the outer pack is sealed with tape, and expiry date and batch label are stick on the outer pack. The QA team will proceed with final inspection.

After the final inspection process, the bread is arranged in bakery trays and stored in a cool dry place before dispatched for delivery.

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4. INFORMATION ON OUR GROUP

(v) Processing Flow for Distribution Activities



Our Group currently has two food processing centres in Ipoh and one in Subang Jaya, Selangor. Our processed food is distributed by our own logistics to our warehouses and outlets in Malaysia, Singapore and third party warehouses in East Malaysia and Indonesia.

Processed food from our processing centre in Ipoh is distributed to our warehouses in Butterworth, Ipoh, and Subang Jaya. Processed food from our processing centre in Subang Jaya is distributed to our warehouses in Subang Jaya, Ipoh and Butterworth.

Baked goods from our confectionery and bakery centre in Ipoh are distributed directly to our café outlets in the northern region and also to our warehouse in Subang Jaya.

From our warehouses in Butterworth and Ipoh, the processed food is distributed to our café outlets in the northern region.

From our warehouse in Subang Jaya, baked goods and processed food are distributed to our café outlets in the central region and our warehouse in Johor Bahru while processed food are also distributed to third party warehouses in East Malaysia and Indonesia.

From our warehouse in Johor Bahru, baked goods and processed food are then distributed to our café outlets in the southern region and Singapore.

From the warehouses in East Malaysia, processed food is distributed to our café outlets in East Malaysia.

From the warehouse in Indonesia, processed food is distributed to our café outlets in Indonesia.

4. INFORMATION ON OUR GROUP

4.8 PRINCIPAL MARKETS FOR PRODUCTS AND SERVICES

The principal markets for our Group can be divided into the following areas:-

Markets	Revenue for FYE 2010	
	RM'000	%
Local	205,915	80.7
Export	49,218	19.3
Hong Kong	17,826	7.0
Singapore	17,811	7.0
Taiwan	3,093	1.2
USA	2,753	1.1
Others ⁽¹⁾	7,735	3.0
Total	255,133	100.0

Notes:-

(1) Others include Canada, Indonesia, Philippines, Thailand, Brunei, United Kingdom, Australia and China. This excludes OLDTOWN WHITE COFFEE café outlets in Indonesia which only commenced operations in 2011.

For the FYE 2010, we serve both the local and overseas markets. Generally, we provide food and beverages through our OLDTOWN WHITE COFFEE café outlets and marketing of our retail pack coffee and tea beverages namely instant coffee beverages, milk tea mix and roasted coffee powder via OLDTOWN WHITE COFFEE café outlets in Malaysia and Singapore as well as intermediaries. Intermediaries include supermarkets, hypermarkets, convenience stores, mini markets, Chinese Medical Halls, petrol kiosks, other retailers, wholesalers and distributors. For overseas market, we mainly use intermediaries to sell our retail pack coffee and tea beverages. In addition, we also sell our RTD coffee in the local market through intermediaries.

4.9 SEASONALITY

Generally there is no seasonality for our chain café outlets as well as our instant coffee mix and tea manufacturing operations.

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4. INFORMATION ON OUR GROUP

4.10 COMPETITIVE 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 to facilitate business sustenance and growth.

(a) Established Brand Name

Our 'OLDTOWN' brand name has been in the Malaysian market since 1999 with the launch of our proprietary formulated blend of 3 in 1 instant coffee mix which is manufactured in-house. Since then, our 'OLDTOWN' brand name has been used in various coffee-based products and other beverages and is available in many retail outlets in Malaysia and overseas. In addition, we have also developed our 'NAN YANG' brand name for our own range of roasted coffee powder.

In 2005, we started our cafe operation with the opening of our first cafe in Ipoh using the familiar brand name of 'OLDTOWN WHITE COFFEE'. Since then, we have expanded our chain of cafes to reach a total of 182 including fully and partially owned, franchised and licenced outlets in Malaysia, Singapore and Indonesia as at LPD. Our extensive chain of cafes has enabled us to increase our profile and awareness of the 'OLDTOWN WHITE COFFEE' brand among consumers.

Our established and recognised brand names provide us with a distinct competitive advantage, especially in the consumer market, to help create brand loyalty, which is key to business sustainability and growth.

(b) Extensive Sales Network

As we operate in a consumer-oriented industry, sales network is key in ensuring that our products and services reach as many consumers as possible. In this respect, we have an extensive network of cafe outlets as well as retail distribution for our consumer products. In 2007, we were listed in the Malaysia Book of Records for having the largest "Kopitiam" chain in Malaysia, which has subsequently grown to 182 cafe outlets in Malaysia, Singapore and Indonesia as at LPD.

Our products are widely available in many retail outlets in Malaysia and overseas. As at LPD, our 'OLDTOWN' beverages were sold in approximately 5,002 retail outlets nationwide in Malaysia, approximately 730 retail outlets in Singapore and approximately 2,335 retail outlets in Hong Kong.

Our large sales network is a key competitive advantage that enables us to cover wider markets locally and overseas, to provide us with business growth.

(c) Integrated Coffee Beverage Manufacturer and Cafe Operator

We are an integrated coffee beverage manufacturer and operator of cafe outlets. Our cafe outlets are supported by our own formulated blend of coffee, tea and chocolate beverages, centralised food processing centres and a distribution centre.

Our integrated business enables us to control most aspects of the value-added chain to control product quality and service provision, as well as to retain as much of the profit as possible within the Group. Among others, this helps us to be more cost effective to compete against other service providers as well as other coffee beverage resellers.

4. INFORMATION ON OUR GROUP

(d) Proprietary Formulation

We have our proprietary formulation and processes for roasting of coffee beans, and formulation of instant coffee mix using our original recipe, which was developed in 1999. As the formulation and process was developed in-house, we are therefore not reliant or restricted by any principals. This enables us to freely expand our business and at the same time we do not need to pay royalties or franchising fee.

Having our own proprietary formulation and processes also provide us with the advantage of being able to undertake product development and enhancements to ensure we continually meet the changing needs and tastes of consumers.

(e) Economies of Scale

We enjoy economies of scale derived from our wide network of cafe outlets, sales of our products in many of the retail stores in Malaysia, as well as export of our products to overseas countries.

These economies of scale enable us to spread our fixed and operating costs across a large number of cafe outlets as well as products. This is particularly pertinent in terms of head office personnel and centralised functions including, kitchen, procurement, warehousing, logistics, training, advertising and promotional costs.

Our large number of cafe outlets and wide product distribution enable us to possess 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 for the Group as this helps us improve our profit margin.

(f) Export Markets

For the FYE 2010, we have exported our instant coffee mix and other beverages to twelve (12) overseas countries. We also ventured overseas for our cafe operations where as at LPD, we have nine (9) and two (2) OLDTOWN WHITE COFFEE cafe outlets in Singapore and Indonesia, respectively, including fully owned and partially owned outlets. As part of our strategy to increase our presence in overseas markets, we intend to open more outlets in Singapore and Indonesia in the near future.

Exports constituted 19.3% of our total Group revenue for the FYE 2010. Our export market is one of our key strengths as it enables us to address a larger market to provide our business with growth potential.

4. INFORMATION ON OUR GROUP

(g) Franchising Business

As at LPD, we have 75 fully owned, ten (10) partially owned and 85 franchised cafe outlets and one (1) licensed outlet in Malaysia. In Singapore, we have three (3) fully owned and six (6) partially owned cafe outlets. In Indonesia, we have two (2) partially owned café outlets. Save and except for the fully owned outlet operated by Kopitiam Asia Pacific, being the franchisor, the operators of all the other fully owned cafe outlets have entered into franchise agreements with Kopitiam Asia Pacific. Under our franchising system, we grant the following rights to our franchisees:

- Use of our trade name;
- Use of our trade mark;
- Use of our franchisee business operating system; and
- Sales of our products and services.

Please refer to Section 4.25 of this Prospectus for the standard salient terms of Oldtown's franchise agreement.

Kopitiam Asia Pacific, our wholly owned subsidiary, focuses on the franchising of our café outlets and derives income from the franchisees via initial franchise fees, sales of our products, royalties and advertising and promotion fees. The advertising and promotion fees are all used for marketing purposes.

Our ability to franchise our cafe operations will provide us with a key business advantage derived from incremental income from franchising whilst minimising capital expenditure to set-up new cafes. The expansion of cafe outlets also provides us with increased economies of scale.

The Oldtown Group has set up a franchise committee to look into all matters pertaining to the franchise, which include the process of granting a franchise to a new franchisee, as well as deliberating and assessing the suitability of potential franchisees based on certain key criteria.

The process of granting a franchise to a new franchisee would normally be in the following sequence:-

- Evaluation of the potential franchisee based on the prescribed business plan;
- Interview with potential franchisee;
- Conditional approval of franchisee based on the evaluation and interview. The franchisee would need to submit a proposed location for the cafe outlet;
- Franchisee proposes location for the cafe outlet and evaluation is done by the franchisor, i.e. Kopitiam Asia Pacific, on the proposed location;
- Approval of proposed location based on viability evaluation and investment requirements;
- Execution of letter of intent and payment of deposits and market assessment fees (for international locations only). The payment of market assessment fees is for the work done by the Group in researching, assessing and visiting the areas of which the franchisees intend to set up business. The payment of deposits will form part of the franchise fees payable by the franchisee; and
- Execution of the Franchise Agreement and payment of franchise fees.

4. INFORMATION ON OUR GROUP

The key criteria used by our Group in selecting and assessing the suitability of potential franchisees are as detailed below:

- Franchisees shall be financially capable of financing the entire project, i.e. renovation of the cafe outlet(s), and have the required working capital for the running of the said cafe outlet(s);
- Franchisees shall identify and secure suitable locations to run cafe outlets, subject to the approval of Kopitiam Asia Pacific, as the franchisor;
- Franchisees shall possess good business acumen and have a fair understanding in managing finances;
- Franchisees shall have the ability to invest a substantial amount of time in the business;
- It is preferable if the franchisees have some experience in either the food and beverages industry and/or retail dealing with the service sector;
- Franchisees shall understand and agree on the fundamentals of the OLDTOWN WHITE COFFEE cafe outlet concept and business model; and
- Franchisees shall be willing to undergo the full basic operations management training program conducted by Kopitiam Asia Pacific, as the franchisor.

We wish to highlight that all franchisees, whether or not related to the Group, are bound by the same standard salient terms of the Oldtown Group's franchise agreement, as set out in Section 4.25 of this Prospectus. For all franchisees, the same key criteria and selection process, as outlined above are also used by the Group in assessing the suitability of these franchisees, whether or not these franchisees are related parties of the Oldtown Group.

However, in the event that the franchisee is a related party to the Group and a related party of one of the members of the franchise committee, the relevant franchise committee member will abstain from deliberations and voting on decisions in relation to matters concerning the franchise.

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4. INFORMATION ON OUR GROUP

4.11 TYPES, SOURCES AND AVAILABILITY OF RESOURCES

Raw/Input Materials and Other Supplies ⁽¹⁾	Sources of Supply	
	Local (%)	Import (%)
Beverage Manufacturing Operations		
Non-dairy creamer	15	85
Instant coffee powder	84	16
Coffee beans	38	62
Sugar	100	-
Instant Tea	-	100
Hazelnut flavouring	47	53
Café Outlet and Food Processing Operations		
Flour	95	5
Beverages	100	-
Dried Food ⁽²⁾	100	-
Cooked Food ⁽³⁾	100	-
Frozen Food ⁽⁴⁾	100	-
Vegetables	100	-
Prawns	100	-
Eggs	100	-
Poultry	100	-
Coconut Concentrate	100	-
Food Sauces	100	-
Computer Hardware and Software	-	100
Equipment	-	100
Furniture	100	-

Major Raw/Input Materials and Other Supplies Purchased by Oldtown Group for FYE 2010

- (1) The above constitutes major raw/input materials and other supplies for the beverage manufacturing, food processing and café outlet operations only. It does not include other items such as packaging, signages and other food items and consumables.
- (2) Dried food includes items such as dried noodles, bread spreads⁽⁵⁾ and various other dried food items.
- (3) Cooked food includes items such as cooked noodles, sausages and various other cooked food items.
- (4) Frozen food includes tempura fish, vegetable curry puff, fried chicken and chicken parts.
- (5) Bread spreads include amongst others butter, peanut butter, kaya, strawberry jam and garlic butter.

For our beverage manufacturing operations, we are somewhat dependent on the imports of non-dairy creamer, coffee beans, hazelnut flavouring and instant tea. For FYE 2010, imports of non-dairy creamer, coffee beans, hazelnut flavouring and instant tea accounted for approximately 85%, 62%, 53% and 100% of our purchases of these raw materials respectively. As for instant coffee powder and sugar, 84% and 100% of these raw materials are sourced locally, respectively.

4. INFORMATION ON OUR GROUP

As for our cafe outlet and food processing operations, the major raw materials are beverages, such as soft drinks and juices that are then resold in our cafe outlets as well as among others, dried food, cooked food, frozen food, poultry, flour, vegetables, prawns, eggs, coconut concentrate and food sauces. Dried food includes items such as dried noodles, bread spreads and various other dried food items. With the exception of a small proportion of flour that were imported, all the major raw materials used in our café outlet and food processing operations were locally sourced for FYE 2010.

Some of the other types of supplies purchased include the procurement of computer hardware and software, equipment, furniture and others for our franchised operations. We are somewhat dependent on imports of computer hardware and software, and supply of equipment for FYE 2010.

Please refer to Section 9.4.4.2 (vi) of this Prospectus for a description of the volatility of the prices of raw materials.

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4. INFORMATION ON OUR GROUP

4.12 TECHNOLOGY USED / TO BE USED

Technologies relevant to Oldtown Group include the following:-

- Roasting of Coffee Beans; and
- Cooking and Blending of Coffee Beans.

4.12.1 Roasting of Coffee Beans

Roasting coffee beans is a method used in changing the physical properties of raw coffee beans or green beans into roasted coffee products. This is one of the most important part of making coffee products as it determines the flavour, aroma, taste, mouth-feel and quality of the final coffee product.

The roasting process changes the characteristic flavour of coffee by causing the green coffee beans to change in colour, taste and smell. Roasting coffee beans is required because raw or green coffee beans contain various substances that, in their raw state, are unpalatable to the taste and lacks flavour and aroma. Roasting accelerates the chemical reactions in the coffee bean to develop and enhance the flavour, aroma, taste and quality.

The roasting process produces a reaction where sugars and other carbohydrates within the bean become caramelised, producing coffee oil. This chemical is actually not oil, as it is water soluble, but it is what gives roasted coffee its flavour and aroma.

The roasting process involves roasting raw coffee beans at specific temperatures for a period of up to 30 minutes.

As the green coffee beans are heated, it changes colour to yellow hue and then to varying shades of brown to dark brown. As the coffee beans are roasted for a longer period of time, oils appear on the surface of the bean and it will continue to darken until the beans are removed from the heat source.

As the temperature reaches the optimum level, the coffee beans will nearly double its original size. Its colour changes to light brown and the beans lose approximately 5% of its original weight resulting in the lightest roast for coffee beans.

Further roasting will change the colour of the beans to medium brown and at this stage of roasting, it begins to caramelise and the oil of the coffee bean is released producing a stronger flavour.

For a stronger aroma and more bitter taste, the coffee beans are further roasted to the stage that the beans turn to medium dark brown. The roasted coffee beans are usually packed and distributed soon after the roasting process, as roasted coffee beans lose its freshness and aroma quicker than unroasted raw coffee beans.

4. INFORMATION ON OUR GROUP

4.12.2 Cooking and Blending of Roasted Coffee Beans

The roasted coffee beans are also cooked with other ingredients to enhance the flavour and to create a different blend of coffee that has distinctive flavour, aroma, taste and mouth-feel.

The Group has created various coffee blends and flavours in its range of products. The Group's cooking and blending knowledge is proprietary. Generally it comprises wheat, salt and sugar combined with the roasted coffee beans, where they are cooked for a specified period of time and temperature.

The cooking is done to maximise and to determine its flavour characteristics. It then undergoes a grinding and blending process to produce a distinctive coffee blend and taste.

As freshly roasted beans releases chemical substances in the form of vapours, it is generally required for these gases and vapours to dissipate before the beans will reveal its full flavour and characteristics.

Generally, packaging roasted beans and ground coffee powder in airtight bags with a one-way valve allows such gasses and vapours to escape, without the beans being exposed to damaging air. This type of packaging should also help reduce the deterioration of the coffee.

4.13 PRODUCTION / OPERATING CAPABILITIES AND OUTPUT

In 2010, our production, capacity and utilisation rate for the manufacturing of beverages, food processing, bakery and confectionery are as follows:-

Products	Actual Production (^{'000} kg)	Capacity ⁽¹⁾ (^{'000} kg)	Utilisation Rate
Instant coffee mix and instant milk tea mix	5,445 ⁽²⁾	7,920	69%
Roasted coffee powder	373 ⁽³⁾	1,248	30%
Food Processing	1,398 ⁽⁴⁾	6,114	23%
Bakery and confectionery processing	811 ⁽²⁾	1,339	61%

(1) Capacity is calculated based on 24 hours per day, six days per week.

(2) Based on 1.5 eight-hour shifts per day and six days per week.

(3) Based on 1 eight-hour shift per day and six days per week.

(4) Based on 1 nine-hour shift per day and 6 days per week.

For our Group's manufacturing of instant coffee mix and instant milk tea mix operations, we do not intend to operate 24 hours a day. By second quarter of 2011, we have almost reached full capacity for our instant coffee mix and instant milk tea mix manufacturing operations based on our current number of working hours per day and number of working days per week. Part of our future plans is to relocate our existing beverage manufacturing operations to new premises, which will provide us with additional capacity specifically for our instant coffee mix and instant milk tea mix.

It is not relevant to calculate production capacity and utilisation rate for the Group's operation of cafe outlets as it is a service based operation.

4. INFORMATION ON OUR GROUP

4.14 MAJOR APPROVALS, LICENSES AND PERMITS OBTAINED

Details of the approvals obtained by our Company for the Listing from the MITI, SC and Bursa Securities together with the conditions imposed by these authorities and status of compliance are set out in Section 6.1 of this Prospectus. Other major approvals, major licenses and major permits obtained by our Group for the operation of business as at LPD are set out in the table below: -

No.	Issuer	Major Licenses / Permits / Approvals	Date of Issue/ Validity period	Equity Conditions / Conditions affecting operations	Status of Compliance (Met/ Not Met / Will be Met)
1.	Ministry of International Trade and Industry Malaysia	Manufacturing license for production of "Instant Coffee Powder" and "Roasted White Coffee". (Gongga Food) Premise address: Nos. 19 & 21, Lebuhr Bercham (S) 2/8, Kawasan Perindustrian Bercham 31400 Ipoh, Perak Darul Ehsan License no.: A 017525	8 March 2010 / Valid from 10 December 2009	<ol style="list-style-type: none"> 1. The company shall notify the Ministry of International Trade and Industry Malaysia in the event of any sale of shares in the company. 2. The company shall employ and train Malaysian citizens to ensure that the technology and expertise are transmitted to all levels of employment. 3. The company shall implement projects which are approved in accordance with the laws and rules enforced in Malaysia. 	Met
2.	Franchising Department, Malaysian Government	Form 3 - Franchise Act 1998 - Notice of Decision of Registration of Franchise and Effective date of Registration of Franchise (Kopitiam Asia Pacific) Premise address: Lot 896, Jalan Subang 10 Taman Perindustrian Subang 47600 Subang Jaya Selangor Darul Ehsan	18 August 2009	<ol style="list-style-type: none"> 1. The franchisor shall operate with compliance to all rules and laws that are currently enforced by the local authorities. 2. The registration will remain unless the Malaysian Franchise Registrar issues an order in writing to suspend, terminate, discontinue or reject sales or franchise registration under the Franchise Act 1998. 	Will be met ⁽¹⁾

4. INFORMATION ON OUR GROUP

No.	Issuer	Major Licenses / Permits / Approvals	Date of Issue/ Validity period	Equity Conditions / Conditions affecting operations	Status of Compliance (Met/ Not Met / Will be Met)
3.	Ministry of International Trade and Industry Malaysia	<p>Manufacturing license for production of "Instant Coffee Mixture" and "Instant Tea Mixture". (White Cafe Sdn Bhd)</p> <p>Premise address: No. 1, Persiaran Tasek Timur 6 Taman Medan Bercham 31400 Ipoh, Perak Darul Ridzuan</p> <p>License no.: A 017524</p>	8 March 2010 / Valid from 10 December 2009	<p>1. The company shall notify the Ministry of International Trade and Industry Malaysia in the event of any sale of shares in the company.</p> <p>2. The company shall employ and train Malaysian citizens to ensure that the technology and expertise are transmitted to all levels of employment.</p> <p>3. The company shall implement projects which are approved in accordance with the laws and rules enforced in Malaysia.</p>	Met
4.	Islamic Religious Department of Perak	<p>Halal certification (Gongga Food)</p> <p>Premise address: Nos. 19 & 21 Lebuhr Bercham (S) 2/8 Kawasan Perindustrian Bercham 31400 Ipoh, Perak Darul Ridzuan</p> <p>Serial no.: H-08-753</p>	15 April 2011 / Valid until 14 April 2013	-	-
5.	Jabatan Kemajuan Islam Malaysia	<p>Certificate of authentication (Emperor's Kitchen)</p> <p>Premise address: Lot 896, Jalan Subang 10 Taman Perindustrian Subang 47600 Subang Jaya Selangor Darul Ehsan</p> <p>Serial no.: 018275</p>	16 July 2010 / Valid until 15 November 2012	-	-

4. INFORMATION ON OUR GROUP

No.	Issuer	Major Licenses / Permits / Approvals	Date of Issue/ Validity period	Equity Conditions / Conditions affecting operations	Status of Compliance (Met/ Not Met / Will be Met)
6.	Jabatan Kemajuan Islam Malaysia	Certificate of authentication (Emperor's Kitchen) Premise address: Lot 896, Jalan Subang 10 Taman Perindustrian Subang 47600 Subang Jaya Selangor Darul Ehsan Serial no.: 015938	16 July 2010 / Valid until 15 July 2012	-	-
7.	Jabatan Kemajuan Islam Malaysia	Certificate of authentication (Emperor's Kitchen) Premise address: Lot 896, Jalan Subang 10 Taman Perindustrian Subang 47600 Subang Jaya Selangor Darul Ehsan Serial no.: 015939	16 July 2010 / Valid until 15 July 2012	-	-
8.	Jabatan Kemajuan Islam Malaysia	Certificate of authentication (Emperor's Kitchen) Premise address: Lot 896, Jalan Subang 10 Taman Perindustrian Subang 47600 Subang Jaya Selangor Darul Ehsan Serial no.: 015940	16 July 2010 / Valid until 15 July 2012	-	-
9.	Islamic Food Research Centre Malaysia & Asia Region	Certificate of Halal Products (White Cafe Marketing) Premise address: Instanta SP. Z.O.O. Kawowa 3, 44-240 Zory, Poland Certificate no.: IFRC/P/LA/09/297	30 May 2010 / Valid until 29 May 2011	-	-

4. INFORMATION ON OUR GROUP

No.	Issuer	Major Licenses / Permits / Approvals	Date of Issue/ Validity period	Equity Conditions / Conditions affecting operations	Status of Compliance (Met/ Not Met / Will be Met)
10.	Islamic Religious Department of Perak	Certificate of authentication (White Cafe) Premise address: No. 1, Persiaran Tasek Timur 6 Taman Medan Bercham 31400 Ipoh, Perak Darul Ridzuan Serial no.: H-08-374	17 March 2010 / Valid until 15 March 2012	-	-
11.	Islamic Religious Department of Perak	Certificate of authentication (Dynasty Confectionery) Premise address: Nos. 11 & 13 Persiaran Industri Rapat 2 Kawasan Perindustrian Sri Rapat 31350 Ipoh, Perak Darul Ridzuan Serial no.: H-08-1254	25 August 2009 / Valid until 1 September 2011	-	-
12.	Islamic Religious Department of Perak	Certificate of authentication (Esquire Chef) Premise address: No. 98 Persiaran Bercham Selatan 20, Taman Bercham Indah 31400 Ipoh, Perak Darul Ridzuan Serial no.: H-08-1246	10 February 2010 / Valid until 15 June 2011	-	-
13.	Halal Industry Development Corporation	Certificate of authentication (White Cafe) Premise address: No. 1, Persiaran Tasek Timur 6 Taman Medan Bercham 31400 Ipoh, Perak Darul Ridzuan Serial no.: 00004626	1 May 2009 / Valid until 30 April 2012	-	-

4. INFORMATION ON OUR GROUP

Notes:

- (1) *As at LPD, there is one 'OLDTOWN WHITE COFFEE' cafe outlet, which is operating under a license granted by Kopitiam Asia Pacific in Malaysia. The license agreement in relation to the operation of the said cafe outlet will be terminated and a franchise agreement will be entered into between Kopitiam Asia Pacific and the potential franchisee for the operation of the said cafe outlet in due course.*

As at LPD, there are two (2) fully and partially owned OLDTOWN WHITE COFFEE cafe outlets collectively which have been issued with HALAL certifications by the Islamic Food Research Centre Malaysia & Asia Region in Malaysia. In anticipation of the Malaysian government's proposal and recent development to streamline the issuance of HALAL certification, our management is currently in the midst of making applications to the Department of Islamic Development Malaysia (JAKIM) and the respective state religious authorities for HALAL certifications in respect of our OLDTOWN WHITE COFFEE cafe outlets in Malaysia. Some of the HALAL criteria which Oldtown Group may be subjected to are, amongst others, as follows:-

- (a) All raw ingredients for the production of products consist of ingredients that have been verified HALAL;
- (b) There must be at least two Muslim workers who coordinate the food processing;
- (c) Products produced abide the Malaysian Poison Act 1952, Malaysian Food Act 1983 and Food Regulation 1985;
- (d) There must be no pets kept in the grounds of production and food processing;
- (e) Alcoholic beverages as part of the ingredients in food processing or to be sold in the premise are prohibited; and
- (f) Chicken and frozen meats used in the production of food must also be obtained from companies with HALAL Verification Certificate.

As at LPD, four (4) of the OLDTOWN WHITE COFFEE cafe outlets are awaiting for the issuance of the business premise license by the relevant local authorities. An application for the business premise license for one (1) of the OLDTOWN WHITE COFFEE cafe outlet will be made to the relevant local authority by end of June 2011. Four (4) OLDTOWN WHITE COFFEE cafe outlets are awaiting for the renewal by the relevant local authorities of its business premise license.

4. INFORMATION ON OUR GROUP

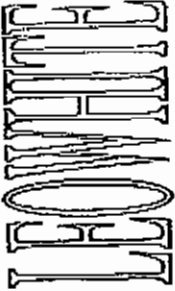


4.15 BRAND NAMES, REGISTRATIONS, PATENTS, TRADE MARKS, LICENSES, TECHNICAL ASSISTANCE AGREEMENTS AND OTHER INTELLECTUAL PROPERTY RIGHTS

Our Directors confirm that the Oldtown Group is not trading under any trade marks, other than the trade marks, as disclosed in this section. There are twenty eight (28) trade marks, which are registered in Malaysia and other various countries. Besides that, the Oldtown Group has applied for thirty one (31) trade marks to be registered in Malaysia and other various countries.

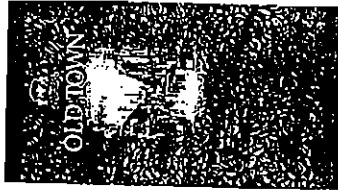

Registered Trade Marks

No.	Trade mark	Registered Owner	Registration number	Place of registration	Validity period	Description of trade mark	Class of trade mark
1.	BLUEICY	White Cafe	01012966	Malaysia	1 October 2001 to 1 October 2011	"BLUEICY".	Class 30 of the Nice Classification
2.	怡保舊街場	White Cafe	04010040	Malaysia	16 July 2004 to 16 July 2014	Chinese character of "Ipoh old town".	Class 30 of the Nice Classification
		White Cafe	4180645	China	21 October 2006 to 20 October 2016		Class 30 of the Nice Classification
		White Cafe	300252972	Hong Kong	21 July 2004 to 21 July 2014		Class 30 of the Nice Classification
3.	怡保白加	White Cafe	04008935	Malaysia	30 June 2004 to 30 June 2014	Chinese character of "Ipoh white addition".	Class 30 of the Nice Classification


4. INFORMATION ON OUR GROUP

No.	Trade mark	Registered Owner	Registration number	Place of registration	Validity period	Description of trade mark	Class of trade mark
4.		White Cafe	02001092	Malaysia	30 January 2002 to 30 January 2012	"LEOWHITE".	Class 30 of the Nice Classification
5.		White Cafe Marketing	04006517	Malaysia	14 May 2004 to 14 May 2014	"Nan Yang" and chinese character of "Nan Yang".	Class 30 of the Nice Classification
		Gongga Food	01190127	Taiwan	1 January 2006 to 31 December 2015		Class 30 of the Nice Classification
6.		Gongga Food	3,177,961	United States of America	28 November 2006 to 27 November 2016	"Nan Yang Dian" and chinese character of "Nan Yang Dian".	Class 30 of the Nice Classification
		White Cafe Marketing	04006518	Malaysia	14 May 2004 to 14 May 2014		Class 43 of the Nice Classification

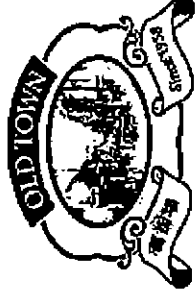
4. INFORMATION ON OUR GROUP

No.	Trade mark	Registered Owner	Registration number	Place of registration	Validity period	Description of trade mark	Class of trade mark
7.		White Cafe	01207959	Taiwan	1 May 2006 to 30 April 2016	"OLD TOWN".	Class 30 of the Nice Classification
8.	OLD TOWN	White Cafe	2395575	United Kingdom	29 June 2005 to 28 June 2015	"OLD TOWN".	Class 30 of the Nice Classification
9.		White Cafe	01171570	Taiwan	1 September 2005 to 31 August 2015	"OLD TOWN" and chinese character of "Ipoh old town".	Class 30 of the Nice Classification
10.	OLDTOWN	White Cafe	1112310	Australia	8 May 2006 to 8 May 2016	"OLDTOWN".	Class 30 of the Nice Classification
		Kopitiam Asia Pacific	06003859	Malaysia	14 March 2006 to 14 March 2016		Class 43 of the Nice Classification

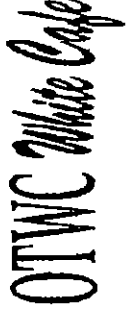


4. INFORMATION ON OUR GROUP

No.	Trade mark	Registered Owner	Registration number	Place of registration	Validity period	Description of trade mark	Class of trade mark
11.	Oldtown Kopitiam 舊街場咖啡館	White Cafe Marketing	05005126	Malaysia	7 April 2005 to 7 April 2015	"Oldtown Kopitiam" and chinese character "Oldtown Kopitiam".	Class 43 of the Nice Classification
12.		Kopitiam Asia Pacific	01311668	Taiwan	16 May 2008 to 15 May 2018	"OLD TOWN WHITE COFFEE".	Class 43 of the Nice Classification
Kopitiam Asia Pacific		T0716451H	Singapore	1 August 2007 to 1 August 2017		Class 43 of the Nice Classification	
Kopitiam Asia Pacific		06017466	Malaysia	26 September 2006 to 26 September 2016		Class 43 of the Nice Classification	
13.	OLDTOWN WHITE COFFEE	Kopitiam Asia Pacific	301323305	Hong Kong	14 April 2009 to 14 April 2019	"OLD TOWN WHITE COFFEE".	Class 43 of the Nice Classification
14.	舊街場白咖啡	Kopitiam Asia Pacific	01311669	Taiwan	16 May 2008 to 15 May 2018	Chinese character of "old town white coffee".	Class 43 of the Nice Classification




4. INFORMATION ON OUR GROUP

No.	Trade mark	Registered Owner	Registration number	Place of registration	Validity period	Description of trade mark	Class of trade mark
15.	OLDTOWN WHITE	White Cafe	301015523	Hong Kong	17 December 2007 to 17 December 2017	"OLDTOWN WHITE".	Class 30 of the Nice Classification
		Kopitiam Asia Pacific	301323314	Hong Kong	14 April 2009 to 14 April 2019		Class 43 of the Nice Classification
16.	舊街場白	White Cafe	301015541	Hong Kong	17 December 2007 to 17 December 2017	Chinese character of "old town white".	Class 30 of the Nice Classification
		Kopitiam Asia Pacific	301017828	Hong Kong	19 December 2007 to 18 December 2017		Class 43 of the Nice Classification
17.	OLDTOWN 舊街場	White Cafe	301015550	Hong Kong	17 December 2007 to 17 December 2017	"OLDTOWN" and chinese character of "old town".	Class 30 of the Nice Classification
18.		White Cafe	3,154,804	United States of America	10 October 2006 to 9 October 2016	"OLD TOWN", chinese character of "old town" and "since 1958".	Class 30 of the Nice Classification
		White Cafe	Kor 254196	Thailand	7 April 2004 to 6 April 2014		Class 30 of the Nice Classification
		White Cafe	1342663	Canada	6 April 2010 to 6 April 2025		Class 30 of the Nice Classification





4. INFORMATION ON OUR GROUP

No.	Trade mark	Registered Owner	Registration number	Place of registration	Validity period	Description of trade mark	Class of trade mark
19.		White Cafe Marketing	04002167	Malaysia	27 February 2004 to 27 February 2014	"OTWC WHITE CAFÉ".	Class 30 of the Nice Classification
20.		White Cafe	3,228,443	United States of America	10 April 2007 to 10 April 2017	"White Cafe".	Class 30 of the Nice Classification
		White Cafe	1953860	China	14 January 2004 to 13 January 2014		Class 30 of the Nice Classification
21.		White Cafe	00015215	Malaysia	30 October 2000 to 30 October 2020	"White Cafe".	Class 30 of the Nice Classification

4. INFORMATION ON OUR GROUP

No.	Trade mark	Registered Owner	Registration number	Place of registration	Validity period	Description of trade mark	Class of trade mark
22.		White Cafe	T00/189011	Singapore	30 October 2000 to 30 October 2020	"We Are The Original", "OLD TOWN", chinese character of "old town" and "since 1958".	Class 30 of the Nice Classification
23.		White Cafe	1954598	China	28 February 2004 to 27 February 2014	"White Cafe".	Class 30 of the Nice Classification
24.		White Cafe	T00/187701	Singapore	27 October 2000 to 27 October 2020	"White Cafe".	Class 30 of the Nice Classification


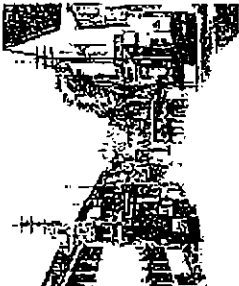

4. INFORMATION ON OUR GROUP

No.	Trade mark	Registered Owner	Registration number	Place of registration	Validity period	Description of trade mark	Class of trade mark
25.		White Cafe Marketing	08005442	Malaysia	19 March 2008 to 19 March 2018	"OLD TOWN WHITE COFFEE".	Class 35 of the Nice Classification
26.		Kopitiam Asia Pacific	07050024	Malaysia	24 May 2007 to 24 May 2017	"XI MUT" and chinese character of "silk stockings".	Class 30 of the Nice Classification
27.		Kopitiam Asia Pacific	09010580	Malaysia	25 June 2009 to 25 June 2019	"My Lunch @ OLD TOWN".	Class 43 of the Nice Classification
28.		White Cafe	6005860	China	14 January 2010 to 13 January 2010	Chinese character in both simplified and traditional chinese of "old town".	Class 30 of the Nice Classification

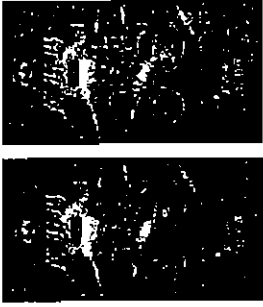
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4. INFORMATION ON OUR GROUP

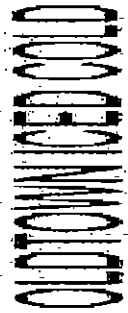

Trade Marks Pending Registration

No.	Trade mark	Applicant	Application number	Place of application	Description of trade mark	Class of trade mark
1.		White Cafe Marketing	2003-03097	Malaysia	"Baffee".	Class 30 of the Nice Classification
2.		Gongga Food	2005-013234	Malaysia	A "figurative" picture of old town street.	Class 43 of the Nice Classification
3.	ICE FIRE POLO BUN 	Kopitiam Asia Pacific	07015383	Malaysia	"ICE FIRE POLO BUN" and chinese character of "ice fire polo bun".	Class 30 of the Nice Classification



4. INFORMATION ON OUR GROUP

No.	Trade mark	Applicant	Application number	Place of application	Description of trade mark	Class of trade mark
4.		White Cafe	301017846	Hong Kong	Chinese character of "old town".	Class 30 of the Nice Classification
5.	<p style="text-align: center;">OLDTOWN</p>	White Cafe	06003558	Malaysia	"OLDTOWN".	Class 30 of the Nice Classification
White Cafe		2006-053928	Japan	Class 30 of the Nice Classification		
Kopitiam Asia Pacific		D002008000877	Indonesia	Class 30 of the Nice Classification		
White Cafe		TMREF/54215/2009/1	Brunei Darussalam	Class 30 of the Nice Classification		
White Cafe		04-2009-012059	Philippines	Class 30 of the Nice Classification		

4. INFORMATION ON OUR GROUP

No.	Trade mark	Applicant	Application number	Place of application	Description of trade mark	Class of trade mark
6.		Kopitiam Asia Pacific	09014206	Malaysia	"OLDTOWN ICED COLD".	Class 30 of the Nice Classification
		Kopitiam Asia Pacific	09014205	Malaysia		Class 35 of the Nice Classification
7.		Kopitiam Asia Pacific	5856624	China	"OLD TOWN WHITE COFFEE".	Class 43 of the Nice Classification
		Kopitiam Asia Pacific	1310307	Australia		Class 43 of the Nice Classification
		Kopitiam Asia Pacific	721568	Thailand		Class 43 of the Nice Classification
		Kopitiam Asia Pacific	J002007042849	Indonesia		Class 43 of the Nice Classification
		Kopitiam Asia Pacific	04-2009-012058	Philippines		Class 43 of the Nice Classification
		Oldtown	N/52598(246)	Macau		Class 43 of the Nice Classification
		Oldtown	4-2010-19979	Vietnam		Class 43 of the Nice Classification
Oldtown	41-2010-0027106	South Korea	Class 43 of the Nice Classification			

4. INFORMATION ON OUR GROUP

No.	Trade mark	Applicant	Application number	Place of application	Description of trade mark	Class of trade mark
8.		White Cafe	T0805839H	Singapore	"OLD TOWN WHITE COFFEE CLASSIC".	Class 30 of the Nice Classification
9.		White Cafe	T0805840A	Singapore	"OLD TOWN WHITE COFFEE HAZELNUT".	Class 30 of the Nice Classification
10.	OLDTOWN WHITE COFFEE	Kopitiam Asia Pacific	06017467	Malaysia	"OLDTOWN WHITE COFFEE".	Class 43 of the Nice Classification
		Kopitiam Asia Pacific	1310312	Australia		Class 43 of the Nice Classification
		Kopitiam Asia Pacific	649661	Thailand		Class 43 of the Nice Classification
		Kopitiam Asia Pacific	J002007042848	Indonesia		Class 43 of the Nice Classification
		Kopitiam Asia Pacific	04-2009-012056	Philippines		Class 43 of the Nice Classification

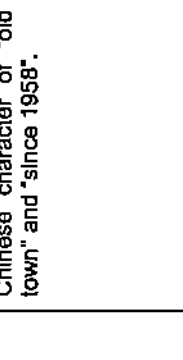

4. INFORMATION ON OUR GROUP

No.	Trade mark	Applicant	Application number	Place of application	Description of trade mark	Class of trade mark
		Kopiliam Asia Pacific	85018091	United States of America		Class 43 of the Nice Classification
		White Cafe	85018045	United States of America		Class 30 of the Nice Classification
		Kopiliam Asia Pacific	099044823	Taiwan		Class 43 of the Nice Classification
		Oldtown	N/52599(390)	Macau		Class 43 of the Nice Classification
		Oldtown	41-2010-0027107	South Korea		Class 43 of the Nice Classification
		Oldtown	4-2010-19980	Vietnam		Class 43 of the Nice Classification
11.	OLDTOWN WHITE	White Cafe	258023	Singapore	"OLDTOWN WHITE".	Class 30 of the Nice Classification
		White Cafe	ZC 7603876	China		Class 30 of the Nice Classification
		Oldtown	KH/38568/10	Cambodia		Class 30 of the Nice Classification
		Oldtown	22107	Laos		Class 30 of the Nice Classification




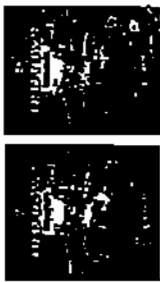

4. INFORMATION ON OUR GROUP

No.	Trade mark	Applicant	Application number	Place of application	Description of trade mark	Class of trade mark
		Oldtown	N/51543(196)	Macau		Class 30 of the Nice Classification
		Oldtown	41-2010-0054216	South Korea		Class 30 of the Nice Classification
		Oldtown	4-2010-19978	Vietnam		Class 30 of the Nice Classification
		White Cafe	099044821	Taiwan		Class 30 of the Nice Classification
		White Cafe	784224	Thailand		Class 30 of the Nice Classification
12.	OLDTOWN WHITE-COFFEE	Kopitiam Asia Pacific	TMREF/54216/2009/1	Brunei Darussalam	"OLD TOWN WHITE COFFEE".	Class 43 of the Nice Classification
		Kopitiam Asia Pacific	ZC 7803909	China		Class 43 of the Nice Classification
13.	舊街場白咖啡	Kopitiam Asia Pacific	5856622	China	Chinese character of "old town white coffee".	Class 43 of the Nice Classification




4. INFORMATION ON OUR GROUP

No.	Trade mark	Applicant	Application number	Place of application	Description of trade mark	Class of trade mark
14.		White Cafe	00013217	Malaysia	Chinese character of "old town" and "since 1958".	Class 30 of the Nice Classification
15.	TAKE YOUR TIME	Kopitiam Asia Pacific	08018393	Malaysia	"TAKE YOUR TIME".	Class 35 of the Nice Classification
		Kopitiam Asia Pacific	T08/12229A	Singapore		Class 35 of the Nice Classification
16.	THE ORIGINS OF WHITE 唯一原创的白	White Cafe	05015404	Malaysia	"THE ORIGINS OF WHITE" and chinese character of "the origins of white".	Class 30 of the Nice Classification
17.	TWINWHITE SHAKE 舊街場雙白	Kopitiam Asia Pacific	07050022	Malaysia	"TWINWHITE SHAKE" and chinese character of "old town twin white".	Class 30 of the Nice Classification
18.		White Cafe	07018523	Malaysia	"White Coffee".	Class 30 of the Nice Classification




4. INFORMATION ON OUR GROUP

No.	Trade mark	Applicant	Application number	Place of application	Description of trade mark	Class of trade mark
19.		White Cafe	T08/05871A	Singapore	"White Coffee".	Class 30 of the Nice Classification
20.		White Cafe	5856623	China	Chinese character of "white coffee".	Class 30 of the Nice Classification
21.		White Cafe	2006-053927	Japan	"WHITE MILK TEA".	Class 30 of the Nice Classification
22.		White Cafe	301017837	Hong Kong	"Oldtown".	Class 30 of the Nice Classification
23.		Kopitiam Asia Pacific	2010005694	Malaysia	"My Lunch @ OLDTOWN".	Class 35 of the Nice Classification

4. INFORMATION ON OUR GROUP

No.	Trade mark	Applicant	Application number	Place of application	Description of trade mark	Class of trade mark
24.		Kopitiam Asia Pacific	2010005697	Malaysia	"My Dinner @OLDTOWN".	Class 35 of the Nice Classification
		Kopitiam Asia Pacific	2010005698	Malaysia		Class 43 of the Nice Classification
25.		Kopitiam Asia Pacific	2010005696	Malaysia	"My Tea @OLDTOWN".	Class 35 of the Nice Classification
		Kopitiam Asia Pacific	2010005693	Malaysia		Class 43 of the Nice Classification
26.		Kopitiam Asia Pacific	2010005699	Malaysia	"My Breakfast @OLDTOWN".	Class 35 of the Nice Classification
		Kopitiam Asia Pacific	09008670	Malaysia		Class 43 of the Nice Classification
27.	OTWC White Milk Tea	White Cafe Marketing	04002166	Malaysia	"OTWC White Milk Tea".	Class 30 of the Nice Classification
28.	FREEZY	Kopitiam Asia Pacific	2010007668	Malaysia	"FREEZY".	Class 30 of the Nice Classification

4. INFORMATION ON OUR GROUP

No.	Trade mark	Applicant	Application number	Place of application	Description of trade mark	Class of trade mark
29.		Oldtown	2010017250	Malaysia	"24 JAM".	Class 35 of the Nice Classification
30.		Oldtown	2010017248	Malaysia	"OLD TOWN" and "earthcare".	Class 16 of the Nice Classification
		Oldtown	2010017249	Malaysia		Class 35 of the Nice Classification
31.		White Cafe	099044822	Taiwan	Chinese character in both simplified and traditional chinese of "old town".	Class 30 of the Nice Classification

Notes:-

The Nice Classification is based on the Nice Agreement, which was concluded in 1957, concerning the international classification of goods and services for the purposes of the registration of marks. It comprises class headings, which describes the nature of goods and services in each of the thirty four (34) classes of goods and eleven (11) classes of services.

Description of classes under the Nice Classification:

Class 16: Paper, cardboard and goods made from these materials, not included in other classes; printed matter; bookbinding material; photographs; stationery; adhesives for stationery or household purposes; artists' materials; paint brushes; typewriters and office requisites (except furniture); instructional and teaching material (except apparatus); plastic materials for packaging (not included in other classes); playing cards; printers type; printing blocks;

4. INFORMATION ON OUR GROUP

Class 30: *Coffee, tea, cocoa, sugar, rice, tapioca, sago, artificial coffee; flour and preparations made from cereals, bread, pastry and confectionery, ices; honey, treacle; yeast, baking-powder; salt, mustard; vinegar, sauces (condiments); spices; ice;*

Class 35: *Advertising; business management; business administration; office functions; and*

Class 43: *Services for providing food and drink; temporary accommodation.*

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4. INFORMATION ON OUR GROUP

4.16 STRATEGIES AND MODES OF MARKETING

Marketing Strategy

We utilise the following marketing strategies to sustain and expand our business:-

- Continue to place emphasis on branding by strengthening and promoting the 'OLDTOWN' brand name which is key in building brand equity and customer loyalty;
- Position ourselves as an operator of a major cafe chain specialising in coffee supported by in-house bean roasting and manufacturing facilities;
- Maximise on our established 'OLDTOWN' brand name by expanding our product portfolio of coffee and other beverages in the retail sector;
- Continue to provide high standards of quality of food and beverages at our 'OLDTOWN WHITE COFFEE' cafe outlets as well as our in-house manufactured coffee and tea beverages; and
- Continue to expand on our network of 'OLDTOWN WHITE COFFEE' cafe outlets through our franchise programme locally as well as overseas.

As part of the Group's strategy to promote our cafe outlets and beverages globally, the Group also participates in exhibitions and conventions including the following:

Names of Exhibition	Country	Nature of Participation	Year
THAIFEX – World of Food Asia 2008	Thailand	Exhibitor	2004, 2006, 2007 & 2008
Anuga	Germany	Exhibitor	2005
Food and Hotel Asia ("FHA")	Singapore	Exhibitor	2008
Gulfood	Dubai	Exhibitor	2009
Food and Hotel Asia ("FHA")	Singapore	Exhibitor	2010
SIAL Asia's Food Marketplace China 2011	China	Exhibitor	2011

To implement our marketing strategy, we have our own sales and marketing team to focus on business development with existing and potential customers. As at LPD, we have 37 sales and marketing personnel in our Group.

Distribution Channel Strategy

For our cafe chain operations, we service our customers directly, which constitutes the end-consumers.

As for our retail pack coffee and tea beverages, these are sold through the following channels:

- Our chain of OLDTOWN WHITE COFFEE cafe outlets;
- Food services outlets including coffee shops; and
- Intermediaries including hypermarkets, supermarkets, convenience stores, mini markets, Chinese Medical Halls, petrol kiosks, other retailers, wholesalers and distributors.

4. INFORMATION ON OUR GROUP

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 investments in sales, marketing and logistics for our retail pack coffee and other beverages. The intermediaries and retailers would rely on their own distribution network to reach end-consumers.

As at LPD, we have 16 distributors in local and overseas markets, specifically for our retail pack coffee and tea:

By Countries	Number of Distributors
Malaysia	2
Singapore	1
Indonesia	2
Hong Kong	1
Canada	1
Taiwan	1
Brunei	1
Thailand	1
Philippines	1
China	2
United States	2
Australia / New Zealand	1
TOTAL	16

4.17 QUALITY CONTROL PROCEDURES OR QUALITY MANAGEMENT PROGRAMMES

Manufacturing Operations

We have always placed significant emphasis on product quality. This is reflected in our Group's quality management and food safety systems certifications by our subsidiaries:

- White Cafe attained HACCP from BM Trada Certification Ltd which is valid till 16 July 2011;
- White Cafe obtained ISO 22000:2005 from BM Trada Certification Ltd which is valid till 7 August 2011;
- White Cafe obtained ISO 9001:2000 which was upgraded to ISO 9001:2008 from BM Trada Certification Ltd, valid till 7 August 2011;
- White Cafe is GMP certified by Department of Public Health, Ministry of Health Malaysia, which is valid for three years from 11 November 2008;
- Gongga Food attained HACCP from BM Trada Certification Ltd, which is valid till 6 July 2012; and
- Gongga Food obtained ISO 22000:2005 from BM Trada Certification Ltd, which is valid till 6 July 2012.

4. INFORMATION ON OUR GROUP

- Esquire Chef attained HACCP from Moody International Certification (Malaysia) Sdn Bhd, which is valid till 17 May 2013;
- Esquire Chef obtained GMP certification from Moody International Certification (Malaysia) Sdn Bhd, which is valid till 17 May 2013;
- Gongga Food was GMP certified by Department of Public Health, Ministry of Health Malaysia, which is valid for three years from 8 July 2010;
- Emperor's Kitchen attained HACCP Codex Alimentarius certification from SGS (Malaysia) Sdn Bhd, which is valid till 1 November 2013;
- Emperor's Kitchen attained MS 1480:2007 Food Safety certification from SGS (Malaysia) Sdn Bhd, which is valid till 1 November 2013;
- Dynasty Confectionery attained HACCP from Moody International Certification (Malaysia) Sdn Bhd, which is valid till 30 January 2014; and
- Dynasty Confectionery attained GMP certification from Moody International Certification (Malaysia) Sdn Bhd, which is valid till 30 January 2014.

BM TRADA Certification is a management system certification body accredited by UKAS (United Kingdom Accreditation Service). Its portfolio of services includes certification of quality, environment, information security, health and safety, food safety management systems, and product and personnel schemes.

A certification from an independent body such as BM TRADA Certification on White Cafe's HACCP management system indicates that the company's manufacturing process and practices meets food safety standards. Obtaining a recognized accreditation for HACCP is in line with international best practices for food processing.

The following approaches are adopted by our Group to ensure that certain quality standards are maintained and adhered:

- In-coming materials and ingredients such as instant coffee powder, sugar and creamer are weighed and mechanically sieved or screened prior to mass production. This is to prevent contamination and ensure that the final end-products meet the desired quality expectations;
- Each level of our manufacturing process including the mixing and filling of contents into sachets 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 and retail customers pertaining to the quality of the products.

As at LPD, we have 21 personnel focusing on quality assurance.

Operation of Cafe Outlets

As at LPD, a total of 74 of our 'OLDTOWN WHITE COFFEE' cafe outlets including fully and partially owned, as well as franchised and licensed cafe outlets were awarded the Clean Food Business Premise by the local councils. The awards are given to food outlets that have been checked by the local council and meet the set criteria for Clean Food Business Premises.

4. INFORMATION ON OUR GROUP

4.18 DEPENDENCY ON ANY CONTRACT, ARRANGEMENT, DOCUMENT OR OTHER MATTER

(a) Dependency on Registrations, Patents and Intellectual Rights

Save for the trade marks as disclosed in Section 4.15 of this Prospectus, our Group is not dependent on any other registrations, patents and intellectual rights for our business operations.

(b) Dependency on Major Licenses

Save for the major licenses disclosed in Section 4.14 of this Prospectus, our Group is not dependent on any other major licenses.

(c) Dependency on Industrial, Commercial and Financial Contracts

There are no material agreements or contracts (including informal arrangements or understandings) as at LPD, which have been entered into by our Company and/or our subsidiary companies which the Oldtown Group is highly dependent upon.

4.19 RESEARCH AND DEVELOPMENT (R&D)

Policy on R&D and Personnel

Our R&D efforts are primarily focused on the cafe outlet operations particularly in the development of new recipes of food and beverages.

Through R&D, the Group aims to realise the following benefits:

- sustain and grow the business through development of new and improved range of food and beverages for our cafe outlets;
- create competitive advantages by leveraging from our strong brand equity and differentiating from our competitors through our food and beverages;
- improve efficiency and effectiveness of our centralised food processing centres by developing new methods of packaging our ingredients for our cafe outlets that ensure that the original flavour is retained;
- continually improve on consistency in product quality, such as sourcing of quality raw materials and ingredients, and quality control on in-coming raw materials and outgoing processed food and finished products; and
- increase revenue by introducing new products and enhancing the menu with the aim of increasing the variety and choice of food to our customers.

As at LPD, our Group's R&D activities are supported by seven (7) dedicated personnel focusing on product development.

R&D Expenditure

Between the FYE 2007, 2008, 2009 and 2010, our R&D expenditure contribution was minimal.

4.20 INTERRUPTIONS IN BUSINESS IN THE PAST TWELVE (12) MONTHS

There have been no interruptions to the business of our Group that significantly impaired our Group's business performance during the past twelve (12) months.

4. INFORMATION ON OUR GROUP

4.21 MAJOR CUSTOMERS

We do not have any customers that represent 10% or more of our total Group revenue for the last four (4) FYE 2007, 2008, 2009 and 2010.

4.22 MAJOR SUPPLIERS

The table below lists our Group's supplier that represented 10% or more of total Group purchases for the last four (4) FYE 2007, 2008, 2009 and 2010:

No.	Name of supplier	Contribution to total Group purchases (%)	Approximate Length of relationship	Country of origin	Services rendered
1.	Inno-Cosmic Sdn Bhd		8 years	Malaysia	Supplier of non-dairy creamer
	FYE 2007	16.1			
	FYE 2008	15.1			
	FYE 2009	14.6			
	FYE 2010	15.1			
2.	Dan Kaffe (M) Sdn Bhd		12 years	Malaysia	Supplier of instant coffee powder
	FYE 2007	14.5			
	FYE 2008	6.3			
	FYE 2009	2.7			
	FYE 2010	1.6			

We are somewhat dependent on Inno-Cosmic Sdn Bhd, our supplier of non-dairy creamer by virtue of its contribution of more than 10% of the Group's total purchases for FYE 2007, 2008, 2009 and 2010. Although Dan Kaffe (M) Sdn Bhd constituted more than 10% of our Group's total purchases for the FYE 2007, we have reduced our dependency on this supplier of instant coffee powder for FYE 2008, 2009 and 2010.

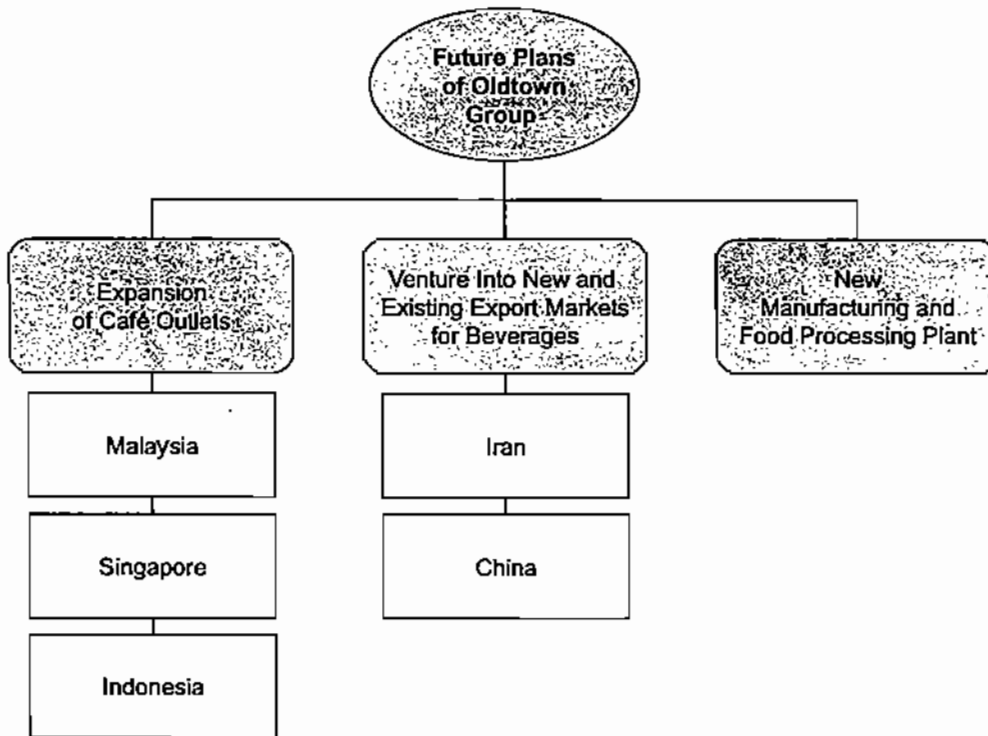
The following factors mitigate against our dependency on Inno-Cosmic Sdn Bhd:

- Inno-Cosmic Sdn Bhd has been dealing with us for the last 8 years, which indicates a stable business relationship. Inno-Cosmic Sdn Bhd mainly supplies non-dairy creamer for our beverage manufacturing operations;
- Apart from Inno-Cosmic Sdn Bhd, we also source non-dairy creamer from two other alternative suppliers. This helps us to reduce dependency on any single supplier; and
- Non-dairy creamer is a raw material that is manufactured locally and sources of supply are readily available.

4. INFORMATION ON OUR GROUP

4.23 FUTURE PLANS AND STRATEGIES

Our future plans are focused in three key areas as depicted in the figure below:



4.23.1 Expansion of Cafe Outlets

Part of our future plans is to expand on the coverage of our OLDTOWN WHITE COFFEE cafe outlets in the local market, Singapore and Indonesia. As at LPD, our chain of cafe outlets has reached 171 in Malaysia, nine (9) in Singapore and two (2) in Indonesia. This includes fully and partially owned, as well as franchised and licensed.

Barring any unforeseen circumstances, we plan to establish an additional 27 OLDTOWN WHITE COFFEE cafe outlets comprising 22 outlets in Malaysia, three (3) in Singapore and two (2) in Indonesia by end of 2011. In subsequent years, we would continue to open further cafe outlets in Malaysia, Singapore and Indonesia.

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4. INFORMATION ON OUR GROUP

4.23.2 Venture Into New and Expand Into Existing Export Markets for Beverages

Our Group's intention is to extend our instant coffee mix, instant milk tea mix and roasted coffee powder to further cover new and existing export markets. Some of the countries we exported our instant coffee mix, instant milk tea mix and roasted coffee powder to in FYE 2010 are Singapore, Hong Kong, the United States, Canada, Taiwan, Indonesia, Brunei, Thailand, Philippines, China, United Kingdom, and Australia.

In the first quarter of 2011, we started exporting our coffee and tea beverages to New Zealand. It is our intention to further expand on the export of our coffee and tea beverages to the following new and existing markets by fourth quarter of 2011 and 2012:

- Iran; and
- China.

China offers enormous opportunities for our OLDTOWN and NAN YANG brands of instant coffee mix, instant milk tea mix and roasted coffee powder beverage products due to the sheer size of the population. As at LPD, Oldtown has appointed two (2) distributors to distribute its beverage products in China. Iran also has the potential for growth as our Group already has enquiries from interested parties to import our products into the country.

Part of our strategy is to utilise intermediaries to distribute our beverage products in the respective countries of export. This strategy is effective in helping us to expand our markets with minimal investment.

4.23.3 New Manufacturing and Food Processing Plant

Part of our future plans is to relocate our current food processing operations in Taman Bercham Indah and Kawasan Perindustrian Ringan Sri Rapat, Ipoh, and manufacturing of instant coffee and tea, and roasting of coffee powder facilities in Kawasan Perindustrian Bercham and Taman Medan Bercham, Ipoh to one central location in Ipoh. The proposed new location for our food processing operations is at Kawasan Perindustrian Tasek, Ipoh.

The construction of the new factory is mainly to:

- increase the capacity of our beverage manufacturing operations as we have almost reached full capacity under our current working hours by the second quarter of 2011 for the manufacturing operations of our instant coffee mix and instant milk tea mix; and
- we also plan to centralize our manufacturing activities under one roof to be more efficient in terms of logistics.

We have purchased an approximate 9-acre piece of land in Ipoh and have commenced construction on the manufacturing plant in the second quarter of 2011. The new manufacturing plant is expected to be completed by 2013. The construction of our new manufacturing plant consists of three phases. The first phase will involve building a premise for the manufacturing of instant coffee mix and instant milk tea mix. The second phase of the new manufacturing plant will involve building an office block while the intended usage for the third phase of construction has yet to be determined. The acquisition of the approximately 9-acre piece of land which amounted to RM4.75 million was financed by internally generated funds and bank borrowings. Please refer to Section 13.4(b) of this Prospectus for further details of this agreement.

4. INFORMATION ON OUR GROUP

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

Business Activities	2011	2012	2013
<u>Expansion of cafe outlets</u>			
- Malaysia	√	√	
- Singapore	√	√	
- Indonesia	√	√	
<u>New And Existing Export Markets for Beverages</u>			
- Iran	√ ⁽¹⁾		
- China	√ ⁽¹⁾	√	
New Manufacturing and Food Processing Plant	√ ⁽²⁾	√	√

(1) Fourth quarter of 2011

(2) Construction commenced in the second quarter of 2011

4.24 PROSPECTS OF OUR GROUP

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

- Good business performance;
- Competitive advantages;
- Future plans to provide sustainable growth;
- Industry outlook.

4.24.1 Good Business Performance

Our good business performance is supported by the following financial achievements for the FYE 2010 compared to FYE 2009:

- Revenue grew by 31.7%;
- Profit before tax grew by 8.0%;
- Profit after tax (after NCI) grew by 4.9%.

Between the FYE 2007 and FYE 2010, our financial performance is as follows:

- Our revenue grew at an average annual rate of 47.7%;
- Our Profit before tax grew by an average annual rate of 46.0%
- Our Profit after tax (after NCI) grew at an average annual rate of 43.1%.

The continuing growth of our financial performance over the last three years will provide us with the platform for continuing business success and growth.

4.24.2 Competitive Advantages

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

- Established brand name;
- Extensive sales network;
- Integrated coffee beverage manufacturer and café operator;
- Proprietary formulation;
- Economies of scale;
- Export markets; and
- Franchising business.

Please refer to Section 4.10 of this Prospectus for further details of our competitive advantages.

4. INFORMATION ON OUR GROUP

4.24.3 Future Plans to Provide Sustainable Growth

We have in place a sound business plan for moving forward, and are focused in the following main areas:

- Expansion of café outlets to extend our coverage of the local market and export market to provide ease of accessibility and convenience to our customers;
- New and existing export markets for our coffee and tea beverage products which are focused on addressing new markets for business growth;
- New manufacturing and food processing plant to maximise on efficiency in terms of logistics.

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.

4.24.4 Industry Outlook

Performance of the Food Services Industry is largely dependent on the general economic conditions and consumer confidence and spending in Malaysia. As such, observations on the following areas may provide some indications on the outlook of the Food Services Industry:

- real GDP of the Malaysian economy;
- real GDP of the accommodation and restaurant industry;
- consumer confidence.

Real GDP of the Malaysian Economy

A growing local economy provides the impetus for increasing affluence of the people, which will have a positive effect on operators within the Food Services Industry.

While real GDP registered a contraction of 1.7% in 2009, real GDP for Malaysia increased by 7.2% in 2010.

As for 2011, Malaysia is expected to experience continuing growth where real GDP is expected to grow between 5.0% and 6.0%.

Real GDP of the Accommodation and Restaurant Industry

Continuing growth of the accommodation and restaurant industry will provide sustainability and growth opportunities for operators within the Food Services Industry focusing on Café Outlets.

The accommodation and restaurant industry has been growing over the last four years as indicated below:

- Between 2006 and 2010, real GDP of the accommodation and restaurant industry grew at an average annual rate of 6.3%;
- In 2010, real GDP of the accommodation and restaurant industry grew by 5.0%.

As for 2011, real GDP of the accommodation and restaurant industry is expected to grow by 5.2%.

4. INFORMATION ON OUR GROUP

Consumer Confidence

Generally, consumer confidence level indicates consumer spending patterns that will affect businesses in Malaysia, including operators within the Food Services Industry focusing on Café Outlets.

During the first quarter of 2011, consumer confidence decreased by 7.7% compared to the previous quarter and decreased by 5.3% compared to the corresponding period in 2010. If the consumer confidence continues to decline over a sustained period, the outlook may be challenging for businesses, including operators within the Food Services Industry.

(Source: Independent Assessment of the Food Services Industry focusing on Café Outlets prepared by Vital Factor Consulting Sdn Bhd)

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4. INFORMATION ON OUR GROUP

4.25 STANDARD SALIENT TERMS OF OLDTOWN GROUP'S FRANCHISE AGREEMENT

Our Group expanded vertically in 2005 into the food services sector by opening a chain of cafe outlets. As at LPD, the operators of 169 OLDTOWN WHITE COFFEE cafe outlets in Malaysia have entered into franchise agreements with Kopitiam Asia Pacific.

The standard salient terms of the franchise agreement entered into between Kopitiam Asia Pacific, a wholly owned subsidiary of our Group, and the franchisees are, inter alia, as follows:

- (a) the franchise shall be granted to the respective franchisees in consideration for the following to be given to the franchisor:
- franchise fee, amounting to RM80,000;
 - royalty, amounting to 5% of the monthly gross sales, which is payable on a monthly basis; and
 - advertising and promotion fee, amounting to 3% of the monthly gross sales, which is payable on a monthly basis;
- (b) the franchise shall be granted to the respective franchisees for a term of five (5) years with an option to renew the said agreement for a further period of five (5) years subject to fulfillment of certain conditions;
- (c) the franchisor shall permit the franchisee to operate the cafe outlet in accordance to the system under the trade name and mark of the franchisor;
- (d) the franchisee shall be responsible for:
- locating, obtaining, maintaining, decorating and developing the café outlet;
 - providing training to its staffs for the purpose of operation of café outlet;
 - ensuring all stocks are purchased from the franchisor or its authorized suppliers; and
 - providing the franchisor a detailed sales report;
- (e) the franchisor shall have the right to terminate the franchise agreement in the event:
- any judgment is entered against the franchisee;
 - the franchisee appoints a receiver and manager over its property;
 - the shareholding of the franchisee is transferred to another party without prior written approval from the franchisor being obtained;
 - the franchisee does not commence business within the period prescribed;
 - the franchisee makes or attempt to make an assignment of the franchise agreement to a third party without the prior written consent of the franchisor; and
 - there shall be a breach by the franchisee of or non-observance or non-performance of any terms and conditions as provided for under the franchise agreement;and

4. INFORMATION ON OUR GROUP

- (f) the franchise agreement may be terminated by mutual agreement between the franchisor and franchisee.

Unless the franchise agreement is sooner terminated, the franchisee shall have the right to renew the agreement at the expiration of the franchise term of 5 years ("Term"), for a further period of 5 years subject to the following conditions:-

- the franchisee shall by notice in writing to the franchisor give not less than ninety (90) days notice before the end of the Term, require the Term of the agreement to be renewed;
- there have been no breaches by the franchisee of any provision of the franchise agreement;
- the franchisee has performed its obligations under the agreement to the reasonable satisfaction of the franchisor;
- the franchisee shall at its own expense renovate and refurbish the premises and the fixtures and fittings at the premises and renew the equipment to the extent that the franchisor shall deem to be necessary to ensure that the franchised business meets the franchisor's then current requirements and within the time prescribed by the franchisor and for such purposes, the franchisee shall at its own cost and expense engage the franchisor's nominated architect, interior designer and contractor;
- the franchisee, if so required by the franchisor, shall relinquish in such form as the franchisor may require all claims against the franchisor or any third party associated with the franchisor;
- such renewal shall be effected by the franchisee entering into a new franchise agreement which shall contain conditions which are similar or not less favourable than the conditions in the franchise agreement whereupon the franchisee shall pay to the franchisor the renewal franchise fee, amounting to RM10,000.00; and
- any person employed by or actively involved in the franchisee, specified by the franchisor, shall have completed at the franchisee's expense such retraining or refresher training at such time and at such place as the franchisor may require.

Provided that if after the service of the notice referred to above and prior to the execution of the new franchise agreement the franchisee shall fail to comply with the provisions set out above, the franchisor shall not be obliged to grant a renewal to the franchisee.

There are no restrictions in terms of proximity between OLDTOWN White Coffee cafe outlets. However our Group's franchise agreement does incorporate non-competitive clauses, which among others, are as follows:-

- that the franchisee shall only be permitted to carry on the franchised business within the territory (i.e, the premise as agreed upon between the franchisor and franchisee, and stated in the respective franchise agreements), as agreed under the franchise agreement;
- that on the expiry or termination of the franchise agreement, the franchisee shall cease to use the intellectual property of the franchisor;
- that the franchisee shall not use the trade name, mark or the names "OLD TOWN", "WHITE CAFÉ" or "WHITE COFFEE" or any derivation of them in its corporate name;
- that the franchisee shall not operate any business from the premises other than the franchised business;

4. INFORMATION ON OUR GROUP

- For so long as the franchise agreement is in force and for a period of two (2) years after the expiration or termination of the franchise agreement, the franchisee undertakes that:
 - the franchisee shall not be engaged, in the sale of the products, provision of the services, use of the system and the intellectual property in any business which is in the sole opinion of the franchisor competitive with the business, the products, the services, the system and the intellectual property and the franchisee shall severally execute an irrevocable and unconditional non-disclosure and non-competition undertaking in favour of the franchisor in respect of the foregoing which shall be in such form as determined by the franchisor;
 - the franchisee shall procure its employees not to be engaged in the sale of the products, provision of the services, use of the system and the intellectual property in any business which is in the sole opinion of the franchisor competitive or in conflict with the business, the products, the services, the system and the intellectual property and the franchisee shall procure its employees to execute an irrevocable and unconditional non-disclosure and non-competition undertaking in favour of the franchisor in respect of the foregoing which shall be in such form as determined by the franchisor;
 - the franchisee shall not employ any person who is at that time or has at any time in the previous two (2) years been employed by the franchisor or any other franchisee and the franchisee shall not induce any such person to leave his or her employment; and
 - the franchisee shall not solicit customers franchised business nor divert any customers from the franchisor or any other franchisee of the franchisor.

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5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT

5.1.2 Profiles of Promoters

(i) Old Town International

Old Town International is one of the Promoters and the Selling Shareholder for the IPO.

(a) Background Information

Old Town International was incorporated in Malaysia under the Act on 28 November 2005 as a private limited company under the name of Monasia Sdn Bhd. It subsequently changed its name to Old Town International Sdn Bhd on 16 May 2007 and has assumed that name since. The principal activities of Old Town International prior to the Acquisitions were that of investment holding and the provision of management services to its then subsidiaries.

Old Town International's registered address is 47A, Jalan Chung Ah Ming, Pasir Puteh, 31650 Ipoh, Perak Darul Ridzuan.

As at the LPD, the authorised share capital of Old Town International is RM5,000,000 comprising of 5,000,000 ordinary shares of RM1.00 each and the issued and paid up share capital of Old Town International is RM2,800,005 comprising of 2,800,005 ordinary shares of RM1.00 each.

For the past three (3) years prior to the Acquisitions of Companies Owned by Old Town International, Old Town International was the holding company of the companies which were the subject of the abovementioned acquisitions. Pursuant to the Acquisitions, Old Town International is now the ultimate holding company of Oldtown.

(b) Substantial Shareholders

The particulars of Old Town International's substantial shareholders and their shareholdings in Old Town International as at the LPD are as follows:-

Name	Nationality	Direct		Indirect	
		No. of Shares	%	No. of Shares	%
Lee Siew Heng	Malaysian	675,001	24.1	-	-
Goh Ching Mun	Malaysian	920,001	32.9	-	-
Tan Say Yap	Malaysian	250,001	8.9	-	-
Chin Lai Yoong	Malaysian	549,002	19.6	-	-
Bong Yam Keng	Malaysian	140,000	5.0	-	-

5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT
(c) Directors of Old Town International

The particulars of Old Town International's directors and their respective shareholdings as at the LPD are as follows:-

Name	Nationality	Direct		Indirect	
		No. of Shares	%	No. of Shares	%
Lee Siew Heng	Malaysian	675,001	24.1	-	-
Goh Ching Mun	Malaysian	920,001	32.9	-	-

(ii) Lee Siew Heng

The profile of Lee Siew Heng is set out in Section 5.3.2 of this Prospectus.

(iii) Goh Ching Mun

The profile of Goh Ching Mun is set out in Section 5.3.2 of this Prospectus.

(iv) Chin Lai Yoong

The profile of Chin Lai Yoong is set out in Section 5.3.2 of this Prospectus.

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5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT

5.3 DIRECTORS

5.3.1 Particulars and Shareholdings

The details of the Directors of our Company and their shareholdings in our Company before and after the IPO are as follows: -

Name	Designation	No. of Shares Held Before the IPO [^]		No. of Shares Held After the IPO [#]	
		Direct (%)	Indirect (%)	Direct (%)	Indirect (%)
Datuk Dr. Ahmed Tasir Bin Lope Pihie	Independent Chairman	-	-	100,000	-
Lee Siew Heng	Group Managing Director	17,772,560	227,251,998 ⁽¹⁾	17,772,560	194,251,998 ⁽¹⁾
Goh Ching Mun	Executive Director	1	227,251,998 ⁽¹⁾	1	194,251,998 ⁽¹⁾
Tan Say Yap	Executive Director	5,955,500	-	5,955,500	-
Clarence D'Silva A/L Leon D'Silva	Executive Director	-	-	100,000	-
Chuah Seong Meng	Executive Director	-	-	100,000	-
Chin Lai Yoong	Non-Independent Non-Executive Director	4,634,559	227,251,998 ⁽¹⁾	4,634,559	194,251,998 ⁽¹⁾
Mark Wing Kong	Independent Director	-	-	100,000	-
Dr Leong Chik Weng	Independent Director	-	-	100,000	-

Notes: -

* Less than 0.1

[^] The shareholdings above are based on the enlarged issued and paid up share capital of 266,606,000 Shares pursuant to the Acquisitions.

[#] The above assumes full subscription of Offer Shares based on the enlarged issued and paid up share capital of 330,000,000 Shares and includes their respective entitlements for the Pink Form Share Allocation.

⁽¹⁾ Deemed interested by virtue of their shareholdings in Old Town International, pursuant to Section 6A of the Act.

5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT

5.3.2 Profiles of Directors

Datuk Dr. Ahmed Tasir bin Lope Pihie, aged 60, is the Independent Non-Executive Chairman of Oldtown. He was appointed to the Board on 10 November 2009. He holds a Doctor of Philosophy (PhD) in Science and Technology Policy from the University of Manchester, Master of Science in Seed Technology from the University of Edinburgh, Scotland and a Bachelor in Agriculture Science from the University of Malaya. He was with the Malaysian Agricultural Research and Development Institute (MARDI) from 1972 to 1992 and last held the post as a Director before he left the institute. He was the Chief Executive Officer of the Malaysia Industry-Government Group for High Technology (MIGHT) from 1993 to 2008. He is presently the Chairman of Nagoya Global Berhad and Strand Aerospace Malaysia Sdn Bhd, and a Director of other private companies including Inno Bio Ventures Sdn Bhd, Inno Biologics Sdn Bhd, Inno Bio Diagnostics Sdn Bhd, Natural Products Asia Sdn Bhd, A7N Sdn Bhd, Bio Innovation Centre Sdn Bhd and R7 Sdn Bhd. He also holds the post as Adjunct Professor of the University Malaysia Pahang. His vast experience as an Executive Chairman and Director of various companies enable him to provide an independent view on strategic decisions by the Board.

Lee Siew Heng, aged 45, is the Group Managing Director of Oldtown and also one (1) of the two (2) first Directors of Oldtown, since its incorporation on 30 November 2007. He brings with him invaluable industry experience, having accumulated more than 20 years of experience in the manufacturing and retailing industries, of which more than 9 years is in the coffee beverage industry. He has been instrumental in the growth and development of the Oldtown Group of companies and has been a key driving force in the expansion of the Group's beverage manufacturing and cafe chain operation businesses. As the Group Managing Director, he is currently responsible for the overall strategic direction and overall management of the Oldtown Group of companies. Upon completion of his secondary education in 1986, he started his career as Production Manager of Chong Ngai Knitting Factory Sdn Bhd, a company involved in the manufacturing of garments. In 1991 as General Manager, he was responsible for the overall operations of the said company. He left the company in 1997 to join CN Supplies Sdn Bhd, a company which was then involved in the trading of hotel supplies, where he was appointed as a Director. In 2001, he joined White Cafe Marketing and was appointed Managing Director and in 2005, he was subsequently appointed the Managing Director of Old Town International Group. On 10 November 2009, he was redesignated as the Group Managing Director of our Group. He also holds Directorships in several private companies involved in property investment, rental of properties, manufacturing, trading and investment holding.

Goh Ching Mun, aged 40, is the Executive Director of Oldtown and also one (1) of the two (2) first Directors of Oldtown, since its incorporation on 30 November 2007. He completed his secondary education in 1988. As the co-founder of Oldtown Group of companies, he has accumulated more than 20 years of experience in the coffee manufacturing industry. His career started in 1983 when he was involved in the family business of operating the Nam Heong Coffee Shop in Ipoh. Subsequently in 1999, he co-founded and established White Cafe where he was appointed Product Research and Development Director and was then responsible for the formulation of the blend of white coffee that is currently produced by the Group. He is currently responsible for product research and development activities of the Group. He is also the Chairman of the Corporate Social Responsibility (CSR) Committee that carries out the social responsibility functions of the Group via Oldtown Children Care Fund (OCAF) and Oldtown Earthcare activities. He is also a director of OTK Northern Sdn Bhd, which is an OLDTOWN WHITE COFFEE cafe outlet franchisee.

5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT

Tan Say Yap, aged 36, is the Executive Director of Oldtown. He was appointed to the Board on 10 November 2009. He has more than 10 years of experience in the coffee manufacturing industry. As the co-founder of the Oldtown Group of companies, he is instrumental in the formulation of the blend of white coffee, which started the beverage manufacturing business of the Group. He is currently responsible for the corporate relations function of the Group. He obtained a Diploma in Hotel Business Management from Syuen Hotel and Catering Management Institute, Ipoh in 1996. His career started in 1997 as Commis One at the Pangkor Laut Resort Hotel where he was mainly involved in the preparation of food for the hotel's food and beverage outlets. In 1999, he co-founded and established White Cafe and was appointed Director of White Cafe. He was appointed Business Development Director of Kopitiam Asia Pacific and is responsible for the cafe outlet operations from 2005 to 2009. He is currently the Corporate Relation Director of Kopitiam Asia Pacific where he is responsible for fostering corporate relations with franchisees, landlords, business associates and business partners.

Clarence D'Silva A/L Leon D'Silva, aged 50, is the Executive Director of Oldtown. He was appointed to the Board on 10 November 2009. He graduated with a Bachelor of Business Administration from the California Technical College, United States in 1982. His career started in 1983 when he joined Kentucky Fried Chicken as a Management Trainee. In 1989, he left to take up employment with Carl's Jr. Asia Development Corporation, part of the MBF Group of Companies and was eventually promoted to General Manager of the brand in Thailand. In 1998, he joined Sushi Kin Sdn Bhd as the General Manager/Chief Operating Officer and was appointed to the Board of Directors of Sushi Kin Sdn Bhd in 2000. In 2003, he left and joined Yoshinoya Food Systems, part of the Wing Tai Asia Limited in Singapore as the Chief Operating Officer. In 2006, he left and took up the position of Chief Operating Officer with FB Food System (HK) Ltd, a subsidiary of Far East Consortium, Hong Kong. He left and joined Oldtown Group of companies in 2009 and is currently the Chief Operating Officer of the Food and Beverage (F&B) Sector of the Oldtown Group. His main responsibilities include overseeing the development of the franchising business operations of the Group.

Chuah Seong Meng, aged 36, is the Executive Director of Oldtown. He was appointed to the Board on 10 November 2009. He graduated with a Bachelor of Business, majoring in Marketing from the University of Tasmania, Australia in 1997. He is also a certified marketer of the Chartered Institute of Marketing, United Kingdom. His career started in 1997 as a Sales Executive with Besta Computerized Dictionary Sdn Bhd, a distributor of computer dictionary products and subsequently he left in 1999 to join Apex Furniture Sdn Bhd as Sales Executive. He left and joined White Cafe in 1999 as Marketing Manager and later assumed a similar role with White Cafe Marketing Sdn Bhd in 2001. He was promoted to Senior Marketing Manager in 2003 and subsequently the Group Marketing General Manager of White Cafe Marketing in 2007. He currently assumes the role of Chief Operating Officer of the FMCG sector of the Group. He oversees the overall business operations including strategy formulation, objectives setting and strategy implementation of the Group's FMCG businesses.

5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT

Chin Lai Yoong, aged 43, is the Non-Independent Non-Executive Director of Oldtown. She was appointed to the Board on 10 November 2009. She graduated with a London Chamber of Commerce and Industry (LCCI) Diploma in Cost Accounting. She started her career in 1987 with The Asia Insurance Co. Ltd, Ipoh, as a Clerk in the Administrative and Accounts Department. She left in 1989 to join Singapore Airport Terminal SVS Pte Ltd as Passenger Services Agent before becoming a cabin crew member at Malaysian Airline Systems in 1991. She left and joined Oriental Bank Berhad, Ipoh, later in that same year as a Clerk in the Credit Department and was mainly responsible for loan processing and disbursement. In 1998, she participated as an investor in a fashion retailing business before joining White Cafe Marketing and later the Old Town International Group as an Administration Officer from 2003 to July 2009. She also holds Directorships in private companies involved in the supply of car audio accessories and trading of textile fabrics and garments.

Mark Wing Kong, aged 52, is the Independent Non-Executive Director of Oldtown. He was appointed to the Board on 10 November 2009. He is a member of the Malaysian Institute of Certified Public Accountants. His career started as an auditor with Kassim, Chan & Co in 1980. He joined Arab-Malaysian Securities Sdn Bhd as Operations Manager in 1986 and was transferred to Arab-Malaysian Merchant Bank Berhad (now known as AmInvestment Bank Berhad) in 1988 where he took up the post of Operations Manager in the Investment Department. In 1990, he was transferred to the Corporate Finance Department where his last held position was General Manager, Corporate Finance. He left in 1997 and joined LB Aluminium Berhad, a company principally engaged in the business of manufacturing, marketing and trading of aluminium extrusion and ceiling metal tee products, where he is currently the Chief Executive Officer. He also holds directorship in Calltime Technology Sdn Bhd. His experience in corporate finance as well as his role as the Chief Executive Officer of a public listed company provides him with the platform to independently assess strategic decisions by the Board and provide guidance to the Board through his knowledge of the requirements of a public listed entity.

Dr. Leong Chik Weng, aged 48, is the Independent Non-Executive Director of Oldtown. He was appointed to the Board on 10 November 2009. He holds a Doctor of Philosophy (PhD) in Chemical Engineering from the University of Massachusetts in Amherst, Massachusetts, USA, and a Bachelor of Science in Chemical Engineering from West Virginia University, Morgantown, USA. He joined Raychem Corporation Menlo Park, California, USA from 1989 to 1996. His last position at Raychem was Technical Director. Later, he was engaged as a Consultant with Guidant Corporation Santa Clara, USA from 1997 to 1998. He was Managing Director of Universal Search Machine Sdn Bhd from 1998 to 2000. He was appointed Chief Executive Officer of e-Lock Corporation Sdn Bhd in 1998, a position he still holds as at LPD. He is currently an Independent Non-Executive Director for A-Rank Berhad, UMW Holdings Berhad Group and Chemical Company of Malaysia Berhad. He also holds Directorships in private companies involved in access control and CCTV as well as land development and construction. As an Independent Non-Executive Director for other public listed companies, he will be able provide guidance to the Board through his knowledge of requirements of a public listed entity.

5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT

5.3.3 Directors' Remuneration and Benefits

The aggregate remuneration and material benefits-in-kind paid in FYE 31 December 2010 and proposed to be paid in FYE 31 December 2011 to the Directors of our Company are as follows:-

Name	FYE 31 December 2010 Remuneration Band (RM)	FYE 31 December 2011 Remuneration Band (RM)
Datuk Dr. Ahmed Tasir Bin Lope Pihie	0-50,000	0-50,000
Lee Siew Heng	400,000 - 450,000	450,000 –500,000
Goh Ching Mun	150,000-200,000	150,000-200,000
Tan Say Yap	200,000 -250,000	200,000 -250,000
Clarence D'Silva A/L Leon D'Silva	200,000-250,000	400,000 – 450,000
Chuah Seong Meng	250,000-300,000	300,000 – 350,000
Chin Lai Yoong	0-50,000	0-50,000
Mark Wing Kong	0-50,000	0-50,000
Dr. Leong Chik Weng	0-50,000	0-50,000

Other than amounts set aside or accrued in respect of the relevant laws, no amounts have been set aside or accrued by our Company or our subsidiaries to provide for pension, retirement or similar benefits for any of our Directors.

5.3.4 Benefits paid or intended to be paid or given to Promoters, directors or substantial shareholder

Save as disclosed in Sections 2.3(a)(ii) and 5.3.3 of this Prospectus, no amounts or benefits were paid or intended to be paid or given to any Promoter, director or substantial shareholder by our Company within the two (2) years preceding the date of this Prospectus.

5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT

5.3.5 Principal business activities performed outside the Oldtown Group

Save as disclosed below, none of our Directors have any directorships and principle business activities performed outside the Oldtown Group in all other corporations as at LPD and in the last five (5) years:-

Name	Directorships	Involvement in business activities other than as a Director
Datuk Dr. Ahmed Tasir Bin Lope Pihie	<p><i>Present directorships</i></p> <ul style="list-style-type: none"> • Inno Bio Ventures Sdn Bhd • Inno Biologics Sdn Bhd • Strand Aerospace Malaysia Sdn Bhd • Natural Products Asia Sdn Bhd • Inno Bio Diagnostics Sdn Bhd • A7N Sdn Bhd • Bio Innovation Centre Sdn Bhd • R7 Sdn Bhd • Nagoya Global Berhad <p><i>Previous directorships for the past five (5) years</i></p> <ul style="list-style-type: none"> • Kulim High Technology Park Corporation Sdn Bhd • Might-Meteor Advanced Manufacturing Sdn Bhd • Senstech Sdn Bhd • Herbal Valley Corporation Sdn Bhd • SME Aviation Services Sdn Bhd • Abcar Global Sdn Bhd • Malaysian Centre of Public Opinion • Malaysian Herbal Corporation Sdn Bhd 	None
Lee Siew Heng	<p><i>Present directorships</i></p> <ul style="list-style-type: none"> • CN Supplies Sdn Bhd • CN Properties Sdn Bhd • Noble Virtue Sdn Bhd • Oldtown Asia Pacific Limited • Acadian L'Apparel Manufacturing Sdn Bhd 	None

5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT

Name	Directorships	Involvement in business activities other than as a Director
Lee Siew Heng (cont'd)	<p><u>Previous directorships for the past five (5) years</u></p> <ul style="list-style-type: none"> • AC Montage Marketing Sdn Bhd • CN Continental Sdn Bhd • Natural Marketing Sdn Bhd • OTK (Petaling Jaya) Sdn Bhd • OTK (Genting) Sdn Bhd • Gourmet Corner Ipoh Sdn Bhd • Gourmet Corner Sdn Bhd 	
Goh Ching Mun	<p><u>Present directorship</u></p> <ul style="list-style-type: none"> • OTK Northern Sdn Bhd 	None
Tan Say Yap	None	None
Chin Lai Yoong	<p><u>Present directorships</u></p> <ul style="list-style-type: none"> • AC Montage Marketing Sdn Bhd • Soonsen Enterprise Sdn Bhd <p><u>Previous directorships for the past five (5) years</u></p> <ul style="list-style-type: none"> • R & R Body Revolution Sdn Bhd • Body Revolution Sdn Bhd • Oldtown Asia Pacific Limited 	None
Clarence D' Silva A/L Leon D'Silva	None	None
Chuah Seong Meng	None	None
Mark Wing Kong	<p><u>Present directorships</u></p> <ul style="list-style-type: none"> • Calltime Technology Sdn Bhd • LB Aluminium Berhad⁽¹⁾ <p><u>Previous directorships for the past five (5) years</u></p> <ul style="list-style-type: none"> • Pheim Unit Trusts Berhad • Qubecconnect Sdn Bhd 	Chief Executive Officer of LB Aluminium Berhad

5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT

Name	Directorships	Involvement in business activities other than as a Director
Dr. Leong Chik Weng	<p><i>Present directorships</i></p> <ul style="list-style-type: none"> • UMW Holdings Berhad⁽¹⁾ • A-Rank Berhad • e-Lock Corporation Sdn Bhd⁽¹⁾ • Glamour Villas Sdn Bhd • Chemical Company of Malaysia Berhad 	Chief Executive Officer of e-Lock Corporation Sdn Bhd

Previous directorships for the past five (5) years

- CSF Global Sdn Bhd
- CSF CX Sdn Bhd

Notes:-
(1) This includes directorships in certain subsidiaries of this company

The above list does not include the respective directorships in dormant and/or inactive companies.

5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT

5.4 COMMITTEES

5.4.1 Audit Committee

The Audit Committee of the Company consist of the following members who are appointed by the Board.

Name	Designation	Directorship
Mark Wing Kong	Chairman	Independent Non-Executive Director
Datuk Dr. Ahmed Tasir Bin Lope Pihie	Member	Independent Non-Executive Director
Dr. Leong Chik Weng	Member	Independent Non-Executive Director

Our Audit Committee will assist our Board in discharging its oversight responsibilities. Our Audit Committee objectives are, among others, providing an additional assurance to the Board by giving objective and independent review of financial, operational and administrative controls and procedures, establishing and maintaining internal controls and reinforcing the independence of the company's external auditors, ensuring that the auditors have free reign in the audit process. Our Audit Committee performs, among others, the following functions:-

- (a) to review with the external and/or internal auditors their audit plans, reports and evaluation of the system of internal controls;
- (b) to review the adequacy and effectiveness of internal control systems as well as the administrative, operating and accounting policies;
- (c) to review the assistance given by the officers of our Group to the external auditors;
- (d) to review any related party transactions and conflict-of-interest situations that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (e) to review the external auditor's management letter and management's response;
- (f) to review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
- (g) to review the internal audit programme, processes, the results of the internal audit programme, processes or investigations undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function; and
- (h) to review the quarterly results and year end financial statements before the approval by the Board of Directors, focusing particularly on:
 - (i) changes in or implementation of major accounting policy changes;
 - (ii) significant and unusual events; and
 - (iii) compliance with accounting standards and other legal requirements.

5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT

5.4.2 Remuneration Committee

The Remuneration Committee is principally responsible for assessing and reviewing the remuneration packages of the Executive Directors including their fees and subsequently furnishes recommendations to the Board on specific adjustments in remuneration to commensurate with the respective contributions of the Directors.

The Remuneration Committee comprises the following members: -

Name	Designation	Directorship
Dr. Leong Chik Weng	Chairman	Independent Non-Executive Director
Datuk Dr. Ahmed Tasir Bin Lope Pihie	Member	Independent Non-Executive Director
Mark Wing Kong	Member	Independent Non-Executive Director
Lee Siew Heng	Member	Group Managing Director
Goh Ching Mun	Member	Executive Director

Our Remuneration Committee performs, among others, the following functions:-

- (a) To recommend to the Board the appropriate remuneration packages for the Executive Directors;
- (b) To formulate policies, guidelines and set criteria for remuneration packages for the Executive Directors;
- (c) To ensure that the Executive Directors are fairly and appropriately remunerated according to the general market sentiments or conditions;
- (d) To ensure that all necessary actions are taken expediently by the Board to offer appropriate rewards, benefits, compensation and remuneration to ensure that the Company attracts and retains the individual Directors needed to run the Company successfully; and
- (e) To ensure that all remuneration packages and benefits given to the Directors are in compliance with all laws, rules, requirements, regulations and guidelines set by the relevant authorities and the Board from time to time.

5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT

5.4.3 Nomination Committee

The Nomination Committee considers and recommends technically competent persons with integrity and a strong sense of professionalism to be appointed to the Board of Directors of the Company. The Nomination Committee comprises the following members:

Name	Designation	Directorship
Datuk Dr. Ahmed Tasir Bin Lope Pihie	Chairman	Independent Non-Executive Director
Mark Wing Kong	Member	Independent Non-Executive Director
Dr. Leong Chik Weng	Member	Independent Non-Executive Director

Our Nomination Committee performs, among others, the following functions:-

- (a) To recommend to the Board the nominated Directors to fill the seats on the Board Committees;
- (b) To appraise each individual Director, including Independent Non-Executive Directors, as well as the Chief Executive Officer in terms of his experience, knowledge, credibility and credential and assess their effectiveness and contribution in carrying out their obligations and duties as a Board member of the Company;
- (c) To examine the ability of each Director to contribute to the effective decision-making process of the Board and ensure that the Board of the Company are functioning actively, efficiently and effectively in all its decision making processes; and
- (d) To assess the effectiveness of the Board as a whole and the committees of the Board.

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5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT

5.5 BOARD PRACTICES

As at the date of this Prospectus, the respective Director's terms of office are as shown below:-

Directors	Designation	Expiration of current term in office	No. of years in office
Datuk Dr. Ahmed Tasir Bin Lope Pihie	Independent Non-Executive Chairman	Note (2)	> 1 year
Lee Siew Heng	Group Managing Director	Note (2)	Note (1)
Goh Ching Mun	Executive Director	Note (2)	Note (1)
Tan Say Yap	Executive Director	Note (4)	>1 year
Clarence D'Silva A/L Leon D'Silva	Executive Director	Note (4)	> 1 year
Chuah Seong Meng	Executive Director	Note (3)	> 1 year
Chin Lai Yoong	Non-Independent Non-Executive Director	Note (4)	> 1 year
Mark Wing Kong	Independent Non-Executive Director	Note (3)	> 1 year
Dr. Leong Chik Weng	Independent Non-Executive Director	Note (3)	> 1 year

Notes:

- (1) Both Lee Siew Heng and Goh Ching Mun are first Directors of Oldtown since its incorporation on 30 November 2007.
- (2) These Directors' current terms will expire on the Company's Annual General Meeting in June 2014.
- (3) These Directors' current terms will expire on the Company's Annual General Meeting in June 2012.
- (4) These Directors' current terms will expire on the Company's Annual General Meeting in June 2013.

Except for Lee Siew Heng and Goh Ching Mun, each of the abovementioned Directors was appointed on 10 November 2009.

At the first Annual General Meeting of the Company, all the Directors shall retire from office, and at the Annual General Meeting in every subsequent year, one-third (1/3) of the Directors for the time being or, if their number is not three (3) or multiple of three (3), then the number nearest to one-third (1/3), shall retire from office and be eligible for re-election. An election of Directors of the Company shall take place every year and all the Directors (including the Managing Director) shall retire from office once at least in every three (3) years, but shall be eligible for re-election.

5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT

5.6 KEY MANAGEMENT

5.6.1 Particulars and Shareholdings of the Key Management

The details of the key management of our Group and their shareholdings in our Group before and after the IPO are as follows:-

Name	Designation	No. of Shares Held Before the IPO [^]		No. of Shares Held After the IPO [#]	
		Direct	Indirect	Direct	Indirect
Lee Siew Heng	Group Managing Director	17,772,560	227,251,998 ⁽¹⁾	17,772,560	194,251,998 ⁽¹⁾
Goh Ching Mun	Product Research and Development Director	1	227,251,998 ⁽¹⁾	1	194,251,998 ⁽¹⁾
Tan Say Yap	Corporate Relation Director	5,955,500	-	5,955,500	-
Clarence D'Silva A/L Leon D'Silva	COO for F&B Sector	-	-	100,000	-
Chuah Seong Meng	COO for FMCG Sector	-	-	100,000	-
Leow Woon King	General Manager, Corporate Affairs, Finance & Accounts	-	-	38,000	-
Phan Lee Foon	General Manager, Manufacturing	-	-	38,000	-
Lena Chan Mun Yee	General Manager of F&B Sector	-	-	35,000	-
Ong Kian Ching	Assistant General Manager of FMCG Sector	-	-	35,000	-

Notes:-

* Less than 0.1

[^] The shareholdings above are based on the enlarged issued and paid up share capital of 266,606,000 Shares pursuant to the Acquisitions.

[#] The above assumes full subscription of Offer Shares based on the enlarged issued and paid up share capital of 330,000,000 Shares and includes their respective entitlements for the Pink Form Share Allocation.

⁽¹⁾ Deemed interested by virtue of their shareholdings in Old Town International, pursuant to Section 6A of the Act.

5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT

5.6.2 Profiles of the Key Management

Save for the profiles of Lee Siew Heng, Goh Ching Mun, Chuah Seong Meng, Clarence D'Silva A/L Leon D'Silva and Tan Say Yap whose profiles are disclosed in Section 5.3.2 herein, the profiles of the other key management are as follows: -

(i) Leow Woon King

Leow Woon King, aged 56, is the General Manager of Corporate Affairs, Finance & Accounts of our Group. In 1993, he completed the Neville Clark Training Group Courses for Lead Assessors and became a Qualified Assessor of Quality Management System.

He started his career as an Accounts Clerk in 1977 with an accounting firm in Ipoh. In 1979 he joined Goonting & Chew as an Audit Senior. In 1986, he was appointed as the Audit Manager for Tan Kean Cheong & Co. In 1989, he joined Chong Ngai Knitting Company Sdn Bhd as an Accounting Manager and was appointed as Senior Accounting Manager in 1994. Subsequently in 1997, he joined CN Properties Sdn Bhd as the Financial Controller.

In 2004, he joined White Cafe Marketing Sdn Bhd as the Financial Controller. He was transferred to Old Town International Sdn Bhd in 2007 where he was appointed as the General Manager, Corporate Affairs, Accounts and Finance, a position he continues to hold when he was subsequently transferred to Oldtown Berhad on 16 May 2011.

He brings with him 33 years of extensive experience in the field of accounting, budgeting, management accounting system, payroll system and secretarial matters to our Group.

(ii) Phan Lee Foon

Phan Lee Foon, aged 48, is our Company's General Manager of the Manufacturing Division. She graduated from University Kebangsaan Malaysia with a Bachelor of Arts in 1986.

She started her career in 1986 as Material Utilisation & Packing Officer with Imperial Garments Sdn Bhd. In 1993, she joined Chong Ngai Knitting Company Sdn Bhd as an Assistant Manager in charge of Garment Assembly and Industrial Engineering Division.

In 2005, she joined White Cafe as a Production Manager and was subsequently appointed as the Senior Production Manager of White Cafe and Gongga Food. In 2009, she was appointed as General Manager of Manufacturing for White Cafe, Gongga Food, Dynasty Confectionery and Esquire Chef where she is responsible for the overall operations and performance of the production operations.

5. **INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT**

(iii) **Lena Chan Mun Yee**

Lena Chan Mun Yee, aged 35, is the General Manager of the F&B sector of our Group. In 1998, she obtained her Advanced Diploma in Hospitality from Domino Carlton Tivoli in Switzerland.

She started her career in 1999 as Restaurant Manager of Bon-Food Pte Ltd in Singapore, where she was responsible for managing a 'Burger King' fast food outlet. In 2004, she left to join Popular Book Co (M) Sdn Bhd as Retail Manager. In 2005, she moved to join Koong Woh Tong Enterprise as Operations Manager where she was responsible for managing all of the company's outlets.

In 2006, she joined Oldtown Kopitiam as Operation Manager. In 2007, she was transferred to Kopitiam Asia Pacific and subsequently in 2008, she was appointed as Assistant General Manager of the F&B sector of our Group. In 2010, she was promoted to General Manager of the F&B sector and has since been responsible for managing the business activities of the the F&B sector of our Group.

(iv) **Ong Kian Ching**

Ong Kian Ching, aged 40, is the Assistant General Manager of the FMCG sector of our Group. In 1992, he completed his Diploma in Computer Studies.

He started his career with Nestle Products Sdn Bhd as a sales representative and advanced his career to Area Sales Executive before he left the company. Subsequently in 1998, he joined a distribution company, JDH marketing Sdn Bhd as Area Sales Manager where he was responsible for handling the sales for brands such as Hershey's Chocolates and Pillsbury. In 2001, he joined Diethelm (M) Sdn Bhd as Key Accounts Manager. His job responsibility was to manage and represent the modern trade business for more than 20 business partners, which comprise brands such as Enfagrow, Kraft, MamyPoko and others. In 2004, he joined Groupe Seb Sdn Bhd as Key Accounts Manager.

Subsequently, in 2008, he joined White Cafe Marketing as Export Manager. At the end of 2009, he was appointed as Assistant General Manager of the FMCG sector and has since been responsible for managing the sales and marketing for local and export sales of the Group.

5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT

5.7 INVOLVEMENT OF EXECUTIVE DIRECTORS/KEY MANAGEMENT IN OTHER BUSINESS ACTIVITIES

As at LPD and save as disclosed below, none of the Executive Directors and/or key management of our Group is involved in other businesses or corporations.

(a) Lee Siew Heng

Name of Company/ Business	Position (Director / Shareholder)	Principal Activities of Company/ Nature of Business
CN Supplies Sdn Bhd	Director / Shareholder	General trading (audio visual equipment and car accessories, clothing and fabrics)
CN Properties Sdn Bhd	Director / Shareholder	Property investments
Noble Virtue Sdn Bhd	Director / Shareholder	Rental of properties
Oldtown Asia Pacific Limited	Director / Shareholder	Investment holding
AC Montage Marketing Sdn Bhd	Shareholder	Wholesaler of car audio accessories
Acadian L'Apparel Manufacturing Sdn Bhd	Director / Shareholder	Manufacturing of garments
YP Lee & Lam Holdings Sdn Bhd	Shareholder	Investment holding

His involvement in the above companies does not require much of his time as well-qualified and experienced managers manage the companies. As such, Lee Siew Heng spends a substantial portion of his working hours on the affairs of our Group.

(b) Goh Ching Mun

Name of Company/ Business	Position (Director / Shareholder)	Principal Activities of Company/ Nature of Business
R & R Body Revolution Sdn Bhd	Shareholder	Reflexology services
OTK Northern Sdn Bhd	Director / Shareholder	Cafe and restaurant operations

His involvement in the above companies does not require much of his time as well-qualified and experienced managers manage the companies. As such, Goh Ching Mun spends a substantial portion of his working hours on the affairs of our Group.

5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT**(c) Leow Woon King**

Name of Company/ Business	Position (Director / Shareholder)	Principal Activities of Company/Nature of Business
Natural Marketing Sdn Bhd	Shareholder	Trading of health foods

Leow Woon King is not a director in the above company. His involvement in Natural Marketing Sdn Bhd does not require much of his time as the company is managed by well-qualified and experienced directors and managers. As such, Leow Woon King spends a substantial portion of his working hours on the affairs of our Group.

5.8 DECLARATION OF PROMOTERS, DIRECTORS AND KEY MANAGEMENT

None of our Promoters, Directors and key management is or has been involved in any of the following events:-

- (a) A petition under any bankruptcy or insolvency laws 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;
- (b) Disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (c) Charged and / or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (d) Any judgment was entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (e) 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.

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5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT

5.9 RELATIONSHIP AND ASSOCIATION

Save as disclosed below, there is no family relationship (as defined in Section 122A of the Act) and association between the Company's Directors, key management, substantial shareholders and promoters:-

- (a) Chin Lai Yoong is the sister-in-law of Lee Siew Heng;
- (b) Lee Siew Heng is a substantial shareholder of our Company directly as well as indirectly through Old Town International; and
- (c) Goh Ching Mun, Tan Say Yap and Chin Lai Yoong are the substantial shareholders of Old Town International.

5.10 EXISTING OR PROPOSED SERVICE AGREEMENTS

As at LPD, there are no existing or proposed service agreements between our Group and our Directors and key management.

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5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT**5.11 CHANGES IN SHAREHOLDINGS IN OUR COMPANY FOR THE PAST THREE (3) YEARS**

There are no changes in the Promoters and/or substantial shareholders' shareholdings in our Company for the past three (3) years save as follows:-

Promoters/ Substantial Shareholders	Date	No. of Units		Balance Held		Reason for Change
		Allotment / Acquisitions	Transfer / Disposal	Direct No. Of Shares	Indirect [^] No. Of Shares	
Old Town International	16.05.2011	227,251,998	-	227,251,998	-	Acquisitions
Lee Siew Heng	30.11.2007 16.05.2011	1 17,772,559	-	1 17,772,560	-	Subscriber's share Acquisitions
Goh Ching Mun	30.11.2007 16.05.2011	1 -	-	1 1	50.0 *	Subscriber's share Acquisitions
Chin Lai Yoong	16.05.2011	4,634,559	-	4,634,559	1.7 ⁽¹⁾	Acquisitions

Notes:-

* Less than 0.01

(1) The shareholdings above are based on the enlarged issued and paid up share capital of 266,606,000 Shares pursuant to the Acquisitions.

[^] Deemed interested by virtue of their shareholdings in Old Town International, pursuant to Section 6A of the Act.

5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT

5.12 EMPLOYEES

As at LPD, our Group has 2,342 employees comprising 1,429 permanent employees, whereby Malaysians accounted for approximately 89.4% while the remaining approximately 10.6% are foreign nationals, and 913 contract staff, comprising 66 Malaysian and 847 foreigners. Our Group's foreign employees are from countries such as Nepal, Myanmar, Philippines, Singapore, Vietnam, Indonesia and Bangladesh.

Categories of Employees	As at 31 December				As at LPD
	2007	2008	2009	2010	
Managerial and Professional	70	104	118	138	137
Technical and supervisory	95	162	221	310	326
Clerical and related occupations	73	106	101	96	90
General workers	719	787	1,283	1,641	1,593
Factory worker	103	149	168	197	196
Total	1,060	1,308	1,891	2,382	2,342

Location	As at 31 December				As at LPD
	2007	2008	2009	2010	
Malaysia	1,060	1,193	1,780	2,149	2,103
Singapore	-	115	111	207	174
Indonesia	-	-	-	26	65
Total	1,060	1,308	1,891	2,382	2,342

The increase in the total number of employees is in line with the expansion of our Group for the financial years under review.

As at LPD, our contract staff of 913 employees relates to the following categories:-

Category of employees	Total Contract staff as at LPD
Managerial and professional	1
Technical and supervisory	22
Clerical and related occupations	1
General workers	743
Factory workers	146
TOTAL	913

5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT

As at LPD, none of our employees are members of any labour union and as such, our Group does not have any industrial disputes with any labour union. To the best knowledge of our Group's directors, there are no non-compliance by the foreign workers with regards to the relevant employment laws in Malaysia.

Training and Development

The Human Resources ("HR") Department have implemented the Training and Development Program ("TDP") and have conducted various training courses for various departments over the years to enable our staff to better improve their work performances.

The objectives of the TDP are as follows:-

- Mastering individual skills and latest technology
- Maximize potential capability
- Building a better career environment

Several training courses have been conducted for the staff in our manufacturing division including Quality Standard Management training programs such as ISO 9001:2008, ISO 22000:2005 and GMP training. These training programs equip our staff with the necessary knowledge on the food safety and HACCP so that they are able to achieve higher levels of productivity and efficiency and at the same time, comply with the relevant safety regulations.

For the F & B sector, an intensive training program, which is the Basic Operation & Management Training Program, provides practical and management training to the operational staff working at the various cafe outlets. This training is in line with the Group's objective to equip the employees with the necessary operational knowledge and the skill and also to ensure that the employees are proficient in performing their respective job responsibilities.

The managers and staff of the Corporate, Accounts, Human Resources and Administration divisions and FMCG sector have attended a number of job related courses, seminars and workshops organized by external professional trainers and organizations. In line with the corporate training policies, the Corporate, Accounts and Human Resources Administration divisions and the FMCG Sector will continuously identify and seek internal and external courses and seminars for both the managers and staff to attend so that they will be continually kept abreast and updated with the relevant knowledge, skill, rules and regulations and development of their relative fields.

The training programs are necessary in order to equip the employees with the specialised and up-to-date skills and to enhance their proficiency in their daily tasks. Furthermore, the employees are also able to attain increase in productivity, efficiency, value added operations and competitiveness in line with our business needs and our industrialization strategy.

Aside from the internal training programs, the HR Department has also organised training courses with external training centres and associations to run both workshops and in-house training seminars on a regular basis. As such, employees are provided with opportunities to acquire new skills and knowledge through the various external courses and training in areas of management skills and technical know-how.

To further enhance employee performance and retain employees, an integrated Career Development Program has been implemented whereby employees are advanced to a higher level upon completion of a specific training, skill evaluation and performance appraisal.

5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT

Management Succession Plans

Our Group's business is organized along functional lines where functional/department managers are responsible for the execution of their duties. Our Group practices management empowerment whereby functional/department managers are relatively autonomous and have significant decision making authority within their span of control within clearly defined boundaries. As such, there is no over reliance on the Group Managing Director to be involved in all the details and aspects of the operational and functional areas. This allows the Group Managing Director to focus on strategic matters and on further developing the business for growth and success.

Nevertheless, we recognize the need to ensure continuity in our management in order to maintain our competitive edge over our competitors. Our Board believes that the continued success of our Company depend, among others, on the support and dedication of our management personnel. Our company has in place human resources strategies which, include, amongst others, attractive remuneration packages and further training activities and promotion opportunities. Our Company's initiatives on succession planning include:-

- (a) Identifying key competencies and requirements for managers and higher positions. Job and candidate profiles are developed for management position in line with the business goals, strategies and culture of our Group; and
- (b) Taking a proactive approach towards addressing talent management to ensure the organization has talent readily available from a capability perspective to undertake leadership positions throughout the organization.

In addition, our middle management are constantly exposed to various aspects of our business activities in order to ensure that they have a full understanding of the responsibilities and the decision making process and are equipped with the knowledge necessary for them to succeed to senior management positions.

Dependence on key management and technical personnel

We believe that our Group's continuous success depends to a significant extent on the abilities, expertise and continuing effort of our key management and technical personnel. Our Group is headed by an experienced, committed and dynamic management team. Some of our management personnel have been in the related industry for more than twenty (20) years.

Recognising the importance of our personnel, we have put in place various human resource incentives in our endeavours to retain our key personnel and to attract new skilled personnel. In line with expansion plans, and to support our growing business and operations, we will continue to employ highly experienced and technically-skilled staff to strengthen our present team, provide constant training and education to upgrade the skills of our employees and provide our employees with suitable compensation packages. Further, as part of our Group's management succession plan, we have made continuous efforts to train and groom the younger members of our management team to gradually take on more responsibilities and eventually succeed the senior management personnel of our Group.

6. APPROVALS AND CONDITIONS**6.1 APPROVALS AND CONDITIONS**

The SC had approved our Listing Scheme, under Section 212(5) of the CMSA and the equity requirements for public companies, via its letter dated 12 April 2011. The conditions imposed by the SC and the status of compliance are as follows: -

Conditions Imposed By SC	Status of Compliance
(i) Oldtown to allocate shares representing 50% of the public spread requirement to Bumiputera investors, including the shares offered under the balloted public offer portion of which at least 50% are to be allocated to retail Bumiputera investors. In the event that Oldtown / MITI are unable to allocate the shares to Bumiputera investors, the unsubscribed shares shall be offered to Bumiputera investors via balloting; and	Will be complied
(ii) AmlInvestment Bank / Oldtown should comply with the relevant requirements pertaining to the implementation of the listing proposal as stipulated under the SC's Equity Guidelines and Prospectus Guidelines.	Will be complied
(iii) The approval-in-principle by the SC for the registration of the listing prospectus of Oldtown is subject to the condition that the said prospectus is exposed to the public for a period of 15 market days prior to its registration.	Complied

Bursa Securities had via its letter dated 27 May 2011, approved-in-principle the Oldtown's admission to the Official List and the listing and quotation of the entire enlarged issued and paid-up share capital of Oldtown of RM330,000,000 comprising 330,000,000 Shares on the Main Market of Bursa Securities. The conditions imposed by Bursa Securities and the status of the compliance with the conditions are as follows:-

Conditions Imposed By Bursa Securities	Status of Compliance
(i) Make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of Practice Note 21 of the Main Market Listing Requirements; and	Will be complied
(ii) Furnish Bursa Securities a copy of the schedule of distribution showing compliance to the share spread requirements based on the entire enlarged issued and paid up share capital of Oldtown on the first day of Listing.	Will be complied

MITI has via its letter dated 14 March 2011, taken note of and has no objections to the Listing of Oldtown on the Main Market of Bursa Securities. The condition imposed by MITI and the status of compliance with this condition is as follows:

Conditions Imposed By MITI	Status of Compliance
To obtain the SC's approval for the Listing	Complied.

6. APPROVALS AND CONDITIONS

The SC noted that the equity structure relating to Bumiputera, non-Bumiputera and foreign shareholdings in our Company would change arising from the implementation of our Listing Scheme, as follows:

	Before implementation of Listing Scheme*	After completion of Listing Scheme
Bumiputera	-	
- to be nominated and approved by MITI		11.0
- via public balloting		1.5
Total Bumiputera	-	12.5
Non-Bumiputera	100.0	87.5
Foreigners	-	-
Total	100.0	100.0

Note:-

* As at incorporation.

6.2 MORATORIUM ON SHARES

In accordance with the SC Guidelines, our Promoters will not be allowed to sell, transfer or assign their entire shareholdings in our Company for six (6) months from the date of Listing.

Upon Listing, our Promoters' shareholdings, which will be subjected to the moratorium, are as set out below:-

Name	Country of incorporation / Nationality	Shareholding after Listing		Shareholding under moratorium	
		Direct	(%)	Direct	(%)
Old Town International	Malaysia	194,251,998	58.9	194,251,998	58.9
Lee Siew Heng	Malaysian	17,772,560	5.4	17,772,560	5.4
Goh Ching Mun	Malaysian	1	*	1	*
Chin Lai Yoong	Malaysian	4,634,559	1.4	4,634,559	1.4

Note:

* Less than 0.01

Pursuant to the moratorium to which the above affected Promoters have agreed, they will not be allowed to sell, transfer or assign the Shares they respectively hold within six (6) months from the date of Oldtown's Listing.

The ultimate shareholders of Old Town International have furnished a letter of undertaking prior to the listing to the SC that they will not sell, transfer or assign any of their entire shareholdings in Old Town International as at the date of listing of our Company, for six (6) months from the date of listing on Bursa Securities.

The restriction is specifically endorsed on the notice of allotment and share certificates representing the shares held by the Promoters under moratorium to ensure that trading of these shares is not allowed in compliance with the restriction imposed by the SC.

7. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST**7.1 EXISTING AND PROPOSED RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST**

Save as disclosed below, our Group does not have any other existing material related party transactions or other subsisting contracts of arrangement entered into by our Group which involved the interest, direct or indirect, of the Directors, major shareholders of our Company and/or persons connected to them for the past four (4) FYE 2007 to 2010:-

Related Party	Transacting Party / Nature of Transactions	Interested Promoter / Director / Substantial Shareholder	Transaction Value			
			FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000	FYE 2010 RM'000
(a) Sale of food and beverages products						
Acadian Gourmet Sdn Bhd	Gongga Food / Sale of food and beverages products by Gongga Food to Acadian Gourmet Sdn Bhd.	Lee Siew Heng is a substantial shareholder of Acadian Gourmet Sdn Bhd ⁽¹⁾ .	104	462	570	370
Acadian Gourmet KK Sdn Bhd	Gongga Food / Sale of food and beverages products by Gongga Food to Acadian Gourmet KK Sdn Bhd.	Lee Siew Heng is a substantial shareholder of Acadian Gourmet KK Sdn Bhd ⁽¹⁾ .	-	-	437	501
Acadian Gourmet PB Sdn Bhd	Gongga Food / Sale of food and beverages products by Gongga Food to Acadian Gourmet PB Sdn Bhd.	Lee Siew Heng is a substantial shareholder of Acadian Gourmet PB Sdn Bhd ⁽¹⁾ .	-	-	34	703
GC Alamanda Sdn Bhd	Gongga Food / Sale of food and beverages products by Gongga Food to GC Alamanda Sdn Bhd.	Lim Ah Fah is a director and substantial shareholder of GC Alamanda Sdn Bhd. Azmah Binti Abdul Aziz, the wife of Datuk Dr. Ahmed Tasir Bin Lope Pihie, is a director and substantial shareholder of GC Alamanda Sdn Bhd.	-	-	130	464
GC Ampang Sdn Bhd	Gongga Food / Sale of food and beverages products by Gongga Food to GC Ampang Sdn Bhd.	Lim Ah Fah is a director and substantial shareholder of GC Ampang Sdn Bhd.	-	-	417	649

7. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST

Related Party	Transacting Party / Nature of Transactions	Interested Promoter / Director / Substantial Shareholder	Transaction Value			
			FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000	FYE 2010 RM'000
GC Bangi Sdn Bhd	Gongga Food / Sale of food and beverages products by Gongga Food to GC Bangi Sdn Bhd.	Ahmed Razif Bin Ahmed Tasir, the son of Daluk Dr. Ahmed Tasir Bin Lope Pihie, is a director and substantial shareholder of GC Bangi Sdn Bhd	-	-	711	628
GC Bangsar Sdn Bhd	Gongga Food / Sale of food and beverages products by Gongga Food to GC Bangsar Sdn Bhd.	Lim Ah Fah is a director and substantial shareholder of GC Bangsar Sdn Bhd ⁽²⁾ .	-	157	655	616
GC Bangsar Two Sdn Bhd	Gongga Food / Sale of food and beverages products by Gongga Food to GC Bangsar Two Sdn Bhd.	Lim Ah Fah is a director and substantial shareholder of GC Bangsar Two Sdn Bhd.	-	-	165	573
GC Brickfields Sdn Bhd	Gongga Food / Sale of food and beverages products by Gongga Food to GC Brickfields Sdn Bhd.	Lim Ah Fah is a director and substantial shareholder of GC Brickfields Sdn Bhd.	-	-	-	693
GC Kapar Sdn Bhd	Gongga Food / Sale of food and beverages products by Gongga Food to GC Kapar Sdn Bhd.	Lim Ah Fah is a director and substantial shareholder of GC Kapar Sdn Bhd ⁽⁴⁾ .	-	222	419	454
GC R Laut Sdn Bhd	Gongga Food / Sale of food and beverages products by Gongga Food to GC R Laut Sdn Bhd.	Lee Phui See, a niece of Lee Siew Heng, is a director and substantial shareholder of GC R Laut Sdn Bhd.	-	-	325	345
GC Selayang Sdn Bhd	Gongga Food / Sale of food and beverages products by Gongga Food to GC Selayang Sdn Bhd.	Lim Ah Fah is a director and substantial shareholder of GC Selayang Sdn Bhd	-	-	280	539

7. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST

Related Party	Transacting Party / Nature of Transactions	Interested Promoter / Director / Substantial Shareholder	Transaction Value			
			FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000	FYE 2010 RM'000
GC South City Sdn Bhd	Gongga Food / Sale of food and beverages products by Gongga Food to GC South City Sdn Bhd.	Lim Ah Fah is a director and substantial shareholder of GC South City Sdn Bhd ⁽²⁾ .	-	324	503	421
Gourmet Corner Ipoh Sdn Bhd	Gongga Food / Sale of food and beverages products by Gongga Food to Gourmet Corner Ipoh Sdn Bhd.	Lim Ah Fah is a director and substantial shareholder of Gourmet Corner Ipoh Sdn Bhd. Kopitiam Asia Pacific is a substantial shareholder of Gourmet Corner Ipoh Sdn Bhd	727	1,047	1,038	862
Gourmet Corner KL Sdn Bhd	Gongga Food / Sale of food and beverages products by Gongga Food to Gourmet Corner KL Sdn Bhd.	Lim Ah Fah is a director and substantial shareholder of Gourmet Corner KL Sdn Bhd.	-	671	733	808
Gourmet Corner Sdn Bhd	Gongga Food / Sale of food and beverages products by Gongga Food to Gourmet Corner Sdn Bhd.	Lim Ah Fah is a director and substantial shareholder of Gourmet Corner Sdn Bhd. Kopitiam Asia Pacific is a substantial shareholder of Gourmet Corner Sdn Bhd. Chin Lai Cheng, Angeline is a substantial shareholder of Gourmet Corner Sdn Bhd.	436	1,001	912	891
Gourmet Chef Sdn Bhd	Gongga Food / Sale of food and beverages products by Gongga Food to Gourmet Chef Sdn Bhd.	Lim Ah Fah is a director and substantial shareholder of Gourmet Chef Sdn Bhd.	-	729	634	495

7. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST

Related Party	Transacting Party / Nature of Transactions	Interested Promoter / Director / Substantial Shareholder	Transaction Value			
			FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000	FYE 2010 RM'000
OTK Ipoh Road Sdn Bhd	Gongga Food / Sale of food and beverages products by Gongga Food to OTK Ipoh Road Sdn Bhd.	Lim Ah Fah is a director and substantial shareholder of OTK Ipoh Road Sdn Bhd Lee Teck Wai is a director and substantial shareholder of OTK Ipoh Road Sdn Bhd	-	-	251	454
OTK (Genting) Sdn Bhd	Gongga Food / Sale of food and beverages products by Gongga Food to OTK (Genting) Sdn Bhd.	Lim Ah Fah is a director and substantial shareholder of OTK (Genting) Sdn Bhd.	175	1,111	3,030	4,500
OTK (Genting) Sdn Bhd	White Cafe Marketing / Sale of food and beverages products by White Cafe Marketing to OTK (Genting) Sdn Bhd.	Lim Ah Fah is a director and substantial shareholder of OTK (Genting) Sdn Bhd.	6	23	192	293
OTK Logistics Sdn Bhd	Gongga Food / Sale of food and beverages products by Gongga Food to OTK Logistics Sdn Bhd.	Lim Ah Fah is a substantial shareholder of OTK Logistics Sdn Bhd.	-	304	799	2,128
OTK Northern Sdn Bhd	Dynasty Kitchen / Sale of food and beverages products by Dynasty Kitchen to OTK Northern Sdn Bhd.	Mohammad Danial Looi bin Abdullah, director of Dynasty Kitchen ⁽⁶⁾ , is a director and substantial shareholder of OTK Northern Sdn Bhd. Goh Ching Mun is a director and substantial shareholder of OTK Northern Sdn Bhd.	-	-	189	593
OTK (Petaling Jaya) Sdn	Gongga Food / Sale of food and beverages	Lim Ah Fah is a director and substantial	95	1,700	1,430	1,222

7. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST

Related Party	Transacting Party / Nature of Transactions	Interested Promoter / Director / Substantial Shareholder	Transaction Value			
			FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000	FYE 2010 RM'000
Bhd	products by Gongga Food to OTK (Petaling Jaya) Sdn Bhd.	shareholder of OTK (Petaling Jaya) Sdn Bhd. Lee Teck Wai is a director and substantial shareholder of OTK (Petaling Jaya) Sdn Bhd.				
OTK Sunway Sdn Bhd	Gongga Food / Sale of food and beverages products by Gongga Food to OTK Sunway Sdn Bhd.	Lim Ah Fah is a director and substantial shareholder of OTK Sunway Sdn Bhd. Lee Teck Wai is a director and substantial shareholder of OTK Sunway Sdn Bhd.	-	324	735	652
OTK Manjung Sdn Bhd	Gongga Food / Sale of food and beverages products by Gongga Food to OTK Manjung Sdn Bhd.	Lim Ah Fah is a director and substantial shareholder of OTK Manjung Sdn Bhd. ⁽³⁾	-	-	626	580
OTK Megah Sdn Bhd	Gongga Food / Sale of food and beverages products by Gongga Food to OTK Megah Sdn Bhd.	Lim Ah Fah is a director and substantial shareholder of OTK Megah Sdn Bhd. Lee Teck Wai is a director and substantial shareholder of OTK Megah Sdn Bhd.	-	-	218	367
OTK USJ Sdn Bhd	Gongga Food / Sale of food and beverages products by Gongga Food to OTK USJ Sdn Bhd.	Lee Siew Fong is a director and substantial shareholder of OTK USJ Sdn Bhd	-	18	368	529
OTK (Alam Damai) Sdn Bhd	Gongga Food / Sale of food and beverages	Lim Ah Fah is a director and substantial	-	-	-	343

7. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST

Related Party	Transacting Party / Nature of Transactions	Interested Promoter / Director / Substantial Shareholder	Transaction Value			
			FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000	FYE 2010 RM'000
	products by Gongga Food to OTK (Alam Damai) Sdn Bhd.	shareholder of OTK (Alam Damai) Sdn Bhd ⁽⁵⁾ .				
OTK (Intan) Sdn Bhd	Gongga Food / Sale of food and beverages products by Gongga Food to OTK (Intan) Sdn Bhd.	Lim Ah Fah is a director and substantial shareholder of OTK (Intan) Sdn Bhd ⁽⁵⁾ .	-	-	517	573
OTK (Kuala Selangor) Sdn Bhd	Gongga Food / Sale of food and beverages products by Gongga Food to OTK (Kuala Selangor) Sdn Bhd.	Lim Ah Fah is a director and substantial shareholder of OTK (Kuala Selangor) Sdn Bhd.	-	-	-	329
OTK (Rawang) Sdn Bhd	Gongga Food / Sale of food and beverages products by Gongga Food to OTK (Rawang) Sdn Bhd.	Lim Ah Fah is a director and substantial shareholder of OTK (Rawang) Sdn Bhd ⁽⁵⁾ .	-	-	72	528
OTK (Shah Alam) Sdn Bhd	Gongga Food / Sale of food and beverages products by Gongga Food to OTK (Shah Alam) Sdn Bhd.	Lim Ah Fah is a director and substantial shareholder of OTK (Shah Alam) Sdn Bhd ⁽⁵⁾ .	-	-	149	466
(b) Sale of furniture and utensils						
Acadian Gourmet PB Sdn Bhd	Kopitiam Asia Pacific / Sale of furniture and utensils in relation to the operation of cafe outlets by Kopitiam Asia Pacific to Acadian Gourmet PB Sdn Bhd.	Lee Siew Heng is a substantial shareholder of Acadian Gourmet PB Sdn Bhd ⁽¹⁾ .	-	-	252	72
GC Bangsar Sdn Bhd	Kopitiam Asia Pacific / Sale of furniture and utensils in relation to the operation of cafe outlets by Kopitiam Asia Pacific to GC Bangsar Sdn Bhd.	Lim Ah Fah is a director and substantial shareholder of GC Bangsar Sdn Bhd ⁽²⁾ .	-	382	30	29

7. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST

Related Party	Transacting Party / Nature of Transactions	Interested Promoter / Director / Substantial Shareholder	Transaction Value			
			FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000	FYE 2010 RM'000
GC Brickfields Sdn Bhd	Kopitiam Asia Pacific / Sale of furniture and utensils in relation to the operation of cafe outlets by Kopitiam Asia Pacific to GC Brickfields Sdn Bhd.	Lim Ah Fah is a director and substantial shareholder of GC Brickfields Sdn Bhd.	-	-	-	269
OTK (Genting) Sdn Bhd	Kopitiam Asia Pacific / Sale of furniture and utensils in relation to the operation of cafe outlets by Kopitiam Asia Pacific to OTK (Genting) Sdn Bhd.	Lim Ah Fah is a director and substantial shareholder of OTK (Genting) Sdn Bhd.	88	53	491	580
OTK Northern Sdn Bhd	Kopitiam Asia Pacific / Sale of furniture and utensils in relation to the operation of cafe outlets by Kopitiam Asia Pacific to OTK Northern Sdn Bhd.	Goh Ching Mun is a director and substantial shareholder of OTK Northern Sdn Bhd.	-	-	329	17
OTK (Petaling Jaya) Sdn Bhd	Kopitiam Asia Pacific / Sale of furniture and utensils in relation to the operation of cafe outlets by Kopitiam Asia Pacific to OTK (Petaling Jaya) Sdn Bhd.	Lim Ah Fah is a director and substantial shareholder of OTK (Petaling Jaya) Sdn Bhd. Lee Teck Wai is a director and substantial shareholder of OTK (Petaling Jaya) Sdn Bhd.	113	388	70	40
(c) Others						
Mayson Trade (M) Sdn Bhd	Kopitiam Asia Pacific / Purchase of uniform by Kopitiam Asia Pacific from Mayson Trade (M) Sdn Bhd	Chin Lai Yoong is a substantial shareholder of Mayson Trade (M) Sdn Bhd	-	180	251	202
Natural Marketing Sdn Bhd	Gongga Food / Purchase of food and beverages products by Gongga Food from Natural Marketing Sdn Bhd.	Lim Ah Fah is a director and substantial shareholder of Natural Marketing Sdn Bhd.	94	205	254	259

7. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST

Related Party	Transacting Party / Nature of Transactions	Interested Promoter / Director / Substantial Shareholder	Transaction Value			
			FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000	FYE 2010 RM'000
OTK (Genting) Sdn Bhd	Kopitiam Asia Pacific / Payment of royalty fee by OTK (Genting) Sdn Bhd to Kopitiam Asia Pacific.	Lim Ah Fah is a director and substantial shareholder of OTK (Genting) Sdn Bhd.	20	176	515	835
OTK (Genting) Sdn Bhd	Kopitiam Asia Pacific / Advertising and promotion fees charged by Kopitiam Asia Pacific to OTK (Genting) Sdn Bhd	Lim Ah Fah is a director and substantial shareholder of OTK (Genting) Sdn Bhd.	-	105	309	501
Old Town International	Emperor's Kitchen / Sub-rental of office and factory known as Ground, 2 nd and 3 rd Floor, Lot 896 Taman Perindustrian Subang, Mukim Damansara, held under PM 67, Lot 896, Batu 14 Puchong / Jalan Batu Tiga, Mukim of Damansara, District of Petaling, State of Selangor, by Emperor's Kitchen from Old Town International.	Old Town International is a Promoter and substantial shareholder of Oldtown.	-	193	516	443
Old Town International	Gongga Food / Sub-rental of office and warehouse known as Ground Floor, Lot 896 Taman Perindustrian Subang, Mukim Damansara, held under PM 67, Lot 896, Batu 14 Puchong / Jalan Batu Tiga, Mukim of Damansara, District of Petaling, State of Selangor by Gongga Food from Old Town International.	Old Town International is a Promoter and substantial shareholder of Oldtown.	-	186	497	497
Old Town International	Gongga Food / Provision of management services by Old Town International to Gongga Food ⁽⁷⁾	Old Town International is a Promoter and substantial shareholder of Oldtown.	144	348	348	348

7. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST

Related Party	Transacting Party / Nature of Transactions	Interested Promoter / Director / Substantial Shareholder	Transaction Value			
			FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000	FYE 2010 RM'000
Old Town International	White Cafe / Provision of management services by Old Town International to White Cafe ⁽⁷⁾	Old Town International is a Promoter and substantial shareholder of Oldtown.	180	348	348	348
Old Town International	White Cafe Marketing / Provision of management services by Old Town International to White Cafe Marketing ⁽⁷⁾	Old Town International is a Promoter and substantial shareholder of Oldtown.	120	252	252	252
Old Town International	Kopitiam Asia Pacific / Provision of management services by Old Town International to Kopitiam Asia Pacific ⁽⁷⁾	Old Town International is a Promoter and substantial shareholder of Oldtown.	180	348	348	348
OTK Logistics Sdn Bhd	OTK Eatery / Sale of food and beverages products by OTK Logistics Sdn Bhd to OTK Eatery.	Heng Teik Chun and Khong Cheong Fong, directors and substantial shareholders of OTK Eatery, are directors and substantial shareholders of OTK Logistics Sdn Bhd. Lim Ah Fah is a substantial shareholder of OTK Logistics Sdn Bhd.	-	556	1,334	2,766

Notes:-

- Lim Ah Fah* : *Sister-in-law of Lee Siew Heng and Chin Lai Yoong;; and Director of Old Town Kopitiam Cheras.*
- Lee Siew Kong* : *Brother of Lee Siew Heng; and Brother-in-law of Chin Lai Yoong and Lim Ah Fah;*
- Lee Teck Wai* : *Brother of Lee Siew Heng; Brother-in-law of Chin Lai Yoong and Lim Ah Fah; and Director of Old Town Kopitiam Kuala Lumpur*

7. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST

- Lee Siew Fong* : *Sister of Lee Siew Heng*
- Chin Lal Cheng @ Angeline* : *Spouse of Lee Siew Heng*
- (1) : *Deemed interested by virtue of his shareholding in Acadian L'Apparel Manufacturing Sdn Bhd, pursuant to Section 6A of the Act.*
- (2) : *Deemed interested by virtue of her shareholding in Gourmet Corner KL Sdn Bhd, pursuant to Section 6A of the Act.*
- (3) : *Deemed interested by virtue of her shareholding in OTK (Genting) Sdn Bhd, pursuant to Section 6A of the Act.*
- (4) : *Deemed interested by virtue of her shareholding in Gourmet Corner Ipoh Sdn Bhd, pursuant to Section 6A of the Act.*
- (5) : *Deemed interested by virtue of her shareholding in OTK (Genting) Sdn Bhd, pursuant to Section 6A of the Act.*
- (6) : *Deemed interested by virtue of his shareholding in Old Town Kopitiam Butterworth, pursuant to the Section 6A of Companies Act 1965.*
- (7) : *Upon completion of the Acquisitions, the provision of management services will be undertaken and provided by Oldtown.*

Our Directors confirm that the above transactions are entered into on an arm's length basis and on commercial terms which are not more favourable to the related parties than those generally available to third parties and which will not be detrimental to our minority shareholders.

We anticipate that our Group would, in the ordinary course of business, continue to enter into certain transactions as disclosed above with the related parties as the transactions are necessary for our day-to-day operations. They are recurring transactions which are likely to occur with some degree of frequency and arise at any time and from time to time. Sales to related parties represent an additional source of revenue for our Group. Some of the related parties are also operators of the OLDTOWN WHITE COFFEE café outlets, which carry our brand name. These operations of café outlets enhance our Group's earnings via royalty fees, advertising and promotion fees as well as franchise fees.

Please refer to Section 7.6 of this Prospectus for further details in relation to the shareholders' mandate to be obtained for recurrent related party transactions.

The number of OLDTOWN WHITE COFFEE café outlets operated by our related parties for FYE 2007 to 2010, are as disclosed in the table below:

FYE	Number of café outlets
FYE 2007	10
FYE 2008	16
FYE 2009	32
FYE 2010	38

Our Directors confirm that there is no conflict of interest arising from the Oldtown Group granting franchises to related parties of the Oldtown Group. All franchisees, whether or not related to the Group, are bound by the same standard salient terms of the Oldtown Group's franchise agreement, as set out in Section 4.25 of this Prospectus. For all franchisees, the same key criteria and selection process, as outlined in Section 4.10(g) of this Prospectus are also used by the Group in assessing the suitability of these franchisees, whether or not these franchisees are related parties of the Oldtown Group. These criteria and selection process are adhered to strictly as it is in line with the Group's proven business model. Furthermore, the Oldtown Group will receive 5% and 3% of the café outlet's gross sales revenue as royalty fees and advertising and promotion fees, respectively. Hence, it is in the best interest of the Oldtown Group to use standardized, proven key criteria and selection processes in assessing the suitability of potential franchisees. Among the key success of a food and beverage café

7. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST

outlet is the location of the café outlet, as such the franchise for the proposed location will be given to the party that first identifies or proposes the new location (on condition that the franchisee has been deemed qualified by the Franchise Committee based on the key criteria and selection process as outlined in Section 4.10(g) of this Prospectus).

In the event the proposed location has already been identified by Oldtown Group, then priority will be given for Oldtown Group to set up a fully owned OLDTOWN WHITE COFFEE café outlet. The Oldtown Group has throughout the years established good relationships with landlords of major shopping malls as well as real estate agents. Whenever there are new locations available, it would be common for the respective landlords and/or agents of these malls to approach the Oldtown Group directly. Under such circumstances, Oldtown Group would have first priority to operate a fully owned OLDTOWN WHITE COFFEE cafe outlet at the said new locations. It is also common for Oldtown Group to be approached to set up another café outlet (fully-owned, partially-owned and/or franchised), in the same vicinity of existing café outlets. Given such circumstances, the Oldtown Group would then assess the business viability of such opportunities.

As disclosed in Section 4.10(g) of this Prospectus, if the related parties are connected to any members of the franchise committee, the relevant member of the franchise committee will abstain from deliberations and voting on decisions in relation to matters concerning the franchise.

7.2 TRANSACTIONS UNUSUAL IN THEIR NATURE OR CONDITIONS

Our Group does not have any transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Company or subsidiaries was a party in respect of the past four (4) FYE 2007 to 2010.

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7. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST**7.3 OUTSTANDING LOANS MADE BY CORPORATION OR ANY OF ITS PARENT OR SUBSIDIARIES TO/FOR THE BENEFIT OF RELATED PARTIES**

Save as disclosed below, there are no outstanding loans (including guarantees of any kind) made by our Company and/or any other company within our Group to or for the benefit of the related parties as at the end of each of the past four (4) FYE 2007 to 2010.

Transacting Parties	Nature of relationship	Nature of Transactions	Balance as at (RM'000)			
			FYE 2007	FYE 2008	FYE 2009	FYE 2010
White Cafe and Old Town International	Old Town International was the holding company of White Cafe prior to the Acquisitions	Advances provided by White Cafe to Old Town International to meet the operational obligations of Old Town International	1,134	1,420	2,379	3,775
White Cafe Marketing and Old Town International	Old Town International was the holding company of White Cafe Marketing prior to the Acquisitions	Advances provided by White Cafe Marketing to Old Town International to meet the operational obligations of Old Town International	122	-	100	-
Kopitiam Asia Pacific and Old Town International	Old Town International was the holding company of Kopitiam Asia Pacific prior to the Acquisitions	Advances provided by Kopitiam Asia Pacific to Old Town International to meet the operational obligations of Old Town International	10	419	620	1,455
Connezone and Chow Kwai Mun	Chow Kwai Mun is a director and substantial shareholder of Connezone	Advances provided by Connezone to Chow Kwai Mun	391	563	43	-
Old Town Kopitiam Kuala Lumpur and Lee Teck Wai	Lee Teck Wai is a director of Old Town Kopitiam Kuala Lumpur	Advances provided by Old Town Kopitiam Kuala Lumpur to Lee Teck Wai which have been repaid in 2008	133	-	-	-
Old Town Kopitiam Cheras and Lim Ah Fah	Lim Ah Fah is a director of Old Town Kopitiam Cheras	Advances provided by Old Town Kopitiam Cheras to Lim Ah Fah which have been repaid in 2008	80	-	-	-
Old Town Kopitiam Cheras and Tan Say Yap	Tan Say Yap is a director of Old Town Kopitiam Cheras	Advances provided by Old Town Kopitiam Cheras to Tan Say Yap, which have been repaid in 2008	80	-	-	-
Esquire Chef and Lee Siew Heng	Lee Siew Heng is a director of Esquire Chef	Advances provided by Esquire Chef to Lee Siew Heng which have been repaid in 2008.	35	-	-	-
Esquire Chef and Choong Len Fatt	Choong Len Fatt is a director of Esquire Chef	Advances provided by Esquire Chef to Choong Len Fatt which have been repaid in 2008.	35	-	-	-

7. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST

Transacting Parties	Nature of relationship	Nature of Transactions	Balance as at (RM'000)			
			FYE 2007	FYE 2008	FYE 2009	FYE 2010
White Café and Old Town Industries	Goh Ching Mun and Tan Say Yap are directors and substantial shareholders of Old Town Industries	Advances provided by White Cafe to Old Town Industries was to meet the operational obligations of Old Town Industries	19	594	-	-
White Café Marketing and Old Town Industries	Goh Ching Mun and Tan Say Yap are directors and substantial shareholders of Old Town Industries	Advances provided by White Cafe Marketing to Old Town Industries was to meet the operational obligations of Old Town Industries	120	-	-	-
Old Town Kopitiam Kuala Lumpur and OTK (Petaling Jaya) Sdn Bhd	Lee Teck Wai is a director of Old Town Kopitiam Kuala Lumpur Sdn Bhd and OTK (Petaling Jaya) Sdn Bhd	Advances provided by Old Town Kopitiam Kuala Lumpur to OTK (Petaling Jaya)	260	-	-	-

All the amounts outstanding as at FYE 2010 are short term in nature and these advances are unsecured, interest free and repayable on demand.

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7. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST**7.4 CONFLICTS OF INTERESTS****7.4.1 INTEREST IN SIMILAR BUSINESSES**

Save as disclosed below and to the best knowledge and belief of the Directors and substantial shareholders of our Company, as at LPD, none of the Directors or substantial shareholders of our Company are interested, directly or indirectly in any business carrying on a similar or competing trade with our Group:-

Name of Company	Nature of Business	Affected Person	Position (Director / Shareholder)	Direct		Indirect		Notes
				No. of shares	%	No. of shares	%	
Oldtown Asia Pacific Limited	Investment Holding	Lee Siew Heng	Director/ Shareholder	1	50.0	-	-	Note (1)
Acadian Gourmet KK Sdn Bhd	Cafe operations	Lee Siew Heng	-	-	-	2*	100.0	Note (2)
Acadian Gourmet PB Sdn Bhd	Cafe operations	Lee Siew Heng	-	-	-	2*	100.0	Note (2)
Acadian Gourmet Sdn Bhd	Cafe operations	Lee Siew Heng	-	-	-	2*	100.0	Note (2)
Gourmet Corner Sdn Bhd	Cafe operations	Lee Siew Heng	-	-	-	39,000 [^]	39.0	Note (2)
Gourmet Corner Ipoh Sdn Bhd	Cafe operations	Lee Siew Heng	-	-	-	10,000 [#]	10.0	Note (2)
OTK Northern Sdn Bhd	Cafe operations	Goh Ching Mun	Director / shareholder	1	50.0	-	-	Note (2)

Notes:-

- * Deemed interested by virtue of his shareholding in Acadian L'Apparel Manufacturing Sdn Bhd, which in turn has 100% shareholding in Acadian Gourmet KK Sdn Bhd, Acadian Gourmet PB Sdn Bhd and Acadian Gourmet Sdn Bhd, pursuant to Section 6A of the Act.
- [^] Deemed interested by virtue of his shareholding in Old Town International pursuant to Section 6A of the Act. Kopitiam Asia Pacific and Chin Lai Cheng (Lee Siew Heng's spouse) respectively have 19% and 20% of shareholdings in Gourmet Corner Sdn Bhd.
- # Deemed interested by virtue of his shareholding in Old Town International, which in turn has 100% shareholding in Kopitiam Asia Pacific, which in turn has 10% shareholding in Gourmet Corner Ipoh Sdn Bhd, pursuant to Section 6A of the Act.
- (1) Oldtown Asia Pacific Limited is not in direct competition with the Group because the license it holds is for the OLDTOWN WHITE COFFEE cafe outlets to be set up in Hong Kong. All of our Group's outlets are currently in Malaysia and Singapore. Furthermore, Kopitiam Asia Pacific, a wholly owned subsidiary of our Group, will ultimately receive a portion of the royalty fees, franchise fees and outlet opening fees derived from these outlets in Hong Kong.
- (2) These companies are also franchisees of the OLDTOWN WHITE COFFEE cafe outlets and hence, are not in direct competition with our Group. These OLDTOWN WHITE COFFEE cafe outlets carry the OLDTOWN WHITE COFFEE brand name and also enhance our Group's earnings via royalty fees, advertising and promotion fees as well as franchise fees.

Our Directors confirm that all transactions entered into between these companies and our Group are on an arm's length basis and on commercial terms which are not more favourable to these companies than those generally available to third parties and which will not be detrimental to our minority shareholders.

7. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST**7.4.2 INTEREST IN OTHER BUSINESSES OR CORPORATIONS WHICH ARE CUSTOMERS OR SUPPLIERS OF OUR GROUP**

Name of Company / Business	Nature of Business	Affected Person	Position (Director / Shareholder)	Direct		Indirect		Notes
				No. of shares	%	No. of shares	%	
Mayson Trade (M) Sdn Bhd	Trading garments	Chin Lai Yoong	Shareholder	15,010	10.0	-	-	Note (1)

Notes:

(1) *Mayson Trade (M) Sdn Bhd is the supplier of uniforms for the employees of our Group.*

Our Directors confirm that all transactions entered into between Mayson Trade (M) Sdn Bhd and our Group are on an arm's length basis and on commercial terms which are not more favourable to these companies than those generally available to third parties and which will not be detrimental to our minority shareholders.

Our Directors are aware that the interests held by them in other businesses and corporations which are suppliers or customers to our Group may give rise to conflict-of-interest situations. In view of their current or potential interests in such companies, interested Directors and interested shareholders will be required to abstain from deliberations and voting on decisions and resolutions in relation to matters and/or transactions with the affected businesses and corporations. At the same time, the Audit Committee and the Independent Directors will also ensure proper disclosure and corporate governance in all business dealings with the affected businesses or corporations.

7.5 CONTRACTS OR ARRANGEMENTS IN WHICH THE DIRECTORS OR SUBSTANTIAL SHAREHOLDERS ARE INTERESTED AND WHICH IS SIGNIFICANT IN RELATION TO THE BUSINESS OF OUR GROUP

Save as disclosed in Section 7.1 of this Prospectus, none of our Directors and/or substantial shareholders of our Company have interests in any contracts or arrangements, which is significant in relation to the business of our Group.

7.6 RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Pursuant to Paragraph 10.09 of the Listing Requirements, a listed issuer may seek a shareholder's mandate in respect of related party transactions involving recurrent transactions of revenue or trading in nature subject to the following: -

- (a) 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;
- (b) 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 exceeds the applicable prescribed threshold under Paragraph 10.09(1) of the Listing Requirements; and

7. RELATED PARTY TRANSACTIONS / CONFLICTS OF INTEREST

- (c) 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.

Our Group would, in the ordinary course of our business, enter into transactions, including but not limited to the transactions described in related party transactions set out in Section 7.1 herein, with persons which are considered "related party" as defined in Chapter 10 of the Listing Requirements. It is likely that such transactions will occur with some degree of frequency and could arise at any time and from time to time.

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

An application has been made to Bursa Securities to obtain a waiver to allow our Company to ratify any Recurrent Related Party Transactions entered into by our Company or any of its subsidiary companies with the directors or substantial shareholders of our Company or persons connected with such directors or substantial shareholders at the extraordinary general meeting or annual general meeting of our Company, whichever is earlier, commencing after listing date of our Company.

7.7 DECLARATION BY ADVISERS

AmInvestment Bank hereby confirms that as at the date of this Prospectus there is no existing or potential conflict of interest with respect of their capacity as the Principal Adviser to our Group for the IPO.

Messrs. Lee Choon Wan & Co hereby confirms that as at the date of this Prospectus there is no existing or potential conflict of interest with respect of their capacity as the Solicitors to our Group for the IPO.

Messrs. Deloitte KassimChan hereby confirms that there is no existing or potential conflict of interest with respect of their capacities as Statutory Auditors and Reporting Accountants to our Group for the IPO.

Vital Factor Consulting Sdn Bhd hereby confirms that as at the date of this Prospectus there is no existing or potential conflict of interest with respect of their capacity as the Independent Business and Market Research Consultants to our Group for the IPO.

8. PROPERTY, PLANT AND EQUIPMENT

8.1 INFORMATION ON LAND AND BUILDINGS

A summary of the land and buildings owned by our Group is as follows:

No.	Property Address / Title Identification	Tenure of Property	Description and Approximate Age of Building (years) / Number of storeys	Category of Land Use / Express Condition of Land Use	Land area / Built up Area (Sq feet)	Restriction / Interest / Major Encumbrances	Audited Net Book Value as at December 2010 (RM)	Average Percentage of Occupancy as at LPD	Date of Certificate of Fitness for Occupation
	WHITE CAFE								
1.	No. 1, Persiaran Tasek Timur 6, Taman Medan Bercham, 31400 Ipoh, Perak Darul Ridzuan. / The 4 storey factory and office is held under the following individual titles: (a) PN 296889, Lot 179748 (previously held under H.S.(D) 3733); (b) PN 296887, Lot 179747 (previously held under H.S.(D) 3732); (c) PN 296890, Lot 179749 (previously held under H.S.(D) 3734); (d) PN 296891, Lot 179750 (previously held under H.S.(D) 3735); and (e) PN 296892, Lot 179751 (previously held under H.S.(D) 3736), all in the Mukim of Hulu Kinta, District of Kinta, State of Perak Darul Ridzuan.	Leasehold of 99 years, expiring on 27 April 2088.	Factory office / 19 years / 4 storeys	Industrial land / The land shall only be used for industrial purpose.	10,168.19 / 40,507.00	The land shall not be transferred or leased except with the approval from the Perak state director. Pursuant to S.135 of the National Land Code, the land shall not be sub-divided without the prior consent of the Perak state director. / First party legal charge to CIMB Bank Berhad.	1,279,732	The 4 storey factory and office is fully occupied.	14 February 1992
2.	No. 11, Perusahaan Industri Rapat 2, Kawasan Perindustrian Ringan Sri Rapat, 31350 Ipoh, Perak Darul Ridzuan. / The 1½ storey semi-detached factory and office is held under individual title H.S.(D) 41503, PT 132753 in the Mukim of Hulu Kinta, District of Kinta, State of Perak Darul Ridzuan.	Leasehold of 99 years, expiring on 4 July 2094.	Factory office / 14 years / 1½ storeys	Industrial land / The land shall only be used for industrial purpose.	10,491.00 / 9,770.00	The land shall not be transferred or leased except with written consent from the Perak state director. / First party second legal charge to CIMB Bank Berhad.	580,000	The 1½ storey factory and office is fully occupied.	26 September 1997

8. PROPERTY, PLANT AND EQUIPMENT

No.	Property Address / Title Identification	Tenure of Property	Description and Existing Use / Approximate Age of Building (years) / Number of storeys	Category of Land Use / Express Condition of Land Use	Land area / Built up Area(Sq feet)	Restriction / Interest / Major Encumbrances	Audited Net Book Value as at 31 December 2010 (RM)	Average Percentage of Occupancy as at LPD	Date of Certificate of Fitness for Occupation
3.	No. 13, Persiaran Industri Rapat 2, Kawasan Perindustrian Ringan Sri Rapat, 31350 Ipoh, Perak Darul Ridzuan. / The 1½ storey semi-detached factory and office is held under individual title H.S.(D) 41502, PT 132752 in the Mukim of Hulu Kinta, District of Kinta, State of Perak Darul Ridzuan.	Leasehold of 99 years, expiring on 4 July 2094.	Factory and office / 14 years / 1½ storeys	Industrial land / The land shall only be used for industrial purpose.	10,491.00 / 7,780.00	The land shall not be transferred or leased except with written consent from the Perak state director. / First party second legal charge to CIMB Bank Berhad.	560,000.00	The 1½ storey factory and office is fully occupied.	26 September 1997
4.	No. 59, Medan Tasek, Kawasan Perindustrian Tasek, 31400 Ipoh, Perak Darul Ridzuan. / The vacant land is held under individual title PN 2864, Lot 60178, in the Mukim and District of Kinta, State of Perak Darul Ridzuan.	Leasehold of 99 years, expiring on 1 July 2072.	The land is vacant. / There is no building erected on the land.	Industrial land / The land shall only be used for industrial purpose.	The land area is 391,923.00	The land shall not be transferred, charged or leased except with the approval from the Perak state director. / Pursuant to S.135 of the National Land Code, the land shall not be sub-divided without the prior consent of the Perak state director. / First party legal charge to HSBC Amanah Malaysia Berhad and HSBC Bank Malaysia Berhad.	5,328,469	The land is vacant.	Not applicable

Company No: 797771-M

8. PROPERTY, PLANT AND EQUIPMENT

No.	Property Address / Title Identification	Tenure of Property	Description and Existing Use / Approximate Age of Building (years) / Number of storeys	Category of Land Use / Express Condition of Land Use	Land area / Built Area (Sq feet)	Restriction / Interest / Major Encumbrances	Audited Net Book Value as at 31 December 2010 (RM)	Average Percentage (%) Occupancy as at LPD	Date of Certificate of Fitness for Occupation
	GONGGA FOOD								
5.	No. 21, Lebuh Bercham (S) 2/8, Kawāsan Perindustrian Bercham, 31400 Ipoh, Perak Darul Ridzuan. / The 1 storey factory and office is held under individual title PN 287301, Lot 195649 (previously held under H.S.(D) 70419) in the Mukim of Hulu Kinta, District of Kinta, State of Perak Darul Ridzuan.	Leasehold of 60 of years, expiring on 29 March 2052.	Factory office / 14 years / 1 storey	Industrial land / The land shall only be used for industrial purpose.	2,399.48 / 2,400.00	The land shall not be transferred or leased except with the approval from the Perak state director. / Pursuant to S.135 of the National Land Code, the land shall not be sub-divided without the prior consent of the Perak state director. / First party legal charge to Public Bank Berhad.	246,900	The 1 storey factory and office is fully occupied.	9 December 1997

8. PROPERTY, PLANT AND EQUIPMENT

No.	Property Address / Title Identification	Tenure of Property	Description and Existing Use / Approximate Age of Building (years)/ Number of storeys	Category of Land Use / Express Condition of Land Use	Land area / Built up Area (Sq. Feet)	Restriction in Interest / Major Encumbrances	Audited Net Book Value as at 31 December 2010 (RM)	Average Percentage (%) of Occupancy as at LPD	Date of Certificate of Fitness for Occupation
6.	No. 19, Lebuh Bercham (S) 2/B, Kawasan Perindustrian Bercham, 31400 Ipoh, Perak Darul Ridzuan. The 1 storey factory and office is held under individual title PN 287302, Lot 195650 (previously held under H.S.(D) 70420) in the Mukim of Hulu Kinta, District of Kinta, State of Perak Darul Ridzuan.	Leasehold of 60 of years, expiring on 29 March 2052.	Factory and office / 14 years / 1 storey	Industrial land / The land shall only be used for industrial purpose.	2,399.48/ 2,400.00	The land shall not be transferred except with the approval from the Perak state director. Pursuant to S.135 of the National Land Code, the land shall not be sub-divided without the prior consent of the Perak state director. / First party legal charge to Public Bank Berhad.	228,261	The 1 storey factory and office is fully occupied.	9 December 1997
7.	PT 126279, Persiaran Tasek Timur 7, Taman Medan Bercham, 31400 Ipoh, Perak Darul Ridzuan. The vacant land is held under individual title H.S.(D) 33231, PT 126279 in the Mukim of Hulu Kinta, District of Kinta, State of Perak Darul Ridzuan.	Leasehold of 99 years, expiring on 17 April 2093.	The land is vacant. / There is no building erected on this land.	Building / The land shall only be used for erection of sports complex or hall.	The land area is 21,480.00	The land shall not be transferred without the prior consent of the Perak state director. / Leased to Tenaga Nasional Berhad for a period of 30 years, expiring in 14 February 2026. First party legal charge to CIMB Bank Berhad.	382,464	The land is vacant.	Not applicable

8. PROPERTY, PLANT AND EQUIPMENT

No.	Property Address / Title Identification	Tenure of Property	Description and Approximate Age of Building (years)/ Number of storeys	Category of Land Use / Express Condition of Land Use	Land area / Built up Area (Sq Feet)	Restriction in Interest / Major Encumbrances	Audited Net Book Value as at 31 December 2010 (RM)	Average Percentage (%) of Occupancy as at LPD	Date of Certificate of Fitness for Occupation
8.	PT 77647, Kampung Batu 13½ Puchong, 47150 Puchong, Selangor Darul Ehsan / The vacant land is held under individual title H.S.(M) 30242 PT 77647, Kampung Batu 13 Puchong, in the Mukim and District of Petaling, State of Selangor Darul Ehsan.	Leasehold of 99 years, expiring on 9 December 2107.	The land is vacant. / There is no building erected on this land.	Building / This land shall only be used for erection of commercial building.	The land area is 59,677.29	The land shall not be transferred without the consent of the Selangor state authority. / First party legal charge to Public Bank Berhad.	6,276,743	The land is vacant.	Not applicable
OLD TOWN KOPITIAM									
9.	No. 72, Solok Pendamar Indah 1, Off Jalan Banting Pandamaran, Port Klang, Selangor Darul Ehsan. / The 3 storey shop office is held under individual title GRN 279149, Lot 123298 (previously held under H.S.(D) 113157, PT114925), in the Mukim of Klang, District of Klang, State of Selangor Darul Ehsan.	Freehold	The ground floor of the 3 storey shop office is used to operate an OLDTOWN WHITE COFFEE cafe outlet. The first and second floors of the 3 storey shop office are rented to a private entity. / Less than 3 years / 3 storeys	Building / The land shall only be used for erection of commercial building.	2,829.88 / 8,365.00	There is no restriction in interest. / First party legal charge to Public Bank Berhad.	1,365,286	The 3 storey shop office is fully occupied.	29 May 2009

8. PROPERTY, PLANT AND EQUIPMENT

No.	Property Address / Title Identification	Tenure of Property	Description and Existing Use / Approximate Age of Building (years)/ Number of storeys	Category of Land Use / Express Condition of Land Use	Land area / Built up Area (Sq Feet)	Restriction in Interest / Major Encumbrances	Audited Net Book Value as at 31 December 2010 (RM)	Average Percentage (%) of Occupancy as at LPD	Date of Certificate of Fitness for Occupation
10.	No. 70, Solok Pandamar Indah 1, Off Jalan Banling Pandamaran, Port Klang, Selangor Darul Ehsan. / The 3 storey shop office is held under individual title GRN 279150, Lot 123299 (previously held under H.S.(D) 113158, PT114926), in the Mukim of Klang, District of Klang, State of Selangor Darul Ehsan.	Freehold	The ground, first and second floors of the 3 storey shop office have been rented out by Old Town Kopitiam to private entities. / Less than 3 years / 3 storeys	Building / The land shall only be used for erection of commercial building.	1,398.80 / 4,168.00	There is no restriction interest. / First party legal charge to Public Bank Berhad.	665,513	The 3 storey shop office is fully occupied.	29 May 2009
11.	Unit No. G1, No. 55, 55-1 and 55-2, Jalan Rampai Niaga 5, Medan Niaga Rampai, 53300 Kuala Lumpur. / The 3 storey shop office, forms part of a business park which is situated under the individual titles PN 31623, Lot 26424 and PN 31624, Lot 26425 respectively, both in the Mukim of Setapak, District of Kuala Lumpur. The above mentioned individual titles are registered to Datuk Bandar Kuala Lumpur and the strata title has yet to be issued. Old Town Kopitiam acquired the 3 storey shop office from Pancaran Nilai (M) Sdn Bhd (vendor and developer), with the consent of Datuk Bandar Kuala Lumpur (registered proprietor) via the sale and purchase agreement dated 4 August 2008.	Leasehold for a period of 88 years, expiring on 28 March 2085.	The ground and first floor of the 3 storey shop office are used to operate an OLDTOWN WHITE COFFEE cafe outlet. The second floor is for general use and storage purposes in relation to the operation of the said cafe outlet. / 3 years / 3 storey	Building / The land shall only be used for purpose of erection residential building.	4,761.00 / 12,854.00	The land shall not be transferred, leased or charged without the prior consent of the Land Executive Committee of the Federal Territory of Kuala Lumpur. / Assigned to Public Bank Berhad.	3,276,472	The 3 storey shop office is fully occupied.	The temporary certificate of fitness for occupation is dated 1 March 2010.

8. PROPERTY, PLANT AND EQUIPMENT

No.	Property Address / Title Identification	Tenure of Property	Description and Approximate Age of Building (years)/ Number of storeys	Category of Land Use / Express Condition of Land Use	Land area / Built up Area (Sq Feet)	Restriction In Interest / Major Encumbrances	Audited Net Book Value as at 31 December 2010 (RM)	Average Percentage (%) of Occupancy as at LPD	Date of Certificate of Fitness for Occupation
12.	No. 1, Jalan USJ 10/1E, UEP Subang Jaya, 47620 Subang Jaya, Selangor Darul Ehsan. / The 3 storey shop office is held under individual title GRN 248714, Lot 37167 (previously held under H.S.(D) 52716) in the Town of Subang Jaya, District of Petaling, State of Selangor Darul Ehsan.	Freehold	The ground and first floor of the 3 storey shop office are used to operate an OLDTOWN WHITE COFFEE cafe outlet. The second floor is for general use and storage purposes in relation to the operation of the said cafe outlet. / 17 years / 3 storeys	Building / The land shall only be used for erection of commercial building.	3,497.00 / 7,076.00	There is no restriction interest. / First party legal charge to Public Bank Berhad.	4,294,144	The 3 storey shop office is fully occupied.	28 April 1994
WHITE CAFE MARKETING									
13.	Lot No. 3A-G-26, Kompleks Bukit Jambul, Jalan Rumbia, 11900 Bayan Lepas, Penang. / The 1 storey shop lot, forms part of a complex known as Kompleks Bukit Jambul, which is situated under the individual title GRN 61275, Lot 9954 in the Mukim 13, District of Timor Laut, State of Penang. The above mentioned individual title is registered to Pulau Kellisa Sdn Bhd (developer) and the strata title has yet to be issued. Lee Siew Heng and Lee Siew Ming acquired the 1 storey shop lot from Pulau Kellisa Sdn Bhd via the sale and purchase agreement dated 6 September 1995.	Freehold	The 1 storey shop lot is rented by White Cafe Marketing to a private entity. / 14 years / 1 storey	The express condition of the land is as follows: The land comprised in the title: a) Shall not be affected by any provision of the National Land Code limiting the compensation payable on the exercise by the Penang	The building area is 600.00.	There is no restriction interest. / Assigned to Public Bank Berhad.	660,000.00	The 1 storey shop lot is fully occupied.	24 April 1997

Company No: 797771-M

8. PROPERTY, PLANT AND EQUIPMENT

No.	Property Address / Title Identification	Tenure of Property	Description and Existing Use / Approximate Age of Building (years)/ Number of storeys	Category of Land Use / Express Condition of Land Use	Land area / Built up Area (Sq Feet)	Restriction in Interest / Major Encumbrances	Audited Net Book Value as at 31 December 2010 (RM)	Average Percentage (%) of Occupancy as at LPD	Date of Certificate of Fitness for Occupation
	White Cafe Marketing acquired the 1 storey shop lot from Lee Siew Heng and Lee Siew Ming via the sale and purchase agreement dated 22 May 2002.			<p>state authority of a right of access or use conferred by Chapter 3 of Part Three of the Code or on the creation of a Land Administrator's right of way; and</p> <p>b) Subject to the implied condition that land is liable to be re-entered if it is abandoned for more than three years shall revert to the Penang state only if the proprietor for the time being dies without heirs;</p> <p>and the title shall confer the absolute right to all forest produce and to all oil, mineral and other natural deposits on or below the surface of the land (including the right to work or extract any</p>					

Company No: 797771-M

8. PROPERTY, PLANT AND EQUIPMENT

No.	Property Address / Title Identification	Tenure of Property	Description and Approximate Age of Building (years)/ Number of storeys	Category of Land Use / Express Condition of Land Use	Land area / Built up Area (Sq Feet)	Restriction In Interest / Major Encumbrances	Audited Net Book Value as at 31 December 2010 (RM)	Average Percentage (%) of Occupancy as at LPD	Date of Certificate of Fitness for Occupation
				such produce or deposit and remove it beyond the boundaries of the land).					

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8. PROPERTY, PLANT AND EQUIPMENT

No.	Property Address / Title Identification	Tenure of Property	Description and Existing Use/ Approximate Age of Building (years)/ Number of storeys	Category of Land Use / Express Condition of Land Use	Land area / Built up Area (Sq feet)	Restriction in Interest / Major Encumbrances	Audited Net Book Value as at 31 December 2010 (RM)	Average Percentage (%) of Occupancy as at LPD	Date of Certificate of Fitness for Occupation
	OLD TOWN KOPITIAM BUTTERWORTH								
14.	<p>Unit No. S07, Maju Ulama Business Centre, No. 1, Lorong Maju Ulama 2, Pusat Perniagaan Maju Ulama, 14000 Bukit Mertajam Seberang Prai Tengah, Pulau Pinang. /</p> <p>The shop lot, forms part of the Maju Ulama Business Centre, under the following pieces of land:</p> <p>(a) Lot 21053 and 21054, both in Mukim 15, District of Seberang Perai Tengah, State of Penang held under H.S.(D) 56856 and H.S.(D) 56857 respectively (previously known as Lot No. 2094 and 73, both in Seksyen 6, Bandar Bukit Mertajam, District of Seberang Perai Tengah Penang, State of Penang held under H.S.(D) 55049 and H.S.(D) 55027 respectively); and</p> <p>(b) Lot No. 20399 and 20400, both in Mukim 15, District of Seberang Perai Tengah Penang, held under H.S.(M) 5301 and 5302 respectively.</p> <p>The above mentioned individual titles are registered to United Fortune Development Sdn Bhd (developer) and the strata title has yet to be issued.</p> <p>Old Town Kopitiam Butterworth acquired the property from United Fortune Development Sdn Bhd via the sale and purchase agreement dated 9 May 2007.</p>	Freehold	<p>The shop lot is used to operate an OLDTOWN WHITE COFFEE cafe outlet /</p> <p>4 years /</p> <p>1 storey</p>	<p>Building / (H.S.(D) 56856) The land shall only be used for commercial purpose.</p> <p>(H.S.(D) 56857) The land shall only be used for erection of shop lots or offices.</p> <p>(H.S.(M) 5301) The land shall only be used for commercial purpose.</p> <p>(H.S.(M) 5302) The land shall only be used for commercial purpose.</p>	<p>The built up area is 1,657.00.</p>	<p>There is no restriction in interest. /</p> <p>Assigned to Public Bank Berhad.</p>	419,746	The shop lot is fully occupied.	16 February 2007

8. PROPERTY, PLANT AND EQUIPMENT

No.	Property Address / Title Identification	Tenure of Property	Description and Existing Use/ Approximate Age of Building (years)/ Number of storeys	Category of Land Use / Express Condition of Land Use	Land area / Built up Area (Sq feet)	Restriction In Interest / Major Encumbrances	Audited Net Book Value as at 31 December 2010 (RM)	Average Percentage (%) of Occupancy as at LPD	Date of Certificate of Fitness for Occupation
15.	<p>Unit No. S08, Maju Utama Business Centre, No.3, Lorong Maju Utama 2, Pusat Perniagaan Maju Utama, 14000 Bukit Mertajam, Seberang Prai Tengah, Pulau Pinang. /</p> <p>The shop lot, forms part of the Maju Utama Business Centre, under the following pieces of land:</p> <p>(a) Lot 21053 and 21054, both in Mukim 15, District of Seberang Perai Tengah, State of Penang held under H.S.(D) 56856 and H.S.(D) 56857 respectively (previously known as Lot No. 2094 and 73, both in Seksyen 6, Bandar Bukit Mertajam, District of Seberang Perai Tengah Penang, State of Penang held under H.S.(D) 55049 and H.S.(D) 55027 respectively); and</p> <p>(b) Lot No. 20399 and 20400, both in Mukim 15, District of Seberang Perai Tengah Penang, held under H.S.(M) 5301 and 5302 respectively.</p> <p>The above mentioned individual titles are registered to United Fortuna Development Sdn Bhd (developer) and the strata title has yet to be issued.</p> <p>Old Town Kopitiam Butterworth acquired the property from United Fortune Development Sdn Bhd via the sale and purchase agreement dated 28 October 2007.</p>	Freehold	<p>The shop lot is used to operate OLDTOWN WHITE COFFEE cafe outlet /</p> <p>4 years /</p> <p>1 storey</p>	<p>Building / (H.S.(D) 56856) The land shall only be used for commercial purpose.</p> <p>(H.S.(D) 56857) The land shall only be used for erection of shop lots or offices.</p> <p>(H.S.(M) 5301) The land shall only be used for commercial purpose.</p> <p>(H.S.(M) 5302) The land shall only be used for commercial purpose.</p>	<p>The built up area is 1,431.00.</p>	<p>There is no restriction in interests. /</p> <p>Assigned to Public Bank Berhad.</p>	343,513	The shop lot is fully occupied.	16 February 2007

8. PROPERTY, PLANT AND EQUIPMENT

No.	Property Address / Title Identification	Tenure of Property	Description and Existing Use/ Approximate Age of Building (years)/ Number of storeys	Category of Land Use / Express Condition of Land Use	Land area / Built up Area (Sq feet)	Restriction in Interest / Major Encumbrances	Audited Net Book Value as at 31 December 2010 (RM)	Average Percentage (%) of Occupancy as at LPD	Date of Certificate of Fitness for Occupation
16	C-3-7, Fairville Apartment, Jalan USJ 22/1, 47630 UEP Subang Jaya, Selangor Darul Ehsan. / The apartment is held under strata title Geran 52283/M1/3/108, Lot No. 49175, District of Petaling, Town of Subang Jaya, State of Selangor. The above mentioned strata title is registered to Sime UEP Properties Berhad and the transfer of title from Sime UEP Properties Berhad to Emperor's Kitchen has yet to be registered by the land office. Leong Lai Choo acquired the property from Sime UEP Homes Sdn Bhd via a sale and purchase agreement dated 12 August 1999. Emperor's Kitchen acquired the property from Leong Lai Choo via a sale and purchase agreement dated 25 January 2011.	Freehold	An apartment which is vacant. / 10 years	Building / This land shall only be used for erection of flats for purposes of commercial and dwelling.	The built up area is approximately 840.	There is no restriction in interest or major encumbrances.	Not applicable	The apartment is vacant.	17 October 2001
17	A-5-4, Fairville Apartment, Jalan USJ 22/1, 47630 UEP Subang Jaya, Selangor Darul Ehsan. / The apartment is held under strata title Geran 52283/M1/5/154, Lot No. 49175, District of Petaling, Town of Subang Jaya, State of Selangor. The above mentioned strata title is registered to Sime UEP Properties Berhad and the transfer of title by Sime UEP Properties Berhad to Emperor's Kitchen has yet to be registered by the land office. Waly Noor Lily Binti Mohd Noor acquired the property from Sime UEP Homes Sdn Bhd via a sale and purchase agreement dated 7 January 2001. Emperor's Kitchen acquired the property from Waly Noor Lily Binti Mohd Noor via a sale and purchase agreement dated 7 January 2011.	Freehold	An apartment which is vacant. / 10 years	Building / This land shall only be used for erection of flats for purposes of commercial and dwelling.	The built up area is approximately 850.	There is no restriction in interest or major encumbrances.	Not applicable	The apartment is vacant.	17 October 2001

8. PROPERTY, PLANT AND EQUIPMENT

No.	Property Address / Title Identification	Tenure of Property	Description and Existing Use/ Approximate Age of Building (years)/ Number of storeys	Category of Land Use / Express Condition of Land Use	Land area / Built up Area (Sq feet)	Restriction in Interest / Major Encumbrances	Audited Net Book Value as at 31 December 2010 (RM)	Average Percentage (%) of Occupancy as at LPD	Date of Certificate of Fitness for Occupation
18	C-8-10, Fairville Apartment, Jalan USJ 22/1, 47630 UEP Subang Jaya, Selangor Darul Ehsan. / The apartment is held under strata title Garen 52283/M1-B/8/231, Lot No. 49175, District of Palating, Town of Subang Jaya, State of Selangor. The above mentioned strata title is registered to Raihanah Binli Mohd Razali and the transfer of title from Raihanah Binli Mohd Razali to Emperor's Kitchen has yet to be registered by the land office. Emperor's Kitchen acquired the property from Raihanah Binli Mohd Razali via a sale and purchase agreement dated 4 January 2011.	Freehold	An apartment which is vacant. / 10 years	Building / This land shall only be used for erection of flats for purposes of commercial and dwelling.	The built up area is approximately 850	There is no restriction in interest or major encumbrances.	Not applicable	The apartment is vacant.	17 October 2001
19	C-8-8, Fairville Apartment, Jalan USJ 22/1, 47630 UEP Subang Jaya, Selangor Darul Ehsan. / The apartment is held under strata title Garen 52283/M1-B/8/229, Lot No. 49175, District of Palating, Town of Subang Jaya, State of Selangor. The above mentioned strata title is registered to Ruzlan Binli Mohd Razali and the transfer of title from Ruzlan Binli Mohd Razali to Emperor's Kitchen has yet to be registered by the land office. Emperor's Kitchen acquired the property from Ruzlan Binli Mohd Razali via a sale and purchase agreement dated 4 January 2011.	Freehold	An apartment which is vacant. / 10 years	Building / This land shall only be used for erection of flats for purposes of commercial and dwelling.	The built up area is approximately 850.	There is no restriction in interest or major encumbrances.	Not applicable	The apartment is vacant.	17 October 2001

8. PROPERTY, PLANT AND EQUIPMENT

Notes:-

(1) *The Directors of our Company have confirmed in respect of the lands and buildings owned by our Group that:-*

- (i) *there are no other restrictions in interest or encumbrances other than those disclosed above;*
 (ii) *all building regulations have been complied with;*
 (iii) *save and except for the building under item 11 above, all the buildings above have been issued with a certificate of fitness for occupation. In regards to item 11, the temporary certificate of fitness has expired on 20 August 2010. Based on the sale and purchase agreement dated 4 August 2008, it was agreed between Old Town Kopiliam and Pancaran Nilai (M) Sdn Bhd (vendor and developer) that the application for certificate of fitness shall be made by Pancaran Nilai (M) Sdn Bhd. In this regard, Pancaran Nilai (M) Sdn Bhd had, vide letter, on 19 August 2010 made an application to the Kuala Lumpur Department of Urban Design & Building ("KLDUDB") to extend the validity period of the temporary certificate of fitness for occupation for a period of six (6) months from 20 August 2010 to 19 February 2011. Currently, Pancaran Nilai (M) Sdn Bhd has yet to receive any reply from the KLDUDB with regards the said application; and*
 (iv) *The category and express condition(s) of land use attached to the individual document of title have been complied with. The Federal Territories Lands And Mines Office had revised the express condition of land use for the land under item 11 above, from erection of residential building to erection of commercial building and the same has yet to be reflected in the new individual documents of titles to be issued to the Dewan Bandaraya Kuala Lumpur.*

(2) *There is no land and building leased by our Group from other third parties.*

Please refer to Section 4.7.1 of this Prospectus for further information on the land and buildings which are rented by our Group.

8.2 MATERIAL PLANT AND EQUIPMENT

As at FYE 2010, aside from the land and buildings as disclosed in Section 8.1 above, the material plant and equipment used and owned by our Group are as follows:-

Major Machinery and Equipment	Quantity (units/set)	Production Capacity (Kgs/year)	Utilisation (%) ⁽¹⁾	NBV as at FYE 2010 RM'000
Mixers	19	14,298,280	50% - 68% ⁽¹⁾	929
Roaster	3	781,000	47%	561
Vertical Form Fill Seal Packaging Machines	34	11,124,000	53% - 58% ⁽¹⁾	1,722

Note:-

(1) *The utilisation rates for these assets are in a range as some assets operate lesser hours.*

There is no valuation undertaken on Oldtown Group's plant and equipment in respect of the listing exercise.

8. PROPERTY, PLANT AND EQUIPMENT**8.3 REGULATORY REQUIREMENT AND ENVIRONMENTAL ISSUE**

As our Group is involved in the food and beverages industry, our manufacturing processes and practice are therefore subject to and governed by the Malaysian Food Act 1983. Further, business premise licenses issued by the local authorities for our café outlets also contain conditions which are environmentally related, as follows:

- (a) The company shall take the necessary steps to monitor and control the operation of business to prevent any environmental pollution, disturbance, unpleasant smell and blockages;
- (b) All types of rubbish, impure oil "effluent" or other disposables shall not be moved, thrown, poured into, or left at public places or drains;
- (c) The premises shall be equipped with sanitary facilities, which are sufficient and complete such as wash rooms, urinals and basins for usage of workers and customers;
- (d) Operators of the cafe outlets shall not be allowed to burn any rubbish; and
- (e) Operators of the cafe outlets shall not allow any animals or insects to enter into or remain in the premise.

Our Group believes that it is 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 it is or might become a party to.

8.4 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:-

Description	Estimate Amount (RM)	Amount already paid as at LPD (RM)	Method of financing	Commencement / completion date
Construction of a new factory on a piece of vacant industry land located at :- Pajakan Negeri 2864 Lot 60178 Mukim Utu Kinta, Daerah Kinta, Negeri Perak	40,000,000	387,048	Utilisation of IPO proceeds, internally generated funds and/or bank borrowings, if necessary	2011 / 2013
New machineries and equipment such as boiler, generator set and waste disposal system	12,000,000	1,144,024	Utilisation of IPO proceeds, internally generated funds and/or bank borrowings, if necessary	2011 / 2013

Upon completion of the new factory, it is expected that our Group would be able to increase approximately 500% of our current production capacity. Please refer to Section 4.13 of this Prospectus on the utilisation rate of our Group's production / operating capabilities and output.

All other construction, expansion or improvement works carried out by our Group are in the ordinary course of our Group's business.

9. FINANCIAL INFORMATION

9.1 REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION

(Prepared for inclusion in the Prospectus)

Deloitte.

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June 8, 2011

The Board of Directors
Oldtown Berhad
47A, Jalan Chung Ah Ming,
Pasir Puteh,
31650 Ipoh,
Perak Darul Ridzuan

Dear Sirs

**OLDTOWN BERHAD
PROFORMA CONSOLIDATED FINANCIAL INFORMATION**

We have reviewed the Proforma Consolidated Financial Information of Oldtown Berhad ("Oldtown") and its subsidiary companies ("Oldtown Group"), attached to this letter as Appendix I, which we have stamped for the purpose of identification. The Proforma Consolidated Financial Information consists of the following:

- (i) Proforma Consolidated Statements of Comprehensive Income for the financial years ended December 31, 2007, 2008, 2009 and 2010;
- (ii) Proforma Consolidated Statements of Financial Position as of December 31, 2010; and
- (iii) Proforma Consolidated Statement of Cash Flows for the financial year ended December 31, 2010.

The above Proforma Consolidated Financial Information, together with the notes and assumptions thereto, for which the Board of Directors of Oldtown are solely responsible, are prepared for illustrative purposes to be included in the Prospectus in connection with the listing of and quotation for the entire enlarged issued and paid-up share capital of Oldtown comprising 330,000,000 ordinary shares of RM1.00 each on the Main Market of Bursa Malaysia Securities Berhad ("IPO exercise") to demonstrate what:

- (i) the financial results of Oldtown Group for the financial years ended December 31, 2007, 2008, 2009 and 2010 would have been, if the group structure as of the date of the Prospectus had been in place throughout the financial years being reported thereon;
- (ii) the financial position of Oldtown Group as of December 31, 2010 would have been, if the group structure as of the date of the Prospectus had been in place and the IPO exercise had been completed on that date; and
- (iii) the cash flows of Oldtown Group for the financial year ended December 31, 2010 would have been, if the group structure as of the date of the Prospectus had been in place since the beginning of the financial period and the IPO exercise had been completed by December 31, 2010.

9. FINANCIAL INFORMATION

Responsibility

It is solely the responsibility of the Board of Directors of Oldtown to prepare the Proforma Consolidated Financial Information in accordance with the requirements of the *Prospectus Guidelines - Equity and Debt* ("Prospectus Guidelines") issued by the Securities Commission.

Our responsibility is to form an opinion on the Proforma Consolidated Financial Information as required by the Prospectus Guidelines and to report our opinion to you based on our work.

Basis of Opinion

We conducted our work in accordance with Malaysian Approved Standards on Quality Control, Auditing, Review, Other Assurance and Related Services, ISAE 3000 (Revised) – *Assurance Engagements Other Than Audits or Reviews of Historical Information*. Our works, which involve no independent examination of any of the underlying financial information, consist primarily of comparing the Proforma Consolidated Financial Information to the respective audited financial statements of Oldtown and its subsidiary and associated companies, considering the evidence supporting the adjustments, and discussing the Proforma Consolidated Financial Information with the Board of Directors of Oldtown.

Summary of the audited financial statements of the Oldtown and its subsidiary and associated companies for the respective financial years/ periods is as follows:

Companies	Financial year ended/ Financial period ended
• Oldtown Berhad	November 30, 2007 (date of incorporation) to December 31, 2008 January 1, 2009 to December 31, 2009 January 1, 2010 to December 31, 2010
Subsidiary companies	
• White Cafe Sdn. Bhd.	January 1, 2007 to December 31, 2007 January 1, 2008 to December 31, 2008 January 1, 2009 to December 31, 2009 January 1, 2010 to December 31, 2010
• White Cafe Marketing Sdn. Bhd.	January 1, 2007 to December 31, 2007 January 1, 2008 to December 31, 2008 January 1, 2009 to December 31, 2009 January 1, 2010 to December 31, 2010
• Gongga Food Sdn. Bhd.	January 1, 2007 to December 31, 2007 January 1, 2008 to December 31, 2008 January 1, 2009 to December 31, 2009 January 1, 2010 to December 31, 2010
• Kopitiam Asia Pacific Sdn. Bhd.	January 1, 2007 to December 31, 2007 January 1, 2008 to December 31, 2008 January 1, 2009 to December 31, 2009 January 1, 2010 to December 31, 2010
• Old Town Kopitiam Sdn. Bhd.	January 1, 2007 to December 31, 2007 January 1, 2008 to December 31, 2008 January 1, 2009 to December 31, 2009 January 1, 2010 to December 31, 2010

(Forward)

9. FINANCIAL INFORMATION

Companies	Financial year ended/ Financial period ended
Subsidiary companies (continued)	
• Old Town Kopitiam Cheras Sdn. Bhd.	October 3, 2006 (date of incorporation) to December 31, 2007 January 1, 2008 to December 31, 2008 January 1, 2009 to December 31, 2009 January 1, 2010 to December 31, 2010
• Old Town Kopitiam Kuala Lumpur Sdn. Bhd.	January 1, 2007 to December 31, 2007 January 1, 2008 to December 31, 2008 January 1, 2009 to December 31, 2009 January 1, 2010 to December 31, 2010
• Old Town Kopitiam Butterworth Sdn. Bhd.	January 1, 2007 to December 31, 2007 January 1, 2008 to December 31, 2008 January 1, 2009 to December 31, 2009 January 1, 2010 to December 31, 2010
• Dynasty Kitchen Sdn. Bhd.	December 21, 2006 (date of incorporation) to December 31, 2007 January 1, 2008 to December 31, 2008 January 1, 2009 to December 31, 2009 January 1, 2010 to December 31, 2010
• Dynasty Confectionery Sdn. Bhd.	July 4, 2007 (date of incorporation) to December 31, 2007 January 1, 2008 to December 31, 2008 January 1, 2009 to December 31, 2009 January 1, 2010 to December 31, 2010
• Emperor's Kitchen Sdn. Bhd.	January 1, 2007 to December 31, 2007 January 1, 2008 to December 31, 2008 January 1, 2009 to December 31, 2009 January 1, 2010 to December 31, 2010
• Esquire Chef Sdn. Bhd.	December 5, 2006 (date of incorporation) to December 31, 2007 January 1, 2008 to December 31, 2008 January 1, 2009 to December 31, 2009 January 1, 2010 to December 31, 2010
• Connecczone Sdn. Bhd.	January 1, 2007 to December 31, 2007 January 1, 2008 to December 31, 2008 January 1, 2009 to December 31, 2009 January 1, 2010 to December 31, 2010
• Oldtown Singapore Pte. Ltd.	June 29, 2007 (date of incorporation) to December 31, 2007 January 1, 2008 to December 31, 2008 January 1, 2009 to December 31, 2009 January 1, 2010 to December 31, 2010
• Oldtown Logistics Sdn. Bhd.	March 4, 2010 (date of incorporation) to December 31, 2010
• Old Town (M) Sdn. Bhd.	August 8, 2007 (date of incorporation) to December 31, 2008 January 1, 2009 to December 31, 2009 January 1, 2010 to December 31, 2010

(Forward)

9. FINANCIAL INFORMATION

Companies	Financial year ended/ Financial period ended
Associated companies	
• OTK Eatery Sdn. Bhd.	August 20, 2007 (date of incorporation) to June 30, 2008 July 1, 2008 to December 31, 2009 January 1, 2010 to December 31, 2010
• OTK Singapore Pte. Ltd.	October 19, 2007 (date of incorporation) to December 31, 2007 January 1, 2008 to December 31, 2008 January 1, 2009 to December 31, 2009 January 1, 2010 to December 31, 2010
• PT Oldtown Indonesia	August 13, 2010 (date of incorporation) to December 31, 2010

The Proforma Consolidated Financial Information is prepared for illustrative purposes only. Such information, because of its nature, may not give a true picture of actual financial results, financial position and cash flows of Oldtown Group.

Opinion

With the foregoing explanations, in our opinion:

- (a) The Proforma Consolidated Financial Information has been properly prepared:
- (i) on the basis and assumptions of preparation as stated in Appendix I and such basis is consistent with the accounting policies to be adopted by, and including those disclosed in the audited financial statements of Oldtown and its subsidiary and associated companies for the financial year ended December 31, 2010; and
 - (ii) based on the respective audited financial statements of Oldtown and its subsidiary and associated companies, such financial statements have been prepared in accordance with Financial Reporting Standards in Malaysia, except for audited financial statements of the companies as follows:

Companies	Reporting Standards	Financial year ended/ Financial period ended
• Oldtown Singapore Pte. Ltd.	Singapore Financial Reporting Standards	June 29, 2007 (date of incorporation) to December 31, 2007 January 1, 2008 to December 31, 2008 January 1, 2009 to December 31, 2009 January 1, 2010 to December 31, 2010
• OTK Singapore Pte. Ltd.	Singapore Financial Reporting Standards	October 19, 2007 (date of incorporation) to December 31, 2007 January 1, 2008 to December 31, 2008 January 1, 2009 to December 31, 2009 January 1, 2010 to December 31, 2010
• Old Town (M) Sdn. Bhd.	Private Entity Reporting Standards in Malaysia	August 8, 2007 (date of incorporation) to December 31, 2008 January 1, 2009 to December 31, 2009
• PT Oldtown Indonesia	Pernyataan Standar Akuntansi Keuangan	August 13, 2010 (date of incorporation) to December 31, 2010

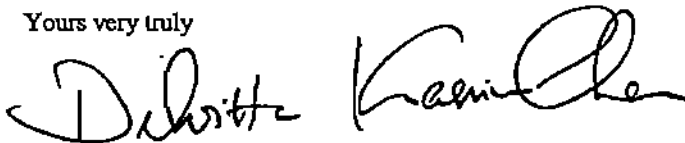
- (b) Each material adjustment made to the information used in the preparation of the Proforma Consolidated Financial Information is appropriate for the purpose of preparing the Proforma Consolidated Financial Information.

9. FINANCIAL INFORMATION

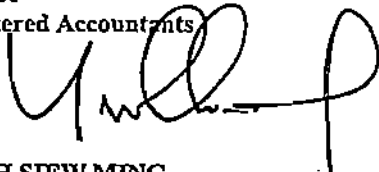
Without qualifying our opinion, we draw attention to Section 4.0(b-1)(5) of the Notes to The Proforma Consolidated Statements of Financial Position of Oldtown Group. The Purchase Price Allocation has not been carried out in the preparation of the above Proforma Consolidated Statements of Financial Position as of December 31, 2010. The effect of the Purchase Price Allocation is not presently determinable and, accordingly, the impact, if any, has not been recognised in the Proforma Consolidated Financial Information. The Purchase Price Allocation will be carried out upon listing of the Company on the Main Market of Bursa Malaysia Securities Berhad.

We understand that this report will be used solely for inclusion in the Prospectus to be issued in connection with IPO exercisc. As such, this report should not be used or referred to, in whole or in part, for any other purposes without our prior written consent.

Yours very truly



DELOITTE KASSIMCHAN
AF0080
Chartered Accountants



YEOH SIEW MING
Partner – 2421/05/13 (J/PH)
Chartered Accountant

9. FINANCIAL INFORMATION



APPENDIX I

**OLDTOWN BERHAD ("Oldtown")
AND ITS SUBSIDIARY COMPANIES ("Oldtown Group")**
**NOTES AND ASSUMPTIONS TO THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION FOR THE
FINANCIAL YEARS ENDED DECEMBER 31, 2007, 2008, 2009 AND 2010**

The Proforma Consolidated Financial Information, which consists of the following:

- (i) Proforma Consolidated Statements of Comprehensive Income for the financial years ended December 31, 2007, 2008, 2009 and 2010;
 - (ii) Proforma Consolidated Statements of Financial Position as of December 31, 2010; and
 - (iii) Proforma Consolidated Statement of Cash Flows for the financial year ended December 31, 2010
- has been prepared on the following bases and assumptions:

1.0 ABBREVIATIONS AND FORMULAS

Unless the context otherwise requires, the following words, abbreviations and formulas shall apply throughout this report:

Abbreviations

Old Town International	Old Town International Sdn. Bhd.
Oldtown	Oldtown Berhad
White Cafe	White Cafe Sdn. Bhd.
White Cafe Marketing	White Cafe Marketing Sdn. Bhd.
Gongga Food	Gongga Food Sdn. Bhd.
Kopitiam Asia Pacific	Kopitiam Asia Pacific Sdn. Bhd.
Old Town Kopitiam	Old Town Kopitiam Sdn. Bhd.
Old Town Kopitiam Cheras	Old Town Kopitiam Cheras Sdn. Bhd.
Old Town Kopitiam Kuala Lumpur	Old Town Kopitiam Kuala Lumpur Sdn. Bhd.
Old Town Kopitiam Butterworth	Old Town Kopitiam Butterworth Sdn. Bhd.
Dynasty Kitchen	Dynasty Kitchen Sdn. Bhd.
Dynasty Confectionery	Dynasty Confectionery Sdn. Bhd.
Emperor's Kitchen	Emperor's Kitchen Sdn. Bhd.
Esquire Chef	Esquire Chef Sdn. Bhd.
Conneczone	Conneczone Sdn. Bhd.
Oldtown Singapore	Oldtown Singapore Pte. Ltd.
Oldtown Logistics	Oldtown Logistics Sdn. Bhd.
Old Town (M)	Old Town (M) Sdn. Bhd.
OTK Eatery	OTK Eatery Sdn. Bhd.
OTK Singapore	OTK Singapore Pte. Ltd.
PT Oldtown Indonesia	PT Oldtown Indonesia
MASB	Malaysian Accounting Standards Board
FRS	Financial Reporting Standards in Malaysia
FPE	Financial period ended
FYE	Financial year ended
IPO	Initial Public Offering
Shares	Oldtown's ordinary shares of RM1.00 each
Bursa Securities	Bursa Malaysia Securities Berhad
RM	Ringgit Malaysia
SGD	Singapore Dollar
Rp	Indonesian Rupiah

Formulas

Gross profit/ profit before tax/ profit after tax and non-controlling interests margin	= gross profit/ profit before tax/ profit after tax and non-controlling interests divided by revenue
Basic earnings per share	= profit after tax and non-controlling interests divided by the enlarged number of ordinary shares of RM1.00 each in issue upon flotation
Net tangible assets/(liabilities) per share	= Net tangible assets/(liabilities) as of the date of the financial position divided by the enlarged number of ordinary shares of RM1.00 each in issue as of the date of the financial position
Debt-equity ratio	= total borrowings and hire-purchase payables divided by shareholders' equity

9. FINANCIAL INFORMATION



APPENDIX I

2.0 BASIS OF PREPARATION OF PROFORMA CONSOLIDATED FINANCIAL INFORMATION

2.1 The Proforma Consolidated Financial Information has been prepared for illustrative purposes only to reflect what:

- (i) the financial results of Oldtown Group for the financial years ended December 31, 2007, 2008, 2009 and 2010 would have been, if the group structure as of the date of the Prospectus had been in place throughout the financial years being reported thereon;
- (ii) the financial position of Oldtown Group as of December 31, 2010 would have been, if the group structure as of the date of the Prospectus had been in place and the IPO exercise had been completed on that date; and
- (iii) the cash flows of Oldtown Group for the financial year ended December 31, 2010 would have been, if the group structure as of the date of the Prospectus had been in place since the beginning of the financial period and the IPO exercise had been completed by December 31, 2010.

2.2 The Proforma Consolidated Financial Information have been prepared based on the audited financial statements of the respective companies as follows:

Companies	Financial years ended/ Financial period ended
• Oldtown	November 30, 2007 (date of incorporation) to December 31, 2008 January 1, 2009 to December 31, 2009 January 1, 2010 to December 31, 2010
Subsidiary companies	
• White Cafe	January 1, 2007 to December 31, 2007 January 1, 2008 to December 31, 2008 January 1, 2009 to December 31, 2009 January 1, 2010 to December 31, 2010
• White Cafe Marketing	January 1, 2007 to December 31, 2007 January 1, 2008 to December 31, 2008 January 1, 2009 to December 31, 2009 January 1, 2010 to December 31, 2010
• Gongga Food	January 1, 2007 to December 31, 2007 January 1, 2008 to December 31, 2008 January 1, 2009 to December 31, 2009 January 1, 2010 to December 31, 2010
• Kopitiam Asia Pacific	January 1, 2007 to December 31, 2007 January 1, 2008 to December 31, 2008 January 1, 2009 to December 31, 2009 January 1, 2010 to December 31, 2010
• Old Town Kopitiam	January 1, 2007 to December 31, 2007 January 1, 2008 to December 31, 2008 January 1, 2009 to December 31, 2009 January 1, 2010 to December 31, 2010
• Old Town Kopitiam Cheras	October 3, 2006 (date of incorporation) to December 31, 2007 January 1, 2008 to December 31, 2008 January 1, 2009 to December 31, 2009 January 1, 2010 to December 31, 2010
• Old Town Kopitiam Kuala Lumpur	January 1, 2007 to December 31, 2007 January 1, 2008 to December 31, 2008 January 1, 2009 to December 31, 2009 January 1, 2010 to December 31, 2010
(Forward)	

9. FINANCIAL INFORMATION



APPENDIX I

Companies	Financial years ended/ Financial period ended
Subsidiary companies (continued)	
• Old Town Kopitiam Butterworth	January 1, 2007 to December 31, 2007 January 1, 2008 to December 31, 2008 January 1, 2009 to December 31, 2009 January 1, 2010 to December 31, 2010
• Dynasty Kitchen	December 21, 2006 (date of incorporation) to December 31, 2007 January 1, 2008 to December 31, 2008 January 1, 2009 to December 31, 2009 January 1, 2010 to December 31, 2010
• Dynasty Confectionery	July 4, 2007 (date of incorporation) to December 31, 2007 January 1, 2008 to December 31, 2008 January 1, 2009 to December 31, 2009 January 1, 2010 to December 31, 2010
• Emperor's Kitchen	January 1, 2007 to December 31, 2007 January 1, 2008 to December 31, 2008 January 1, 2009 to December 31, 2009 January 1, 2010 to December 31, 2010
• Esquire Chef	December 5, 2006 (date of incorporation) to December 31, 2007 January 1, 2008 to December 31, 2008 January 1, 2009 to December 31, 2009 January 1, 2010 to December 31, 2010
• Connezone	January 1, 2007 to December 31, 2007 January 1, 2008 to December 31, 2008 January 1, 2009 to December 31, 2009 January 1, 2010 to December 31, 2010
• Oldtown Singapore	June 29, 2007 (date of incorporation) to December 31, 2007 January 1, 2008 to December 31, 2008 January 1, 2009 to December 31, 2009 January 1, 2010 to December 31, 2010
• Oldtown Logistics	March 4, 2010 (date of incorporation) to December 31, 2010
• Old Town (M)	August 8, 2007 (date of incorporation) to December 31, 2008 January 1, 2009 to December 31, 2009 January 1, 2010 to December 31, 2010
Associated companies	
• OTK Eatery	August 20, 2007 (date of incorporation) to June 30, 2008 July 1, 2008 to December 31, 2009 January 1, 2010 to December 31, 2010
• OTK Singapore	October 19, 2007 (date of incorporation) to December 31, 2007 January 1, 2008 to December 31, 2008 January 1, 2009 to December 31, 2009 January 1, 2010 to December 31, 2010
• PT Oldtown Indonesia	August 13, 2010 (date of incorporation) to December 31, 2010

The Proforma Consolidated Financial Information is prepared using the bases and accounting principles consistent with those adopted in the preparation of the statutory financial statements of the respective financial years/periods ended above.

9. FINANCIAL INFORMATION



APPENDIX I

- 2.3 The abovementioned audited financial statements have been prepared in accordance with FRS, except for the audited financial statements as follows:

Companies	Reporting Standard	Financial year ended/ Financial period ended
• Oldtown Singapore	Singapore Financial Reporting Standards	June 29, 2007 (date of incorporation) to December 31, 2007 January 1, 2008 to December 31, 2008 January 1, 2009 to December 31, 2009 January 1, 2010 to December 31, 2010
• OTK Singapore	Singapore Financial Reporting Standards	October 19, 2007 (date of incorporation) to December 31, 2007 January 1, 2008 to December 31, 2008 January 1, 2009 to December 31, 2009 January 1, 2010 to December 31, 2010
• Old Town (M)	Private Entity Reporting Standards in Malaysia	August 8, 2007 (date of incorporation) to December 31, 2008 January 1, 2009 to December 31, 2009
• PT Oldtown Indonesia	Pernyataan Standar Akuntansi Keuangan	August 13, 2010 (date of incorporation) to December 31, 2010

There is currently no material difference between the Singapore Financial Reporting Standards that are relevant and adopted by Oldtown Singapore and OTK Singapore as compared to FRS which require adjustments to the Proforma Consolidated Financial Information.

There is no material difference between the Private Entity Reporting Standards in Malaysia that are relevant and adopted by Old Town (M) as compared to FRS which require adjustments to the Proforma Consolidated Financial Information as Old Town (M) remains dormant throughout the abovementioned reporting period.

There is no material difference between the Pernyataan Standar Akuntansi Keuangan in Indonesia that are relevant and adopted by PT Oldtown Indonesia as compared to FRS which require adjustments to the Proforma Consolidated Financial Information as PT Oldtown Indonesia remains dormant throughout the abovementioned reporting period.

- 2.4 For illustrative purposes, in arriving at the Proforma Consolidated Statements of Comprehensive Income for the financial years ended December 31, 2007, 2008, 2009 and 2010, it is assumed that the acquisitions of subsidiary and associated companies were effected on January 1, 2006 or on their respective date of incorporation, whichever earlier.
- 2.5 For illustrative purposes, in arriving at the Proforma Consolidated Statements of Financial Position as of December 31, 2010, it is assumed that all acquisitions and IPO, as mentioned in Section 3.0 below, are completed on December 31, 2010. Funds arising from the public issue and consideration for the acquisition of subsidiary and associated companies are received/paid on December 31, 2010.
- 2.6 For illustrative purposes, in arriving at the Proforma Consolidated Statement of Cash Flows for the financial year ended December 31, 2010, it is assumed that all acquisitions and IPO, as mentioned in Section 3.0 below, are completed on December 31, 2010. Funds arising from the public issue and consideration for the acquisition of subsidiary and associated companies are received/paid by December 31, 2010.

9. FINANCIAL INFORMATION



APPENDIX I

3.0 LISTING SCHEME

In conjunction with and as an integral part of the listing of and quotation for its entire enlarged issued and paid-up share capital of 330,000,000 ordinary shares of RM1.00 each on the Main Market of the Bursa Securities, Oldtown implemented the listing scheme set out in the following paragraphs (hereinafter collectively referred to as the "Listing Scheme"). The Listing Scheme is inter-conditional and should be viewed as one exercise undertaken to facilitate the listing of Oldtown.

(a) Acquisitions of Companies Not Owned by Old Town International which will involve the following:

Companies	% acquired	Number of shares at RM1.00 each	Purchase consideration RM	Satisfied by way of:	
				Shares issued RM	Cash RM
Emperor's Kitchen	100.0	200,002	16,353,000	8,176,000	8,177,000
Esquire Chef	100.0	1,000	10,759,000	5,380,000	5,379,000
Old Town Kopitiam Butterworth Group ⁽¹⁾	100.0	100,000	14,964,477	5,985,000	8,979,477
Old Town Kopitiam Kuala Lumpur	100.0	100,000	2,135,810	1,495,000	640,810
Dynasty Confectionery	100.0	200,000	4,179,000	2,507,000	1,672,000
Old Town Kopitiam Cheras	100.0	160,000	11,911,000	11,911,000	-
Connezone	80.0	40,000	3,900,000	3,900,000	-
Total			64,202,287	39,354,000	24,848,287

⁽¹⁾ Includes a wholly owned subsidiary company, Dynasty Kitchen.

Upon completion of the Acquisitions of Companies Not Owned by Old Town International, Emperor's Kitchen, Esquire Chef, Old Town Kopitiam Butterworth, Old Town Kopitiam Kuala Lumpur, Dynasty Confectionery and Old Town Kopitiam Cheras will become wholly owned subsidiary companies of Oldtown, and Dynasty Kitchen will become an indirect wholly owned subsidiary company of Oldtown. Oldtown will also hold 80% equity interest in Connezone.

Apart from the issuance of 39,354,000 Shares for part settlement of the purchase considerations up to RM39,354,000, the remaining RM24,848,287 of the purchase consideration is to be satisfied in full by cash.

The completion of the Acquisitions of Companies Not Owned by Old Town International will result in an increase in the issued and paid up share capital of Oldtown from 2 to 39,354,002 Shares.

The Listing Scheme 3.0(a) is known as "Proforma I" for the purpose of Proforma Consolidated Statements of Financial Position.

9. FINANCIAL INFORMATION



APPENDIX I

(b) Acquisitions of Companies Owned by Old Town International which will involve the following:

Companies	% acquired	Number of shares at RM1.00 each	Purchase consideration RM	Satisfied by way of: Shares issued RM	Cash RM
White Cafe	100.0	1,000,000	62,263,998	62,263,998	-
Gongga Food	100.0	300,000	69,825,000	69,825,000	-
White Cafe Marketing	100.0	1,700,000	21,156,000	21,156,000	-
Kopitiam Asia Pacific Group ^(a)	100.0	1,250,000	66,230,000	66,230,000	-
Oldtown Singapore ^(a)	100.0	SGD100,000	6,676,000	6,676,000	-
OTK Eatery	40.0	40,000	1,101,000	1,101,000	-
Total			227,251,998	227,251,998	-

^(a) Includes a wholly owned subsidiary company, Old Town Kopitiam.

^(a) Includes a 50% owned associated company, OTK Singapore.

Upon completion of the Acquisitions of Companies Owned by Old Town International, White Cafe, Gongga Food, White Cafe Marketing, Kopitiam Asia Pacific and Oldtown Singapore will become wholly owned subsidiary companies of Oldtown, while Old Town Kopitiam will become an indirect wholly owned subsidiary company of Oldtown. Oldtown will also hold 50% of equity interest in OTK Singapore via Oldtown Singapore and 40% of direct equity interest in OTK Eatery.

The completion of the Acquisitions of Companies Owned by Old Town International will result in an increase in the issued and paid up share capital of Oldtown from 39,354,002 to 266,606,000 Shares.

The Listing Scheme 3.0(b) is known as "Proforma II" for the purpose of Proforma Consolidated Statements of Financial Position.

(c) IPO involve:

- (i) a Public Issue of 63,394,000 new Shares at an IPO price of RM1.25 per Share; and
- (ii) an Offer for Sale of 33,000,000 Shares, representing 10.0% of the enlarged issued and paid up share capital of Oldtown at the Offer Price of RM1.25 per Share, payable in full upon application, via private placement to identified investors.

The completion of the IPO will result in an enlarged issued and paid up share capital of Oldtown of RM330,000,000 comprising 330,000,000 Shares.

The Listing Scheme 3.0(c)(i), together with the utilisation of proceeds as set out in Section 4.0(c-1)(2) below, is known as "Proforma III" for the purpose of Proforma Consolidated Statements of Financial Position.

(d) Listing of and Quotation for Shares for its entire enlarged issued and paid up share capital of RM330,000,000 comprising 330,000,000 Shares on the Main Market of Bursa Securities.

9. FINANCIAL INFORMATION



APPENDIX I

4.0 HISTORICAL FINANCIAL INFORMATION

(a) Proforma Consolidated Statements of Comprehensive Income

The Proforma Consolidated Statements of Comprehensive Income set out below have been prepared to illustrate what the financial results of the Oldtown Group for the years ended December 31, 2007, 2008, 2009 and 2010 would have been, if the group structure as of the date of the Prospectus had been in place throughout the financial years being reported thereon.

	Financial Year Ended 31.12.2010 RM	Financial Year Ended 31.12.2009 RM	Financial Year Ended 31.12.2008 RM	Financial Year Ended 31.12.2007 RM
Revenue	255,133,256	193,665,519	138,437,425	79,185,525
Cost of sales and direct expenses	(167,278,456)	(120,043,408)	(89,950,498)	(52,837,390)
Gross profit	87,854,800	73,622,111	48,486,927	26,348,135
Other operating income	7,430,434	4,862,084	4,505,524	1,954,097
Investment revenue	188,385	232,431	53,949	99,719
Other gains and (losses)	(1,449,566)	(325,538)	383,444	(390,427)
Selling and distribution expenses	(28,984,126)	(23,006,441)	(14,661,727)	(7,100,124)
Administrative and general expenses	(19,604,614)	(13,670,959)	(9,849,724)	(6,015,978)
Other operating expenses	(125,651)	(1,217,445)	(649,964)	(280,011)
Profit from operations	45,309,662	40,496,243	28,268,429	14,615,411
Finance costs	(1,487,075)	(1,005,783)	(990,791)	(615,167)
Share of profit/(loss) of associated companies	(443,711)	669,731	138,870	(65,592)
Profit before tax	43,378,876	40,160,191	27,416,508	13,934,652
Income tax expense	(11,507,030)	(9,822,181)	(6,847,727)	(3,030,509)
Profit and total comprehensive income for the year	31,871,846	30,338,010	20,568,781	10,904,143
<i>Profit attributable to:</i>				
Owners of Oldtown	31,700,266	30,230,854	20,445,650	10,821,474
Non-controlling interests	171,580	107,156	123,131	82,669
	31,871,846	30,338,010	20,568,781	10,904,143
<i>Key Financial Ratios:</i>				
Enlarged number of ordinary shares of RM1.00 each in issue upon flotation (shares)	266,606,000	266,606,000	266,606,000	266,606,000
Gross profit margin (%)	34.43	38.02	35.02	33.27
Profit before tax margin (%)	17.00	20.74	19.80	17.60
Profit after tax and non-controlling interests margin (%)	12.42	15.61	14.77	13.67
Basic earnings per share (sen)	11.89	11.34	7.67	4.06

9. FINANCIAL INFORMATION

APPENDIX I

(b) Proforma Consolidated Statements of Financial Position

The Proforma Consolidated Statements of Financial Position set out below have been prepared to illustrate what the financial position of Oldtown Group as of December 31, 2010 would have been, if the group structure as of the date of the Prospectus had been in place on that date, after adjusting for the Listing Scheme. Details of the Proforma scenarios are shown in Section 3.0 Listing Scheme above.

	Oldtown and its subsidiary and associated companies as of 31.12.2010 RM	Acquisitions of companies not owned by Old Town International (Proforma I) RM	Financial position after Proforma I RM	Acquisitions of companies owned by Old Town International (Proforma II) RM	Financial Position after Proforma II RM	Public issue Proforma III RM	Financial position after Proforma III RM
ASSETS							
NON-CURRENT ASSETS							
Property, plant and equipment	-	14,071,056	14,071,056	44,457,645	58,528,701	38,082,625	96,611,326
Prepaid lease payments	-	-	-	14,178,543	14,178,543	-	14,178,543
Investment properties	-	-	-	1,800,000	1,800,000	-	1,800,000
Investment in associated companies	137,430	-	137,430	1,684,887	1,822,317	-	1,822,317
Other investments	-	-	-	29,000	29,000	-	29,000
Deferred tax assets	-	-	-	1,065,000	1,065,000	-	1,065,000
Deferred franchise fees	-	529,921	529,921	(529,921)	-	-	-
Goodwill on consolidation	6,629	51,977,419	51,984,048	-	51,984,048	-	51,984,048
Total Non-Current Assets	144,059	66,578,396	66,722,455	62,685,154	129,407,609	38,082,625	167,490,234
CURRENT ASSETS							
Inventories	-	1,316,490	1,316,490	11,595,391	12,911,881	-	12,911,881
Trade and other receivables	978,302	7,748,008	8,726,310	32,962,409	41,688,719	(5,130,287)	36,558,432
Amount owing by ultimate holding company	-	-	-	5,229,705	5,229,705	-	5,229,705
Amount owing by associated companies	180,211	-	180,211	1,682,752	1,862,963	-	1,862,963
Current tax assets	5,500	268,540	274,040	286,670	560,710	-	560,710
Fixed deposits, cash and bank balances	120,548	4,607,502	4,728,050	15,297,383	20,025,433	10,544,846	30,570,279
Total Current Assets	1,284,561	13,940,540	15,225,101	67,054,310	82,279,411	5,414,559	87,693,970
TOTAL ASSETS	1,428,620	80,518,936	81,947,556	129,739,464	211,687,020	43,497,184	255,184,204

(Forward)



9. FINANCIAL INFORMATION

APPENDIX I

	Oldtown and its subsidiary and associated companies as of 31.12.2010 RM	Acquisitions of companies not owned by Old Town International (Proforma I) RM	Acquisitions of companies owned by Old Town International (Proforma II) RM	Financial position after Proforma I RM	Financial Position after Proforma II RM	Public Issue (Proforma III) RM	Financial position after Proforma III RM
EQUITY							
Share capital	2	39,354,000	227,251,998	39,354,002	266,606,000	63,394,000	330,000,000
Share premium	-	-	-	-	-	11,875,400	11,875,400
Retained earnings	(1,404,053)	(80,000)	71,270,859	(1,484,053)	69,786,806	(1,026,900)	68,759,906
Reserve arising from restructuring	-	-	(222,653,893)	-	(222,653,893)	-	(222,653,893)
Reserve arising from foreign exchange	-	-	(20,361)	-	(20,361)	-	(20,361)
	(1,404,051)	39,274,000	75,848,603	37,869,949	113,718,552	74,242,500	187,961,052
Non-controlling interests	-	249,995	-	249,995	249,995	-	249,995
	(1,404,051)	39,523,995	75,848,603	38,119,944	113,968,547	74,242,500	188,211,047
NON-CURRENT LIABILITIES							
Hire-purchase payables	-	347,149	1,746,538	347,149	2,093,687	-	2,093,687
Borrowings	-	513,461	15,789,775	513,461	16,303,236	(5,897,029)	10,406,207
Deferred income	-	-	2,486,389	-	2,486,389	-	2,486,389
Deferred capital grant	-	64,583	-	64,583	64,583	-	64,583
Deferred tax liabilities	-	647,000	1,987,054	647,000	2,634,054	-	2,634,054
	-	1,572,193	22,009,756	1,572,193	23,581,949	(5,897,029)	17,684,920
Total non-current liabilities							
(Forward)							



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APPENDIX I

	Oldtown and its subsidiary and associated companies as of 31.12.2010 RM	Acquisitions of companies not owned by Old Town International (Proforma I) RM	Financial position after Proforma I RM	Acquisitions of companies owned by Old Town International (Proforma II) RM	Financial position after Proforma II RM	Public issue (Proforma III) RM	Financial position after Proforma III RM
CURRENT LIABILITIES							
Trade and other payables	2,832,671	38,423,392	41,256,063	22,590,866	63,846,929	(24,848,287)	38,998,642
Amount owing to ultimate holding company	-	-	-	27,348	27,348	-	27,348
Amount owing to directors	-	3,763	3,763	-	3,763	-	3,763
Hire-purchase payables	-	191,947	191,947	606,865	798,812	-	798,812
Borrowings	-	339,672	339,672	5,542,994	5,882,666	-	5,882,666
Deferred income	-	-	-	1,077,659	1,077,659	-	1,077,659
Deferred capital grant	-	22,143	22,143	-	22,143	-	22,143
Current tax liabilities	-	441,831	441,831	2,035,373	2,477,204	-	2,477,204
Total current liabilities	2,832,671	39,422,748	42,255,419	31,881,105	74,136,524	(24,848,287)	49,288,237
Total liabilities	2,832,671	40,994,941	43,827,612	53,890,861	97,718,473	(30,745,316)	66,973,157
TOTAL EQUITY AND LIABILITIES	1,428,620	80,518,936	81,947,556	129,739,464	211,687,020	43,497,184	255,184,204

Key Financial Ratios:

Enlarged number of ordinary shares of RM1.00 each in issue	2	39,354,002	266,606,000	330,000,000
Net tangible (liabilities)/assets	(1,410,680)	(14,114,099)	61,734,504	135,977,004
Net tangible (liabilities)/assets per share (sen)	(70,534,000)	(35.86)	23.16	41.21
Debt-equity ratio (times)		0.04	0.22	0.10



9. FINANCIAL INFORMATION



APPENDIX I

(b-1) Notes to The Proforma Consolidated Statements of Financial Position

- (1) The Proforma Consolidated Statements of Financial Position include on a proforma basis the following transactions assuming they were effected on December 31, 2010:

Proforma I

Proforma I incorporates the Acquisitions of Companies Not Owned by Old Town International as set out in Section 3.0(a) above.

Proforma II

Proforma II incorporates the effects of Proforma I and the Acquisitions of Companies Owned by Old Town International as set out in Section 3.0(b) above.

Proforma III

Proforma III incorporates the effects of Proforma II, the Public Issue as set out in Section 3.0(c)(f) above and utilisation of proceeds as set out in Section 4.0(e-1)(2) below.

- (2) Offer for Sale

The Offer for Sale of Oldtown Shares outlined in Section 3.0(e)(ii) above does not have any financial impact to the Proforma Consolidated Statements of Financial Position.

- (3) Listing of and Quotation for Oldtown Shares

The Listing of and Quotation for Oldtown Shares outlined in Section 3.0(d) above does not have any financial impact to the Proforma Consolidated Statements of Financial Position.

- (4) Basis of consolidation of subsidiary companies (Proforma I)

The consolidated financial statements incorporate the financial statements of Oldtown and of the subsidiary companies controlled by Oldtown made up to December 31, 2010.

A subsidiary company is an entity where the Oldtown and its subsidiary companies have control over the financial and operating policies of that entity so as to obtain benefits therefrom. Control is presumed to exist when Oldtown owns, directly or indirectly through subsidiary companies, more than one half of the voting rights of the said entity.

Financial statements of subsidiary companies are consolidated using the acquisition method of accounting. Under the acquisition method, the results of the subsidiary companies acquired or disposed of are included in the consolidated profit or loss from the effective date of acquisition or up to the effective date of disposal. On acquisition, the assets and liabilities of the relevant subsidiary companies are measured at their fair values at the date of acquisition.

The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 3, Business Combinations are recognised at their fair values at the acquisition date.

Where necessary, adjustments are made to the financial statements of subsidiary companies to bring their accounting policies in line with those used by other members of the Oldtown Group.

All intragroup transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the subsidiary companies are identified separately from the Group's equity therein. Non-controlling interest consists of the amount of those interests at the date of the original business combination and the non-controlling party's share of changes in equity since the date of the combination. Losses attributable to the non-controlling party in excess of the non-controlling party's interest in the subsidiary's equity are allocated against the interest of the Group except to the extent that the non-controlling party has a binding obligation and is able to make an additional investment to cover the losses.

9. FINANCIAL INFORMATION



APPENDIX I

(5) Goodwill on consolidation

The goodwill on consolidation under Proforma I is derived from:

	RM
Total cost of combination for the acquisitions of companies not owned by Old Town International	64,202,287
Cost of investment in Dynasty Kitchen by Old Town Kopitiam Butterworth	600,000
Less: Net assets of the companies not owned by Old Town International as at December 31, 2010	<u>(12,824,868)</u>
Goodwill on consolidation	<u>51,977,419</u>

The allocation of cost of the business combination to the net assets acquired (commonly known as "Purchase Price Allocation") has not been made in preparation of the Proforma Consolidated Statements of Financial Position. The Purchase Price Allocation will be carried out upon listing of the Company on the Main Market of Bursa Securities.

(6) Business combination for subsidiary companies under common control (Proforma II)

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties, both before and after the business combination, and that control is not transitory.

The consolidated financial statements incorporate the financial statements items of the combining entities in which the common control combination occurs as if they had been combined from the date when the combining entities first came under the control of the controlling parties.

The cost of investment in Oldtown's book is recorded at the nominal value of shares acquired. A single uniform set of accounting policies is adopted by the combined entity. Therefore, the net assets of the combining entities are combined using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling parties' interests.

The consolidated statement of comprehensive income includes the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period, regardless of the date of the common control combination. Expenditure incurred in connection with the restructuring is recognised as an expense in profit or loss.

The effects of all transactions between the combining entities or businesses, whether occurring before or after the combination, are eliminated in preparing the combined financial statements of the combined entity.

Debit differences arising between the cost of acquisition and the nominal value of share capital of the subsidiary are included under the Oldtown Group's reserve.

9. FINANCIAL INFORMATION



APPENDIX I

(c) Proforma Consolidated Statement of Cash Flows

The Proforma Consolidated Statement of Cash Flows set out below have been prepared to illustrate what the cash flows of Oldtown Group for the financial year ended December 31, 2010 would have been, if the group structure as of the date of the Prospectus had been in place since the beginning of the financial year and the IPO exercise had been completed by December 31, 2010.

	Financial Year Ended 31.12.2010 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	
Profit for the period	31,871,846
Adjustments for:	
Depreciation of property, plant and equipment	12,659,503
Income tax expenses recognised in profit or loss	11,507,031
Finance costs	1,487,075
Share of loss of associated companies	443,711
Property, plant and equipment written off	375,022
Amortisation of leased land	124,022
Unrealised loss on foreign exchange	59,797
Loss on disposal of property, plant and equipment	24,253
Tax penalty	22,050
Bad debts written off	5,763
Investment income	(185,153)
Allowance for doubtful debts no longer required	(44,313)
Deferred government capital grant	(23,988)
Interest income	(11,386)
	58,315,233
Movements in working capital:	
(Increase)/Decrease in:	
Inventories	(3,502,923)
Trade and other receivables	(5,069,605)
Amount owing by associated companies	(999,051)
Increase in:	
Trade and other payables	4,025,824
Deferred income	462,058
	53,231,536
Cash Generated From Operations	53,231,536
Interest income received	2,687
Income tax refunded	616,259
Income tax paid	(11,667,697)
	42,182,785
Net Cash Generated From Operating Activities	42,182,785
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	
Proceeds from disposal of property, plant and equipment	541,488
Withdrawal of fixed deposits	372,748
Rental received	117,600
Fixed deposits interest received	66,401
Repayment from a director	30,230
Purchase of property, plant and equipment	(58,476,312)
Acquisition of subsidiary companies	(19,718,004)
Additions to prepaid lease payments	(6,501,917)
Advances granted to holding company	(2,129,787)
Acquisition of associated company	(307,374)
Advances granted to associated company	(180,211)
	(86,185,138)
Net Cash Used In Investing Activities	(86,185,138)

(Forward)

9. FINANCIAL INFORMATION



APPENDIX I

Financial
Year Ended
31.12.2010
RM

CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	
Issuance of shares	79,242,500
Proceeds from term loans	7,102,224
Cash injection by shareholders	200,000
Government capital grant received	110,714
Advances received from ultimate holding company	27,348
Dividends paid	(9,537,500)
Repayment of term loans	(7,621,621)
Payment of listing expenses	(5,000,000)
Repayment of bankers' acceptances	(1,937,000)
Finance costs paid	(1,487,076)
Repayment of hire-purchase payables	(1,067,327)
Repayment to directors	(65,460)
Net Cash Generated From Financing Activities	59,966,802
NET INCREASE IN CASH AND CASH EQUIVALENTS	15,964,449
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	9,047,758
Effect of exchange difference	(2,442)
CASH AND CASH EQUIVALENTS AT END OF YEAR	25,009,765

(c-1) Notes to the Proforma Consolidated Statement of Cash Flows of Oldtown Group

(1) Cash and cash equivalents

	As at 31.12.2010 RM
Fixed deposits with licensed banks	3,984,330
Cash on hand and at banks	26,585,949
Bank overdrafts	(1,642,519)
	<u>28,927,760</u>
Less: Fixed deposits on lien	(3,917,995)
Cash and cash equivalents	<u>25,009,765</u>

(2) Utilisation of proceeds

The gross proceeds of RM79,242,500 which would accrue to Oldtown from the IPO, are utilised in the following manner:

	RM
Capital expenditure	38,082,625
Acquisitions of subsidiaries	19,718,000
Working capital	10,544,846
Repayment of borrowings	5,897,029
Estimated listing expenses	5,000,000
	<u>79,242,500</u>

9. FINANCIAL INFORMATION




APPENDIX I


5.0 APPROVAL

The above Proforma Consolidated Financial Information are approved and adopted by the Board of Directors of Oldtown in accordance with a resolution dated **24 MAY 2011**

Signed on behalf of the Board of Directors:



MR. LEE SIEW HENG
DIRECTOR
OLDTOWN BERHAD



MR. GOH CHING MUN
DIRECTOR
OLDTOWN BERHAD

9. FINANCIAL INFORMATION

9.2 HISTORICAL FINANCIAL INFORMATION

The table below sets out a summary of our Proforma Consolidated Statements of Comprehensive Income for the past four (4) FYE 2007 to 2010. The proforma consolidated financial statements were prepared on the assumption that our Group has been in existence throughout the financial years under review. The proforma consolidated financial statements are prepared for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in Section 9.1 of this Prospectus.

	Audited			
	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000	FYE 2010 RM'000
Revenue	79,186	138,437	193,666	255,133
Cost of sales and direct expenses	(52,837)	(89,950)	(120,043)	(167,278)
Gross profit	26,348 [^]	48,487	73,622 [^]	87,855
Other income	1,954	4,506	4,862	7,430
Investment revenue	100	54	232	188
Other gains / (losses)	(390)	383	(326)	(1,450)
Selling and distribution expenses	(7,100)	(14,662)	(23,006)	(28,984)
Administrative expenses	(6,016)	(9,850)	(13,671)	(19,605)
Other expenses	(280)	(650)	(1,217)	(126)
Operating profit	14,616	28,268	40,496	45,310 [^]
Finance costs	(615)	(991)	(1,006)	(1,487)
Share of profits and losses of associates	(66)	139	670	(444)
Profit before tax	13,935	27,417 [^]	40,160	43,379
Taxation	(3,031)	(6,847)	(9,822)	(11,507)
Profit after tax	10,904	20,569 [^]	30,338	31,872
Attributable to:				
– Owners of Oldtown	10,821	20,446	30,231	31,700
– NCI	83	123	107	172
	10,904	20,569	30,338	31,872
EBITDA	17,322	33,295	48,930	57,515
Enlarged issued and paid-up share capital (shares) ('000)	266,606	266,606	266,606	266,606
Gross profit margin (%)	33.3	35.0	38.0	34.4
PBT Margin (%)	17.6	19.8	20.7	17.0
PAT after NCI margin (%)	13.7	14.8	15.6	12.4
Gross EPS (sen) ⁽¹⁾	5.23	10.28	15.06	16.27
Net EPS (sen) ⁽²⁾	4.06	7.67	11.34	11.89

Notes:-

(1) Gross EPS was computed based on PBT for the relevant financial year and divided by the enlarged issued and paid up share capital of 266,606,000 Shares upon completion of the Acquisitions.

(2) Net EPS was computed based on PAT after NCI for the relevant financial year and divided by the enlarged issued and paid up share capital of 266,606,000 Shares upon completion of the Acquisitions.

* Less than RM1,000

[^] Total does not add-up due to rounding

9. FINANCIAL INFORMATION

9.3 CAPITALISATION AND INDEBTEDNESS

The following table shows our cash and cash equivalents, debts and capitalisation of our Proforma Group as at 31 December 2010:-

As at 31 December 2010	FYE 2010 ⁽¹⁾ (RM'000)	Adjusted ⁽²⁾ (RM'000)
Cash and cash equivalents ⁽³⁾	16,107	26,652
Indebtedness (guaranteed)		
<u>Short term borrowings (Due within 12 months)⁽⁴⁾</u>		
Secured		
Bank overdraft	1,642	1,642
Term Loan	2,175	2,175
Bankers' acceptance	2,065	2,065
Hire Purchase	799	799
Unsecured		
Term Loan	-	-
Hire Purchase	-	-
<u>Long term borrowings (Due after 12 months)⁽⁴⁾</u>		
Secured		
Term Loan	16,303	10,406
Hire Purchase	2,094	2,094
Unsecured		
Term Loan	-	-
Hire Purchase	-	-
Total indebtedness	25,078	19,181
Capitalisation		
Total proforma shareholders' equity ⁽⁵⁾	113,719	187,961
Gearing ratio (times)	0.22	0.10

Notes:-

- (1) Based on the audited consolidated financial statements of the Proforma Oldtown Group as at 31 December 2010 incorporating the effects of the Acquisitions but prior to the Public Issue and utilisation of proceeds.
- (2) Incorporates the effects of the Listing Scheme
- (3) Excluding overdraft and RM3.9 million of fixed deposits on lien to the lending banks for banking facilities granted to Oldtown Group.
- (4) Interest-bearing debts
- (5) Excludes NCI.

Our Group's indebtedness is fully denominated in Malaysian Ringgit.

Please refer to Section 9.4.5(h) for further information on our Group's contingent liabilities.

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9. FINANCIAL INFORMATION

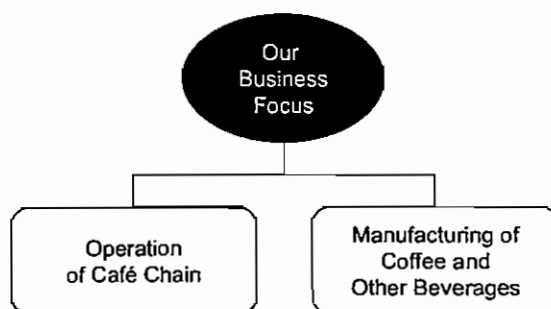
9.4 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS

The following discussion on the results of our operations for the financial years under review should be read in conjunction with the proforma consolidated financial information and the related notes included in Section 9.1 of this Prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that may cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and the discussion on risk factors included in Section 3 of this Prospectus.

Our proforma consolidated financial statements have been prepared on the basis that our Group has been in existence throughout the financial years under review.

9.4.1 Our Company's Financial Condition and Results of Operations

BUSINESS OVERVIEW



Our business is focused on the operation of a chain of cafes, and manufacturing of coffee and other beverages. As at LPD, we have a total of 182 cafe outlets in Malaysia, Singapore and Indonesia, of which 171 were in Malaysia, nine (9) were in Singapore and two (2) were in Indonesia. This includes fully and partially owned, as well as franchised and licensed outlets. All our cafe outlets are operated under our proprietary brand name of 'OLDTOWN WHITE COFFEE', which are based on a modern version of the original 'kopitiam' or coffee shop in Ipoh. This theme is also reflected in the ambience and the variety of local food and beverages that we offer. Our cafe operations are supported by our three food processing centres and one distribution centre.

The success of our operation of a chain of cafes in Malaysia is demonstrated by the fact that in April 2011, we ranked second among operators of cafe outlets based on number of outlets (Source: Vital Factor Consulting Sdn Bhd). Our large number of outlets would provide us with a wide market coverage to reach our end-consumers in Malaysia. In addition, we operate in a large industry where in 2010, the market size for restaurants and cafes in Malaysia was estimated at RM23.1 billion based on household expenditure (Source: Vital Factor Consulting Sdn Bhd), which provides us with the platform for business growth.

On the manufacturing operations, we produce our own instant coffee mix in the form of coffee powder combined with non-dairy creamer, with or without sugar and in different flavours. We also manufacture roasted coffee powder using our own proprietary bean roasting process. Although we manufacture instant milk tea and chocolate beverages, they account for only a small proportion of our revenue.

Our in-house manufactured beverages are marketed to the retail sector under our proprietary brands of 'OLDTOWN' for our instant coffee mix and instant milk tea mix, and 'NAN YANG' for our roasted coffee powder. These are in retail packaging in the form of sachets.

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Apart from our own in-house manufactured beverages, we have also expanded into the RTD beverages market and launched our canned RTD coffee based on our formulation and packed under the 'OLDTOWN' brand name in December 2009. The manufacturing of our RTD coffee is sub-contracted to a third party. The RTD coffee is primarily distributed via supermarkets, hypermarkets, petrol kiosks and convenience stores.

As at LPD, our 'OLDTOWN' beverages were sold in approximately 5,002 retail outlets nationwide in Malaysia, approximately 730 retail outlets in Singapore and approximately 2,335 retail outlets in Hong Kong. These retail outlets include hypermarkets, supermarkets, minimarkets, Chinese Medical Halls, petrol kiosks and other retail outlets.

Our wide distribution network for our in-house manufactured coffee and other beverages provides us with significant advantages to ensure our products are conveniently accessible to as many end-consumers as possible. In addition, the market size for our products is large where in 2010, the market size for coffee (ground and instant) based on local production in Malaysia was estimated at RM740 million (*Source: Vital Factor Consulting Sdn Bhd*) The large market size would provide us with significant avenue for growth.

The general end-consumers are the main target market for our chain of café outlets, and retail packed coffee and other beverages.

Our business uses a two-prong distribution channel strategy where we directly service end-consumers for our cafe chain, and we use primarily intermediaries to distribute our manufactured coffee and other beverages. Intermediaries that we use include mainly wholesalers, retailers and distributors. Our direct channel helps maximise our profits while our indirect distribution channel utilising intermediaries to enlarge our product distribution and coverage without the need to invest heavily on distribution infrastructure and personnel.

We operate in markets where there are many players. As such, over the years we have built our competitive advantages and key strengths to compete effectively. Our competitive advantages and key strengths are as follows:

- **Established brand name:** As we operate in a consumer oriented market, established and reputable brand names are key factors for success. As such, we have built our proprietary brand name 'OLDTOWN' in Malaysia since 1999, followed by our 'NAN YANG' brand name for our range of coffee beverages. Our 'OLDTOWN WHITE COFFEE' cafe outlet was first established in 2005. As at LPD, our 'OLDTOWN WHITE COFFEE' cafe outlets are available in most parts of Malaysia.
- **Extensive Sales Network:** A wide sales and distribution network is essential in a consumer market to ensure products and services reach as many consumers as possible. As at LPD, we have 182 cafe outlets in Malaysia, Singapore and Indonesia, including fully owned, partially owned, franchised and licensed outlets. Our coffee and other beverage products are available in approximately 5,002 retail outlets in Malaysia, approximately 730 retail outlets in Singapore and approximately 2,335 retail outlets in Hong Kong.
- **Integrated Coffee Beverage Manufacturer and Cafe Operator:** We are an integrated coffee beverage manufacturer and operator of cafe outlets. Our integrated business enables us to control most aspects of the value-added chain to control product quality and service provision, as well as to retain as much of the profit as possible within the Group.

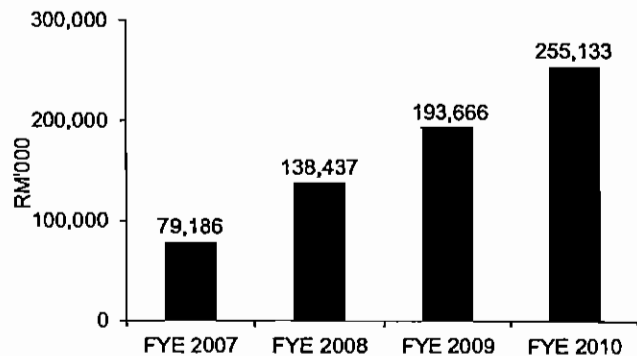
9. FINANCIAL INFORMATION

- **Proprietary Formulation:** We developed our proprietary formulation and processes for roasting of coffee, which enabled us to create a distinct coffee flavour and taste to differentiate from our competitors. Having our own proprietary formulation and processes also enable us to undertake product development and enhancements to continually meet the changing needs and tastes of consumers.
- **Economies of Scale:** We enjoy economies of scale through our large number of cafe outlets as well as the distribution of our coffee and other beverage products in Malaysia and overseas. Our economies of scale are translated to lower operating costs and better commercial terms from our suppliers.
- **Export Markets:** For the FYE 2010, we exported our coffee and other beverages to twelve (12) overseas countries, some of the major export countries include Hong Kong and Singapore. For FYE 2010, our cafe operations also cover Singapore. Our access to export markets provides us with significant opportunities for growth.
- **Franchising Business:** Our business model is such that our cafe operations can be franchised to third parties. This provides our business with fast and significant growth without being constraint by large investments in set-up costs.

Revenue

Our revenue grew from RM79.2 million for the FYE 2007 to RM255.1 million for the FYE 2010. This represented an average annual growth rate of 47.7% per annum.

Over the last four (4) years, our revenue growth has been high when compared to Malaysia's real GDP growth of 6.5%, 4.7%, -1.7% and 7.2% for 2007, 2008, 2009 and 2010 respectively.



Our Group's Revenue

(Source: Independent Assessment of the Food Services Industry Focusing On Café Outlets prepared by Vital Factor Consulting Sdn Bhd)

For the FYE 2010, our revenue registered a growth of 31.7%, which amounted to RM255.1 million compared to 2009. Our revenue growth has continued to increase significantly, particularly in contrast to Malaysia's real GDP growth, which was 7.2% for 2010.

(Source: Independent Assessment of the Food Services Industry Focusing On Café Outlets prepared by Vital Factor Consulting Sdn Bhd)

We achieved significant growth over the last four (4) financial years primarily from:

- growth of the number of cafe outlets from 75 cafes at end of FYE 2007 to reach a total of 182 cafes in Malaysia, Singapore and Indonesia as at LPD;
- increase in revenue per outlet which grew from approximately RM638,500 for FYE 2007 to approximately RM948,800 per outlet for FYE 2010; and
- our extensive retail distribution in Malaysia as well as overseas including Hong Kong, Singapore, the United States, Canada, Taiwan, Indonesia, Brunei, Thailand, Philippines, China, United Kingdom and Australia for the FYE 2010.

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Our high revenue growth also indicates the increased brand awareness and acceptance of our products and services including our:

- 'OLDTOWN WHITE COFFEE' brand of cafe outlets; and
- 'OLDTOWN' and 'NAN YANG' brands of beverages in Malaysia and overseas.

Revenue By Business Activities, Products and Services

Overview

Our revenue can be further segmented by business activities, and products and services for the latest four (4) financial years as follows:

Revenue	Audited							
	FYE 2007		FYE 2008		FYE 2009		FYE 2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Operation of Cafe Chain	47,889 [^]	60.5 [^]	93,348	67.4	128,839	66.5	166,035	65.1
- Operation of own cafe outlets	34,652	43.8	62,365	45.0	78,839	40.7	102,975	40.4
- Product sales to franchisees ⁽¹⁾	11,217	14.2	25,204	18.2	41,090	21.2	51,212	20.1
- Franchising related fees ⁽²⁾	2,021	2.6	5,779	4.2	8,910	4.6	11,848	4.6
Manufacturing of Beverages	31,296	39.5	45,090 [^]	32.6 [^]	64,827	33.5 [^]	89,098	34.9
- Coffee Beverages ⁽³⁾	26,635	33.6	37,388	27.0	58,738	30.3	79,443	31.1
- Instant milk tea mix	4,477	5.7	7,237	5.2	6,015	3.1	9,141	3.6
- Instant chocolate mix	184	0.2	464	0.3	74	*	514	0.2
TOTAL	79,186[^]	100.0	138,437[^]	100.0	193,666	100.0	255,133	100.0

Notes:

* Less than 0.1%

[^] Total does not add-up due to rounding

(1) Product sales to franchisees include food and beverages and procurement of miscellaneous products like furnishing to ensure the standardisation of all our cafe outlets. Product sales to franchisees exclude product sales to fully owned outlets as they are inter-company transactions and are thus eliminated during the consolidation of financial results.

(2) Franchising related fees include franchise fees, royalty fees, advertising and promotional fees and others. Franchising related fees exclude fully owned outlets as they are considered inter-company transactions and are thus eliminated during the consolidation of financial results.

(3) Coffee Beverages include instant coffee mix, roasted coffee powder and RTD coffee.

Operation of Cafe Chain

Revenue from the operation of cafe chain is primarily derived from the operation of our fully owned cafes and sales of products to franchisees. A small proportion comes from franchising related fees like franchise fees, royalties, advertising and promotion fees. For the FYE 2009, revenue from the operation of our fully owned cafes, sales of products to franchisees, and franchising related fees amounted to 40.7%, 21.2% and 4.6% of total Group revenue respectively, while for the FYE 2010, revenues were 40.4%, 20.1% and 4.6% of total Group revenue respectively.

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For the FYE 2009, sales of products to franchisees represented 21.2% of total Group revenue. Of this, 16.6% was contributed by sales of food and beverages while the remaining 4.6% was contributed by procurement of miscellaneous products such as furnishing. For the FYE 2010, sales of products to franchisees constituted 20.1% of total Group revenue. Of this, sales of food and beverages accounted for 15.2% while 4.9% was contributed by procurement of miscellaneous products such as furnishing.

Revenue from the manufacturing of coffee and other beverages is derived from the sales of coffee beverages, instant milk tea mix and instant chocolate mix. For the FYE 2009, revenue from sales of coffee beverages, instant milk tea mix and instant chocolate mix amounted to 30.3%, 3.1% and less than 0.1% of total Group revenue respectively, while for the FYE 2010, revenues were 31.1%, 3.6% and 0.2% of total Group revenue respectively.

For the FYE 2010, revenue from the operation of cafe chain contributed 65.1% to our total revenue, whilst the manufacturing of beverages accounted for 34.9% of our total revenue.

Our revenue derived from the operation of cafe chain increased from RM47.9 million for the FYE 2007 to RM166.0 million for the FYE 2010. This represented an average annual growth rate of 51.4% between the FYE 2007 and FYE 2010. The increase in our revenue was primarily due to the rapid expansion of our cafe outlets from 75 in FYE 2007 to 175 in FYE 2010, which represented an average annual growth rate of 32.6%. The number of cafe outlets continued to grow and as at LPD, we had 75 fully owned, ten (10) partially owned, 85 franchised and one (1) licensed cafe outlets in Malaysia, while in Singapore, we had three (3) fully owned and six (6) partially owned cafe outlets, and two (2) partially owned cafe outlets in Indonesia. This represented a growth of 4.0% over the five-month period.

Our revenue growth from the operation of cafe chain was also attributed to the increased revenue per cafe outlet as indicated below:

	Audited			
	FYE 2007	FYE 2008	FYE 2009	FYE 2010
Revenue from operation of cafe chain (RM '000) ⁽¹⁾	47,889	93,348	128,839	166,035
Number of cafe outlets	75	107	145	175
- Fully Owned	33	49	64	80
- Partially Owned	5	9	11	16
- Franchised outlets ⁽²⁾	37	49	70	79
Average revenue per café outlet (RM '000) ⁽³⁾	638.5	872.4	888.5	948.8

Notes:

- (1) Revenue from operation of cafe chain includes revenue derived from operation of our fully owned cafe outlets, product sales to franchisees and franchising related fees from partially owned and franchised outlets for the respective years.
- (2) Franchised outlets include licensed outlets as they are in the process of converting to franchised status.
- (3) Average revenue per cafe outlet is calculated based on revenue generated from the operation of our fully owned cafe outlets, product sales to franchisees and franchising related fees from partially owned and franchised outlets divided by the number of fully owned, partially owned and franchised outlets for the respective years.

Between the FYE 2007 and FYE 2010, our number of cafe outlets grew at an average annual rate of 32.6% and at the same time our revenue per cafe outlet grew at an average annual rate of 14.1%. The compounding effect of our growth in number of cafe outlets plus growth in revenue per outlet enabled us to achieve an overall average annual growth of 51.4% between FYE 2007 and FYE 2010 for our operation of cafe chain.

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The growth in the average revenue per cafe outlet between FYE 2007 to FYE 2010 was due to the following:

- increased patronage due to:
 - . benefits from our marketing activities including increases in advertising and promotional activities;
 - . increasing awareness of our outlets.
- increase in number of dine-in food and beverage items, by introducing approximately 100 new items in FYE2008, FYE2009 and FYE 2010, sold in our outlets.

Manufacturing of Beverages

As for our beverage manufacturing operations, we achieved an average annual growth rate of 41.7% between the FYE 2007 and FYE 2010. Our revenue derived from manufacturing of beverages increased from RM31.3 million for the FYE 2007 to RM89.1 million for the FYE 2010. Currently, we manufacture a wide range of beverages including instant coffee mix, instant milk tea mix and instant chocolate mix beverages, and roasted coffee powder for the retail sector.

Between the FYE 2007 and FYE 2010, the growth of our revenue in manufacturing of beverages was largely attributed to increased sales of our products to our existing overseas markets including Hong Kong, Singapore, United States and Taiwan. This further demonstrates the product acceptance of our 'OLDTOWN' brand of beverages in overseas countries. For the FYE 2010, revenue derived from manufacturing of beverages increased by 37.4% compared to 2009.

Our beverages are marketed to the retail sector under our proprietary brands of 'OLDTOWN' for our instant coffee mix and instant tea mix, and 'NAN YANG' for our roasted coffee powder. These are in retail packaging in the form of sachets. As at LPD, our 'OLDTOWN' beverages were sold in approximately 5,002 retail outlets nationwide in Malaysia, approximately 730 retail outlets in Singapore and approximately 2,335 retail outlets in Hong Kong. These retail outlets include hypermarkets, supermarkets, minimarkets, Chinese Medical Halls, petrol kiosks and other retail outlets.

We have in-house expertise and capabilities to develop and commercialise new dishes on a quarterly basis for our operation of café chain. As for our manufacturing operations, our product development team has the capabilities to introduce and commercialise a new type of beverage on a yearly basis. We have also expanded into the RTD beverages market and launched our canned RTD coffee based on our formulation and packed under the 'OLDTOWN' brand name in December 2009.

Cost of Sales and Direct Expenses

Our cost of sales for the past four (4) financial years are as follows:

	Audited			
	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000	FYE 2010 RM'000
Cost of Sales and Direct Expenses	52,837	89,950	120,043	167,278

Between the FYE 2007 and FYE 2010, our cost of sales increased at an average annual rate of 46.8% from RM52.8 million for the FYE 2007 to RM167.3 million for the FYE 2010. The growth of our cost of sales was in tandem with our business growth over the last four (4) financial years. Our cost of sales mainly includes trading goods, food and beverages, disposable items and food packaging materials. Our direct expenses include labour cost, rental, utilities, upkeep expenses and others.

9. FINANCIAL INFORMATION

We purchase raw materials/input materials and other supplies for our beverage manufacturing and food processing operations, as well as procure supplies for our licensed/franchised café outlet operations. This includes, among many others carbonated and other beverages, noodles, poultry, eggs and others.

	Audited			
	FYE 2007	FYE 2008	FYE 2009	FYE 2010
Cost of Sales and Direct Expenses (RM'000)	52,837	89,950	120,043	167,278
Total Revenue (RM'000)	79,186	138,437	193,666	255,133
Cost of Sales and Direct Expenses/Total Revenue	67%	65%	62%	66%

Between FYE 2007 and FYE 2009, our cost of sales and direct expenses as a percentage of total revenue demonstrates a reducing trend which augers well for our profitability. This indicates our prudent cost control while managing high growth in our operations. For the FYE 2010, our cost of sales and direct expenses over total revenue was higher compared to the FYE 2009. The increase in our cost of sales and direct expenses was mainly due to higher rental costs of new **OLDTOWN WHITE COFFEE** café outlets, increased spending in human resources to support our business expansion as well as increase in the cost of packaging materials and higher sales discount to distributors.

Operation of Café Chain	Audited			
	FYE 2007	FYE 2008	FYE 2009	FYE 2010
Cost of Sales and Direct Expenses (RM'000)	34,436	61,459	82,037	112,160
Average cost of sales and direct expenses per outlet (RM'000)	459.1	574.4	565.8	640.9
Average revenue per outlet (RM'000)	638.5	872.4	888.5	948.8
Average cost of sales and direct expenses per outlet/Average revenue per outlet	71.9%	65.8%	63.7%	67.6%

We have also achieved cost reduction in our cafe chain operation. This was demonstrated by the reducing average cost of sales and direct expenses per outlet relative to its revenue, which declined from 71.9% in FYE 2007 to 63.7% in FYE 2009. This demonstrates our continuing improvement in cost control and increasing benefits from economies of scale as we increase the number of outlets.

9. FINANCIAL INFORMATION

For the FYE 2010, the average cost of sales and direct expenses per outlet relative to its revenue was higher compared to the FYE 2009. Similarly, this was mainly due to higher rental costs of new OLDTOWN WHITE COFFEE café outlets as well as increased spending in human resources to support our business expansion.

Manufacturing of Beverages	Audited			
	FYE 2007	FYE 2008	FYE 2009	FYE 2010
Cost of Sales and Direct Expenses (RM'000)	18,402	28,492	38,007	55,119
Revenue (RM'000)	31,296	45,090	64,827	89,098
Cost of sales and direct expenses/Revenue	59%	63%	59%	62%

Our cost of sales and direct expenses relative to revenue for our beverage manufacturing operations increased between FYE 2007 and FYE 2008. This was primarily due to increases in the price of raw materials particularly for our coffee beans. For FYE 2009, our cost of sales and direct expenses relative to revenue decreased to 59%. This was largely attributed to benefits from economies of scale, which was derived from our wide product distribution that enabled us to have a stronger bargaining power to obtain better commercial terms from suppliers such as discounts on bulk purchases, warehousing and logistics. For the FYE 2010, our cost of sales and direct expenses increased compared to FYE 2009. This was primarily due to the increase in the cost of packaging materials and higher sales discount to distributors.

Other income

	Audited			
	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000	FYE 2010 RM'000
Other Operating Income	1,954	4,506	4,862	7,430
Investment Revenue	100	54	232	188
Other gains and losses	(390)	383	(326)	(1,450)
TOTAL	1,663[*]	4,943	4,769[*]	6,169[*]

Note:

* Total does not add-up due to rounding

Our other income grew from RM1.7 million for the FYE 2007 to RM6.2 million for the FYE 2010, representing an average annual growth rate of 54.8% between FYE 2007 to FYE 2010. Our other income include:

- other operating income comprising mainly service and transport charges from our café chain operations;
- investment revenue was mainly derived from rental income and interest received; and
- Other gains and losses mainly comprised disposal of fixed assets and gains and losses from foreign exchange.

9. FINANCIAL INFORMATION

Operating expenses

The two (2) main components of operating expenses are selling and distribution, and administration expenses.

(a) Selling and distribution

Our selling and distribution expenses accounted for 53.0%, 58.3%, 60.7% and 59.5% of our operating expenses for the FYE 2007, FYE 2008, FYE 2009 and FYE 2010, respectively. In terms of revenue, selling and distribution expenses accounted for 9.0%, 10.6%, 11.9% and 11.4% of revenue in FYE 2007, FYE 2008, FYE 2009 and FYE 2010 respectively. Our selling and distribution expenses comprised the following:

- For our cafe chain operations, selling and distribution expenses comprised mainly advertising and promotional expenses, staff costs such as salaries, incentives, and bonuses, rental, utilities and building upkeep expenses.
- Major components under selling and distribution expenses for our manufacturing operations were advertising and promotional expenses, marketing staff costs and travelling expenses, forwarding and transportation charges and other various expenses related to selling and distribution of our manufactured products.

(b) Administration

Administration expenses accounted for 44.9%, 39.1%, 36.1% and 40.2% of operating expenses in FYE 2007, FYE 2008, FYE 2009 and FYE 2010, respectively. In terms of revenue, administration expenses accounted for 7.6%, 7.1%, 7.1% and 7.7% of operating expenses in FYE 2007, FYE 2008, FYE 2009 and FYE 2010, respectively. Our administration expenses mainly comprised depreciation/amortisation of fixed assets, management fees, licences and certificate renewal fees, professional service fees, audit fees and charges, utilities, printing and stationery, administrative staff cost, office upkeep and rental and other various expenses related to administration.

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9. FINANCIAL INFORMATION

9.4.2 REVIEW OF RESULTS OF OPERATIONS

(a) Revenue

FYE 2007 to FYE 2008

Our revenue for the FYE 2008 continued to register growth of 74.8% compared to FYE 2007. Our operation of cafe chain recorded a high growth of 94.9%, whilst manufacturing of beverages recorded a growth of 44.1% for the FYE 2008. Growth for FYE 2008 continued to be derived from increases in sales of our existing cafe outlets and expansion of our cafe outlets from 75 outlets as at 31

December 2007 to 107 outlets as at 31 December 2008. In addition, for FYE 2008 our sales of in-house manufactured beverages increased by 40.3% and 50.8% for the local and overseas markets respectively compared to FYE 2007. The factors contributing to the increase are primarily due to the following:-

- increased sales of our products in local markets through our extensive retail distribution comprising hypermarkets, supermarkets, minimarkets, Chinese Medical Halls and other retail outlets;
- increased sales of our products to our existing overseas markets including Hong Kong and Singapore; and
- The increased brand awareness and acceptance of our products including our 'OLDTOWN' and 'NAN YANG' brands of beverages in Malaysia and overseas.

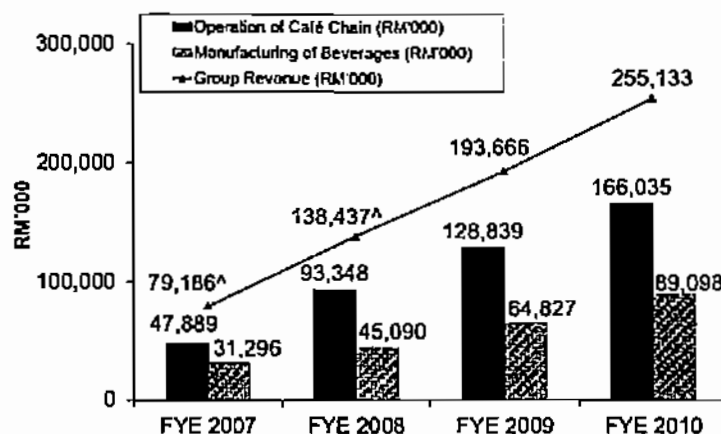
FYE 2008 to FYE 2009

For FYE 2009, our proforma group revenue increased by 39.9%, to reach RM193.7 million compared to RM138.4 million for FYE 2008. The overall growth for FYE 2009 was mainly attributed by the growth of our two core business operations as demonstrated below:

- Revenue derived from our cafe chain operations registered a significant growth of 38.0%, which amounted to RM128.8 million for FYE 2009. Our beverage manufacturing operations achieved a growth of 43.8%, which amounted to RM64.8 million for FYE 2009.
- Increase in the sales of our existing cafe outlets as well as expansion of our cafe outlets from 107 outlets as at 31 December 2008 to 145 outlets as at 31 December 2009,
- Increase in the sales of our in-house manufactured beverages, including increases in sales of our products to our existing overseas markets including Hong Kong, Singapore, United States and Taiwan.

FYE 2009 to FYE 2010

For the FYE 2010, our proforma group revenue increased by 31.7% to reach RM255.1 million compared to RM193.7 million for FYE 2009. The overall growth for FYE 2010 was mainly attributed to the growth of our two core business operations as demonstrated below:



9. FINANCIAL INFORMATION

- For the FYE 2010, our revenue derived from operation of cafe chain amounted to RM166.0 million representing an increase of 28.9% compared to 2009. Our beverage manufacturing operations recorded a growth of 37.4% for the FYE 2010 compared to FYE 2009, which amounted to RM89.1 million;
- Increase in the sales of our existing cafe outlets as well as expansion of our cafe outlets from 145 outlets as at 31 December 2009 to 175 outlets as at 31 December 2010; and
- Increase in the sales of our in-house manufactured beverages, including increases in sales of our products to our existing overseas markets including Hong Kong, Singapore, United States and Taiwan.

(b) Cost of Sales and Direct Expenses, and Gross Profits

	Audited			
	FYE 2007 <i>RM'000</i>	FYE 2008 <i>RM'000</i>	FYE 2009 <i>RM'000</i>	FYE 2010 <i>RM'000</i>
Cost of Sales and Direct Expenses				
Operation of Cafe Chain	34,436	61,459	82,037	112,160
Manufacturing of Beverages	18,402	28,492	38,007	55,119
Total Cost of Sales	52,837[^]	89,950[^]	120,043[^]	167,278[^]
Gross Profit				
Operation of Cafe Chain	13,454 [#]	31,889	46,802	53,875
Manufacturing of Beverages	12,894	16,598	26,820	33,980 [#]
Total Gross Profit	26,348[#]	48,487	73,622[#]	87,855
Gross Profit Margin (%)				
Operation of Cafe Chain (%)	28.1	34.2	36.3	32.4
Manufacturing of Beverages (%)	41.2	36.8	41.4	38.1
Total Gross Profit Margin (%)	33.3	35.0	38.0	34.4

Note:

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

[#] Does not equal to the (Revenue less Cost of Sales and Direct Expenses) equation due to rounding

(i) Cafe Chain Operations

The cost of sales and direct expenses for our operation of cafe chain comprised direct labour cost, rental, utilities, upkeep expenses, trading goods, disposable items, and procurement of ingredients and other supplies, including, among many others, carbonated and other beverages, noodles, poultry, eggs and others. We sourced our food ingredients and other supplies from a combination of local suppliers and stockists.

FYE 2007 TO FYE 2008

In FYE 2008, our cost of sales and direct expenses increased by 78.5% compared to FYE 2007. This is mainly due to the increased in the number of cafe outlets in operation, which grew from 75 in FYE 2007 to 107 in FYE 2008.

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For the FYE 2008, cost of sales and direct expenses represented 65.8% of our total cafe chain revenue. Our gross profit for operation of cafe chain was RM31.9 million for the FYE 2008, which represented an increase of 137.0% compared to FYE 2007. We continued to achieve a relatively high gross profit margin of 34.2% for FYE 2008.

FYE 2008 TO FYE 2009

In FYE 2009, our cost of sales and direct expenses increased by 33.5% compared to FYE 2008. This was mainly due to the increase in the number of cafe outlets in operation, which grew from 107 in FYE 2008 to 145 in FYE 2009.

For the FYE 2009, cost of sales and direct expenses accounted for 63.7% of our total cafe chain revenue. For the FYE 2009, our gross profit for the operation of cafe chain increased by 46.8%, which amounted to RM46.8million. Our gross profit margin for the operation of cafe chain was 36.3% for the FYE 2009.

FYE 2009 to FYE 2010

In FYE 2010, our cost of sales and direct expenses increased by 36.7% compared to FYE 2009. This was mainly due to the increase in the number of cafe outlets in operation, which grew from 145 in FYE 2009 to 175 in FYE 2010.

For the FYE 2009 and FYE 2010, cost of sales and direct expenses accounted for 63.7% and 67.6% of our total cafe chain revenue respectively. Our gross profit margin was 36.3% and 32.4% for FYE 2009 and FYE 2010 respectively. Again, our lower gross profit margin in FYE 2010 compared to FYE 2009 was mainly due to higher rental costs of new OLDTOWN WHITE COFFEE café outlets as well as increased spending in human resources to support our business expansion.

Nevertheless, our capabilities in achieving a gross profit margin of 28% and above for our cafe chain operations since FYE 2007 was mainly due to the benefits derived from economies of scale associated with having a large number of cafe outlets. This enabled us to have stronger bargaining power in obtaining better commercial terms from suppliers including product costs, credit terms, logistics and others.

(ii) Manufacturing Operations

Our cost of sales for manufacturing of beverages comprised mainly non-dairy creamer, instant coffee powder, sugar and coffee beans. All our raw materials used for our beverage manufacturing operations were sourced from a combination of local and overseas suppliers or imports through local stockists.

FYE 2007 TO FYE 2008

In FYE 2008, our cost of sales and direct expenses increased by 54.8% compared to FYE 2007. This was mainly due to the increase in our sales of manufactured beverages, which grew by 44.1% compared to FYE 2007. In addition, our average cost price for non-dairy creamer increased by 24.3% compared to FYE 2007.

For the FYE 2008, cost of sales for our beverage manufacturing operations accounted for 63.2% of our total revenue from beverage manufacturing. Our gross profit margin for beverage manufacturing was 36.8% for the FYE 2008. The decrease in our gross profit margin for FYE 2008 was mainly attributed to the increase in the cost of non-dairy creamer and instant coffee powder.

Despite the increase in our cost of sales for manufacturing operations from FYE 2007 to FYE 2008, we continued to achieve a relatively high gross profit margin of 36% and above, which was largely attributed to our increase in production efficiencies and effectiveness as well as economies of scale.

9. FINANCIAL INFORMATION**FYE 2008 TO FYE 2009**

In FYE 2009, our cost of sales and direct expenses increased by 33.4% compared to FYE 2008. This was mainly due to the increase in our sales of manufactured beverages, which grew by 43.8% compared to FYE 2008.

Cost of sales for our beverage manufacturing operations accounted for 58.6% of our total revenue from beverage manufacturing for the FYE 2009. For the FYE 2009, our gross profit margin for manufacturing of beverages increased to 41.4% from 36.8% in FYE 2008. The increase in our gross profit margin for FYE 2009 was mainly attributed to benefits from economies of scale, which was derived from our wide product distribution that enabled us to have a stronger bargaining power to obtain better commercial terms from suppliers such as discounts on bulk purchases, warehousing and logistics.

FYE 2009 to FYE 2010

In FYE 2010, our cost of sales and direct expenses increased by 45.0% compared to FYE 2009. This was mainly due to the increase in our sales of manufactured beverages, which grew by 37.4% compared to FYE 2009.

Cost of sales for our beverage manufacturing operations accounted for 58.6% and 61.9% of our total revenue for beverage manufacturing for FYE 2009 and FYE 2010 respectively.

Our gross profit margin for manufacturing of beverages declined from 41.4% for the FYE 2009 to 38.1% for the FYE 2010. This was primarily due to the increase in the cost of packaging materials and higher sales discount to distributors.

(c) Other Income

	Audited			
	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000	FYE 2010 RM'000
Other Operating Income	1,954	4,506	4,862	7,430
Investment Revenue	100	54	232	188
Other gains and losses	(390)	383	(326)	(1,450)
TOTAL	1,663[^]	4,943	4,769[^]	6,169[^]

Note:

[^] Total does not add-up due to rounding

FYE 2007 TO FYE 2008

Other operating income registered a growth of 130.6% for FYE 2008 compared to FYE 2007. Again, the growth in other operating income was mainly contributed by the increase in service charges received from our café chain operations.

For the FYE 2008, we recorded other gains of RM0.4 million, which was mainly contributed by gains from foreign exchange and the disposal of fixed assets such as disposal of motor vehicle, kitchen equipment, land and building for a total consideration of approximately RM1.1 million.

9. FINANCIAL INFORMATION**FYE 2008 TO FYE 2009**

For the FYE 2009, our other operating income increased by 7.9% to RM4.9 million compared to FYE 2008. The growth of our other operating income was mainly attributed to the increase in service charges received from our café chain operations, where our number of café outlets grew from 107 in FYE 2008 to 145 in FYE 2009.

For FYE 2009, other losses which amounted to RM0.3 million was mainly attributed to foreign exchange losses.

FYE 2009 to FYE 2010

Our other operating income increased by 52.8% to RM7.4 million for FYE 2010 compared to FYE 2009. The increase in our other operating income was contributed by the increase in service charges received from our café chain operations.

For the FYE 2010, the loss of approximately RM1.5 million from other gains and losses was mainly attributable to foreign exchange losses.

(d) Operating expenses

	Audited			
	FYE 2007	FYE 2008	FYE 2009	FYE 2010
Operating Expenses	RM'000	RM'000	RM'000	RM'000
Selling and distribution	7,100	14,662[^]	23,006	28,984
<i>Advertising and Promotional</i>	<i>2,430</i>	<i>6,457</i>	<i>11,265</i>	<i>13,510</i>
<i>Salaries, Wages and Other Staff Costs</i>	<i>3,224</i>	<i>5,809</i>	<i>7,474</i>	<i>9,470</i>
<i>Others</i>	<i>1,446</i>	<i>2,395</i>	<i>4,267</i>	<i>6,004</i>
Administration	6,016	9,850	13,671[^]	19,605
<i>Depreciation/ Amortisation of Fixed Assets</i>	<i>2,159</i>	<i>3,917</i>	<i>6,323</i>	<i>10,407</i>
<i>Salaries, Wages and Other Staff Costs</i>	<i>1,418</i>	<i>2,217</i>	<i>3,407</i>	<i>4,794</i>
<i>Others</i>	<i>2,439</i>	<i>3,716</i>	<i>3,940</i>	<i>4,404</i>
<i>Others</i>	<i>280</i>	<i>650</i>	<i>1,217</i>	<i>126</i>
TOTAL	13,396	25,161[^]	37,895[^]	48,714[^]

Note:

[^] Total does not add-up due to rounding

The major components of our operating expenses were selling and distribution expenses for our café chain and beverage manufacturing operations, which consisted of staff costs, rental, utilities, advertising and promotional expenses, building upkeep expenses, forwarding and transportation charges and other various expenses related to selling and distribution.

Administration expenses accounted for the next largest component of our operating expenses, which mainly consisted of depreciation/amortisation of fixed assets, management fees, licences and certificate renewal fees, professional service fees, audit fees and charges, utilities, printing and stationery, administrative staff cost, office upkeep and rental and other various expenses related to administration.

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FYE 2007 TO FYE 2008

For the FYE 2008, our operating expenses increased by 87.8% compared to FYE 2007. This was also mainly due to the following:

Selling and Distribution Expenses

Selling and distribution expenses increased from RM7.1 million for the FYE 2007 to RM14.7 million for the FYE 2008, which represented a growth of 106.5%. This was mainly due to an increase of 80.2% in salaries, wages and other staff costs as well as an increase of 165.7% in advertising and promotional expenses.

Again, the increase in salaries, wages and other staff costs was mainly attributed to the increase in total employees as well as the increase in the number of café outlets from FYE 2007 to FYE 2008. Please refer to Sections 4.7 and 5.12 for the total number of café outlets and total number of employees of our Group, respectively.

Similarly, the increase in advertising and promotional expenses was in tandem with our business growth, including the increase in the number of café outlets. During the year, there were increased promotional activities, such as advertisements, product promotions, in-store displays as well as design and artwork expenses incurred to promote our brand name as well as increase sales revenue.

Administration Expenses

Administration expenses increased from RM6.0 million for FYE 2007 to RM9.8 million for the FYE 2008. This was mainly due to the increase in depreciation expenses, salaries, wages and other staff costs as well as other administrative expenses.

The increase in depreciation expenses is in line with the increase in property, plant and equipment from FYE 2007 to FYE 2008. The increase in fixed assets was, in turn, in line with the expansion of our business from increases in the number of café outlets. Please refer to Sections 4.7 for the total number of café outlets of our Group.

The increase in salaries, wages and other staff costs was also in line with the increase in the number of employees from FYE 2007 to FYE 2008. The increase in headcount contributed directly to the increase in other employee costs such as allowances, medical fees, contribution to the employee provident fund and other staff costs.

Again, the increase in other administrative expenses such as management fees, audit fees and taxation services was in tandem with the expansion of our business activities and growth of our Group.

FYE 2008 TO FYE 2009

Our operating expenses increased by approximately RM12.7 million from RM25.2 million in FYE 2008 to RM37.9 million in FYE 2009. This was mainly due to the following:

Selling and Distribution expenses

Selling and distribution expenses increased by approximately RM8.3 million or 56.9% from RM14.7 million in FYE 2008 to RM23.0 million in FYE 2009. This was mainly due an increase of 74.5% in advertising and promotional expenses as well as increase of 28.7% in salaries, wages and other staff costs.

The increase in salaries, wages and other staff costs was mainly attributable to the increase in total employees as well as the increase in the number of café outlets from FYE 2008 to FYE 2009. Please refer to Sections 4.7 and 5.12 for the total number of café outlets and total number of employees of our Group respectively.

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Similarly, the increase in advertising and promotional expenses was in tandem with our business growth, including the increase in the number of café outlets. During the year, there were increased promotional activities, such as advertisements, product promotions, in-store displays as well as design and artwork expenses incurred by our Group to promote our brand name as well as increase sales revenue.

Administration expenses

Administration expenses increased by approximately RM3.8 million or 38.8% from RM9.8 million in FYE 2008 to RM13.7 million in FYE 2009. This was mainly due to the increase in depreciation expenses, salaries, wages and other staff costs as well as other administrative expenses.

The increase in depreciation expenses was in line with the increase in property, plant and equipment for FYE 2009 compared to FYE 2008. The increase in fixed assets was, in turn, in line with the expansion of our business from increases in the number of café outlets. Please refer to Sections 4.7 for the total number of café outlets of our Group.

Similarly, the increase in salaries, wages and other staff costs was also in line with the increase in the number of employees from FYE 2008 to FYE 2009. The increase in headcount contributed directly to the increase in other employee costs such as allowances, medical fees, contribution to the employee provident fund and other staff costs.

The increase in other administrative expenses such as legal fees, audit fees, licence and certificate renewal fees was in tandem with the expansion of our business activities and growth of our Group.

FYE 2009 to FYE 2010

For the FYE 2010, our operating expenses registered a growth of 28.5% compared to FYE 2009. The growth in our operating expenses mainly due to the following:

Selling and Distribution Expenses

For the FYE 2010, selling and distribution expenses increased by RM6.0 million or 26.0% compared to FYE 2009. The growth was mainly due to an increase of 19.9% in advertising and promotional expenses, an increase of 26.7% in salaries, wages and other staff costs as well as an increase of 40.7% in other selling and distribution expenses.

Again, the increase in salaries, wages and other staff costs was mainly attributable to the increase in total employees as well as the increase in the number of café outlets for FYE 2010 compared to FYE 2009. Please refer to Sections 4.7 and 5.12 for the total number of café outlets and total number of employees of our Group, respectively.

Similarly, the increase in advertising and promotional expenses was in tandem with our business growth, including the increase in the number of café outlets. During the year, there were increased promotional activities, such as advertisements, product promotions, in-store displays, billboard rental charges as well as exhibition and promotion expenses incurred by our Group to promote our brand name as well as increase sales revenue.

Other selling and distribution expenses also increased as our business continued to grow. The increase in other selling and distribution expenses was mainly attributable to the increase in forwarding and transportation charges, utilities, upkeep expenses and others.

9. FINANCIAL INFORMATION

Administration Expenses

For the FYE 2010, our administration expenses increased by RM5.9 million or 43.4% compared to the same period for FYE 2009. Again, this was mainly due to the increase in depreciation expenses, salaries, wages and other staff costs.

The increase in depreciation expenses was in line with the increase in property, plant and equipment for FYE 2010 compared to FYE 2009. The increase in fixed assets was, in turn, in line with the expansion of our business from increases in the number of café outlets. Please refer to Sections 4.7 for the total number of café outlets of our Group.

For the FYE 2010, the increase in salaries, wages and other staff costs was also in line with the increase in employees compared to the FYE 2009. The increase in headcount contributed directly to the increase in other employee costs such as allowances, medical fees, contribution to the employee provident fund and other staff costs.

Similarly, the increase in other administrative expenses such as legal and professional fees, taxation service fees, as well as printing and stationery was in tandem with the expansion of our business activities and growth of our Group. In addition, there were also increases in community contributions and the write-off of property, plant and equipment.

(e) Profit Before Tax (PBT) and PBT Margin

	Audited			
	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000	FYE 2010 RM'000
Profit Before Tax (PBT)				
Operation of Café Chain	8,047	21,111	27,744	28,511
Manufacturing of Beverages	5,887	6,328	13,582	14,916
Total PBT	13,935^a	27,417^a	40,160^a	43,379^a
PBT Margin (%)				
Operation of Café Chain (%)	16.8	22.6	21.5	17.2
Manufacturing of Beverages (%)	18.8	14.0	21.0	16.7
Total PBT Margin (%)	17.6	19.8	20.7	17.0

Notes:

^a Total does not add-up due to rounding

^{*} PBT for FYE 2008, FYE 2009 and FYE 2010 do not add-up to the proforma consolidated statements of comprehensive income in Sections 1.4 and 9.2 of this Prospectus mainly due to the deduction of operating expenses incurred from the investment holding company such as professional fees for the listing exercise.

Our PBT increased from RM13.9 million for FYE 2007 to RM43.4 million for FYE 2010. This represented an average annual growth of 46.0% between FYE 2007 and FYE 2010 whilst our overall PBT margin decreased marginally from 17.6% for FYE 2007 to 17.0% for FYE 2010.

9. FINANCIAL INFORMATION

FYE 2007 TO FYE 2008

For the FYE 2008, our café chain operations continued to be the largest PBT contributor having accounted for 77.0% of our total PBT, whilst the remainder 23.0% were derived from our beverage manufacturing operations. In tandem with business growth, our total PBT increased from RM13.9 million for FYE 2007 to RM27.4 million for FYE 2008.

FYE 2008 TO FYE 2009

PBT from our café chain operations represented 69.1% of our total PBT for FYE 2009. PBT from our beverage manufacturing operations accounted for 33.8% of our total PBT for FYE 2009. Our overall PBT margin increased from 19.8% for FYE 2008 to 20.7% for FYE 2009, which represented a growth of 4.5%.

Between FYE 2007 and FYE 2009, overall improvements in our profit margin were mainly attributed to the following:

- We are an integrated coffee beverage manufacturer and operator of café outlets. Our integrated business enables us to control most aspects of the value-added chain including product quality and service provision, as well as retain as much of the profit as possible within our Group.
- In addition, we also enjoy economies of scale derived from our wide network of café outlets, the sales of our beverage products in many of the retail stores in Malaysia, as well as export of our beverage products to overseas countries. These economies of scale enabled us to spread our fixed and operating costs across a large number of café outlets as well as products. This is particularly pertinent in terms of head office personnel and centralised functions including, food processing centres, procurement, warehousing, logistics, training, advertising and promotional costs.

FYE 2009 to FYE 2010

For the FYE 2010, our total PBT registered a growth of 8.0% compared to FYE 2009. Of this, PBT from our operation of café chain remained the largest contributor at RM28.5 million or 65.7% of our total PBT whilst our beverage manufacturing accounted for 34.4% or RM14.9 million for FYE 2010.

Our overall PBT margin decreased from 20.7% for the FYE 2009 to 17.0% for the FYE 2010. This was mainly due to the increase in selling and distribution expenses and administration expenses of 26.0% and 43.4% respectively compared to the FYE 2009. Please refer to Section 9.4.2 (d) for the reasons of increase in selling and distribution expenses and administration expenses for FYE 2010 compared to FYE 2009.

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9. FINANCIAL INFORMATION

(f) Taxation

Our taxation and effective tax rates for the financial years under review are as follows:

	FYE 2007	FYE 2008	FYE 2009	FYE 2010
Taxation (RM'000)	3,031	6,847	9,822	11,507
Adjusted taxation (RM'000) [^]	3,217	6,611	9,632	11,546
Effective Tax Rates*	23.1%	24.1%	24.0%	26.6%
Malaysian Statutory Tax Rates	27.0%	26.0%	25.0%	25.0%

Note:

[^] Adjusted taxation is calculated taking into account the prior year's adjustment for over/under provision for taxation

* Effective tax rates are calculated based on the adjusted taxation figures

Our effective tax rate of 23.1%, 24.1% and 24.0% for FYE 2007, FYE 2008 and FYE 2009 respectively was slightly lower than the statutory tax rate principally due to tax savings from some of our subsidiaries of the following tax incentives:

- White Cafe, our subsidiary has claimed reinvestment allowance incentives for FYE 2007 and 2008; and
- Furthermore, we also enjoy tax savings with lower tax rates that are applicable to small and medium scale companies.
 - . For FYE 2007, our subsidiary companies that enjoyed the tax savings were Kopitiam Asia Pacific, Old Town Kopitiam Butterworth, Old Town Kopitiam Cheras, Conneczone, White Cafe Marketing, White Cafe, Gongga Food, Emperor's Kitchen and Esquire Chef.
 - . For FYE 2008, our subsidiary companies that enjoyed the tax savings, include Kopitiam Asia Pacific, Old Town Kopitiam, Old Town Kopitiam Butterworth, Old Town Kopitiam Cheras, Old Town Kopitiam Kuala Lumpur, Conneczone, Dynasty Kitchen, White Cafe Marketing, White Cafe, Gongga Food, Emperor's Kitchen, Esquire Chef, and Dynasty Confectionery.
 - . For FYE 2009, our subsidiary companies that enjoyed the tax savings, include Old Town Kopitiam Butterworth, Old Town Kopitiam Cheras, Old Town Kopitiam Kuala Lumpur, Conneczone, Dynasty Kitchen, Emperor's Kitchen, Esquire Chef, and Dynasty Confectionery.

For the FYE 2010, our effective tax rate of 26.6% was slightly higher than the statutory tax rate principally due to the following:

- **Non-Qualifying Renovation Costs**
 - . Renovation costs are incurred in line with the expansion of our business from increases in the number of cafe outlets. These renovation costs are subject to depreciation but are not qualified to claim for capital allowance in the tax computation. This has resulted in higher tax payable hence the increase in our effective tax rate.

9. FINANCIAL INFORMATION**(g) PAT (after NCI) and PAT Margin**

	Audited			
	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000	FYE 2010 RM'000
PAT (after NCI)				
Operation of Café Chain	5,789	15,605	21,327	20,409
Manufacturing of Beverages	5,032	4,863	10,069	11,339
Total PAT	10,821	20,446[#]	30,231[#]	31,700[#]
PAT Margin (%)				
Operation of Café Chain (%)	12.1	16.7	16.6	12.3
Manufacturing of Beverages (%)	16.1	10.8	15.5	12.7
Total PAT Margin (%)	13.7	14.8	15.6	12.4

Note:

[#] PAT for FYE 2008, FYE 2009, FYE 2010 do not add-up to the proforma consolidated statements of comprehensive income in Sections 1.4 and 9.2 of this Prospectus mainly due to the deduction of operating expenses incurred from the investment holding company.

In line with the growth of our business please refer to Sections 9.4.2 b(i), b(ii), (e) and (f) in this Prospectus for the explanation on the movement between FYE 2007 to FYE 2010, in relation to our gross profit, and PBT, as well as information on income tax expenses.

FYE 2007 TO FYE 2008

For FYE 2008, we continued to achieve growth of 88.9% in PAT compared to FYE 2007, from RM10.8 million for FYE 2007 to RM20.4 million for FYE 2008. Our PAT margin also increased from 13.7% for FYE 2007 to 14.8% for FYE 2008. Please refer to Sections 9.4.2 b(i), b(ii), (e) and (f) in this Prospectus for the explanation behind the increase of PAT margin for FYE 2007 to FYE 2008.

FYE 2008 TO FYE 2009

For the FYE 2009, we recorded an increase in the PAT of 47.9%, from RM20.4 million for FYE 2008 to RM30.2 million FYE 2009. Our PAT margin also increased from 14.8% for FYE 2008 to 15.6% for FYE 2009. Please refer to Sections 9.4.2 b(i), b(ii), (e) and (f) in this Prospectus for the explanation behind the increase of PAT margin for FYE 2008 to FYE 2009.

FYE 2009 to FYE 2010

For FYE 2010, we recorded a growth of 4.9% in PAT compared to 2009. Our PAT was RM31.7 million for the FYE 2010 compared to RM30.2 million for FYE 2009. For FYE 2010, our PAT margin decreased and recorded at 12.4% compared to 15.6% for FYE 2009. Please refer to Sections 9.4.2 b(i), b(ii), (e) and (f) in this Prospectus for the explanation behind the decrease of PAT margin for FYE 2010 as compared to FYE 2009.

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9.4.3 Segmental Analysis

The following is the segmental analysis by companies within our Group, principal business activities and geographic markets based on the proforma consolidated results of our Group for the past four (4) FYE 2007 to 2010. The proforma consolidated results were provided for illustrative purposes only and on the assumption that the current structure of our Group has been in existence throughout the financial years under review.

(a) Analysis of Revenue by Companies within our Group

	Audited							
	FYE 2007		FYE 2008		FYE 2009		FYE 2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Gongga Food	24,632	31.1	47,459	34.3	64,719	33.4	81,026	31.8
White Cafe	23,819	30.1	36,949	26.7	51,352	26.5	73,304	28.7
Old Town Kopitiam	12,416	15.7	25,063	18.1	38,451	19.9	55,323	21.7
White Cafe Marketing	18,602	23.5	26,885	19.4	36,317	18.8	47,344	18.6
Kopitiam Asia Pacific	7,269	9.2	18,092	13.1	28,363	14.6	34,708	13.6
Old Town Kopitiam Butterworth	9,299	11.7	15,568	11.2	17,987	9.3	21,735	8.5
Emperor's Kitchen	6,987	8.8	14,602	10.5	17,672	9.1	20,772	8.1
Oldtown Singapore	13	#	1,446	1.0	3,128	1.6	9,163	3.6
Dynasty Kitchen	4,018	5.1	7,812	5.6	7,526	3.9	8,912	3.5
Old Town Kopitiam Cheras	5,266	6.7	10,746	7.8	10,323	5.3	8,403	3.3
Connecczone	3,154	4.0	4,970	3.6	6,863	3.5	7,391	2.9
Esquire Chef	872	1.1	3,090	2.2	4,755	2.5	5,147	2.0
Old Town Kopitiam Kuala Lumpur	4,517	5.7	6,017	4.3	4,841	2.5	4,621	1.8
Dynasty Confectionery	673	0.8	3,494	2.5	4,174	2.2	4,406	1.7
Old Town (M)	-	-	-	-	-	-	-	-
Oldtown	n.a	n.a	-	-	-	-	-	-
Oldtown Logistics	n.a	n.a	n.a	n.a	n.a	n.a	-	-
	121,536 [^]	153.5	222,194 [^]	160.5 [^]	296,471	153.1	382,255	149.8
Less: Consolidation Adjustment*	(42,351)	(53.5)	(83,757)	(60.5)	(102,806)	(53.1)	(127,122)	(49.8)
TOTAL	79,186[^]	100.0	138,437	100.0	193,666[^]	100.0	255,133	100.0

Notes:

Total does not add-up due to rounding

- * The consolidation adjustments are in relation to inter-company transactions which include, amongst others, franchise fees, royalty fees, advertising and promotional fees, purchases of processed food from our food processing centres, purchases of roasted coffee beans, fixtures and fittings for our cafe outlets.

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For the FYE 2009, the bulk of our revenue was derived from companies involved in the operation of café outlets, which include, Kopitiam Asia Pacific, Connecczone, Old Town Kopitiam, Old Town Kopitiam Butterworth, Old Town Kopitiam Cheras, Old Town Kopitiam Kuala Lumpur, and Oldtown Singapore. A significant proportion of Gongga Food's revenue was also attributed to the sales to café outlets.

Revenue from the remaining companies, White Cafe and White Cafe Marketing, and also Gongga Food were mainly attributed to sales of manufactured beverages.

For the FYE 2009, the top five highest revenue contributing companies within our Group were Gongga Food, White Café, Old Town Kopitiam, White Cafe Marketing and Kopitiam Asia Pacific where they contributed 33.4%, 26.5%, 19.9%, 18.8% and 14.6% respectively (*before consolidation adjustment*) of our total revenue.

For FYE 2010, the top five highest revenue contributing companies within our Group were Gongga Food, White Café, Old Town Kopitiam, White Cafe Marketing and Kopitiam Asia Pacific where they contributed 31.8%, 28.7%, 21.7%, 18.6% and 13.6% respectively (*before consolidation adjustment*) of our total revenue.

(b) Analysis of PBT/(LBT) by Companies within our Group

	Audited							
	FYE 2007		FYE 2008		FYE 2009		FYE 2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Gongga Food	4,423	31.7	6,105	22.3	9,246	23.0	10,642	24.5
White Cafe	3,215	23.1	4,532	16.5	9,264	23.1	10,544	24.3
Kopitiam Asia Pacific	629	4.5	4,930	18.0	8,753	16.8	10,051	23.2
White Cafe Marketing	730	5.2	1,472	5.4	3,161	7.9	3,276	7.6
Emperor's Kitchen	1,461	10.5	2,518	9.2	2,329	5.8	2,423	5.6
Old Town Kopitiam Butterworth	946	6.8	1,456	5.3	1,831	4.6	2,258	5.2
Esquire Chef	413	3.0	1,354	4.9	1,555	3.9	1,612	3.7
Old Town Kopitiam	351	2.5	969	3.5	2,994	7.5	971	2.2
Dynasty Confectionery	10	0.1	250	0.9	598	1.5	919	2.1
Old Town Kopitiam Cheras	535	3.8	1,475	5.4	1,783	4.4	810	1.9
Connecczone	540	3.9	806	2.9	771	1.9	674	1.6
Dynasty Kitchen	685	4.9	836	3.0	439	1.1	586	1.4
Oldtown Singapore	(15)	(0.1)	308	1.1	816	2.0	163	0.4
Old Town (M)	-	-	(4)	(@)	(2)	(@)	(4)	0.0
Oldtown Logistics	n.a	n.a	n.a	n.a	n.a	n.a	(5)	0.0
Oldtown	n.a	n.a	(19)	(0.1)	(1,164)	(2.9)	(44)	(0.1)
Old Town Kopitiam Kuala Lumpur	299	2.1	847	3.1	296	0.7	(74)	(0.2)
Less: Consolidation Adjustment*	14,223[^]	102.1[^]	27,834[^]	101.5[^]	40,671[^]	101.3	44,800[^]	103.3[^]
	(288)	(2.1)	(418)	(1.5)	(511)	(1.3)	(1,422)	(3.3)
TOTAL	13,935	100.0	27,417[^]	100.0	40,160	100.0	43,379[^]	100.0

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Notes:

Total does not add-up due to rounding

@ *Insignificant proportion*

The consolidation adjustments are as follows:-

	Audited			
	FYE 2007	FYE 2008	FYE 2009	FYE 2010
	RM'000	RM'000	RM'000	RM'000
Share of profit / (loss) from associated				
- OTK Eatery	(5)	45	172	122
- OTK Singapore	(60)	94	498	(395)
- PT Oldtown Indonesia	n.a	n.a	n.a	(170)
Others**	(223)	(557)	(1,181)	(979)
Consolidated adjustments	(288)	(418)	(511)	(1,422)

** *this is in relation to inter-company adjustments made for consolidation purposes which includes, amongst others, elimination of unrealised profit from Intercompany purchases of inventories and equipment.*

For the FYE 2009, the top five highest profit before tax contributing companies within our Group were White Cafe, Gongga Food, Kopitiam Asia Pacific, White Cafe Marketing and Old Town Kopitiam where they contributed approximately 23.1%, 23.0%, 16.8%, 7.9% and 7.5% respectively (*before consolidation adjustment*) of our total profit before tax.

For the FYE 2010, the top five highest profit before tax contributing companies within our Group were Gongga Food, White Cafe, Kopitiam Asia Pacific, White Cafe Marketing and Emperor's Kitchen where they contributed approximately 24.5%, 24.3%, 23.2%, 7.6% and 5.6% respectively (*before consolidation adjustment*) of our total profit before tax.

(c) Analysis of Revenue by Geographical Markets

	Audited							
	FYE 2007		FYE 2008		FYE 2009		FYE 2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Local	67,216	84.9	119,883	86.6	162,682	84.0	205,915	80.7
- Operation of Cafe outlets	47,171	59.6	91,765	66.3	124,108	64.1	155,949	61.1
- Manufacturing of beverages	20,045	25.3	28,118	20.3	38,574	19.9	49,966	19.6
Overseas	11,969[^]	15.1	18,555	13.4	30,984	16.0	49,218	19.3
- Operation of Cafe outlets	719	0.9	1,583	1.1	4,731	2.4	10,086	4.0
- Manufacturing of beverages	11,251	14.2	16,972	12.3	26,253	13.6	39,132	15.3
TOTAL	79,186[^]	100.0	138,437[^]	100.0	193,666	100.0	255,133	100.0

Note:

Total does not add-up due to rounding.

For the FYE 2010, the local market contributed 80.7% of our Group's total revenue, which amounted to RM205.9 million. The remaining 19.3% was contributed by exports, which amounted to RM49.2 million.

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Within the local market, we provided food and beverages through our 'OLDTOWN WHITE COFFEE' cafe outlets and marketing of our retail pack coffee and tea beverages namely instant coffee beverages, milk tea mix, roasted coffee powder and RTD coffee via OLDTOWN WHITE COFFEE café outlets and intermediaries. Intermediaries included supermarkets, hypermarkets, convenience stores, mini markets, Chinese Medical Halls, petrol kiosks, other retailers, wholesalers and distributors.

Between FYE 2007 and FYE 2010, our overseas sales increased from RM12.0 million for FYE 2007 to RM49.2 million for FYE 2010. This represented an average annual growth rate of 60.2% per annum. The increase in our overseas sales was mainly attributed to the increase in our export sales to Hong Kong, Singapore, United States and Taiwan.

Our exports comprised mainly retail pack coffee and tea beverages. For FYE 2010, we exported our retail pack beverages to twelve (12) overseas countries includes Hong Kong, Singapore, the United States, Canada, Taiwan, Indonesia, Brunei, Thailand, Philippines, China, United Kingdom and Australia. For the FYE 2010, we also provided food and beverages and our retail pack coffee and tea beverages through our OLDTOWN WHITE COFFEE café outlets in Singapore.

(d) Analysis of PBT and PAT by Geographical Markets

It is not possible to undertake an analysis of PBT and PAT by geographic markets because our overhead and expenses such as operations overhead, labour cost, operating expenses such as selling and distribution, and administration expenses, and finance costs, cannot be meaningfully apportioned according to geographical markets.

Factors and Trends Affecting Future Financial Condition and Results

A discussion on the factors and trends affecting future financial condition and results of operations are as set out in Section 9.4.4 of this Prospectus. Factors that may cause future financial condition and operation results to differ significantly from those included in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 3 of this Prospectus.

Save as disclosed in Section 9.4.4 of this Prospectus, our results of operations and financial conditions for the financial year ending 31 December 2011 may be affected by the following factors:

- Expansion of cafe outlets of an additional 27 cafe outlets in Malaysia, Singapore and Indonesia by the end of 2011. Our incremental income will come from the expansion of cafe outlets in Malaysia, Singapore and Indonesia. Our ability to expand successfully is backed by our past experience where we grew from 75 cafes at end of 2007 to reach a total of 182 cafes in Malaysia, Singapore and Indonesia as at LPD.
- Venture into new and expanding into existing export markets namely Iran by fourth quarter of 2011 and China by fourth quarter of 2011 and 2012 to expand our market coverage for our manufactured beverage. Part of our strategy is to utilise intermediaries to distribute our beverage products in overseas countries. This strategy is effective in expanding our markets with minimal investments. Our exports enable us to address a larger market to provide our business with significant growth potential.
- New manufacturing and food processing plant to maximise on efficiency in terms of logistics, and directly contributing to our profitability.
- Increase our revenue by introducing new products and enhancing our cafe menu.

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- Increase in revenue per outlet by increasing marketing activities, including advertising and promotions, and introduction of new products in our cafe outlets. Our ability to increase our average revenue per outlet is supported by our past experience where we grew our average revenue per outlet from approximately RM638,500 for FYE 2007 to approximately RM948,800 for FYE 2010.
- Continually improve the efficiency and effectiveness of our centralised food processing centres by developing new methods of packaging of our ingredients for our cafe outlets to ensure that the original flavour is retained, and to ensure consistency in product quality.
- Economies of scale is pertinent to our business, as it enables us to spread our fixed and operating costs across a large number of cafe outlets as well as products. Furthermore, it also enables us to possess stronger bargaining power to obtain better commercial terms from suppliers, which directly contributes to our profit margin.
- Fluctuations in prices of raw materials used particularly commodity based materials such as coffee, non-dairy creamer, poultry and eggs which will affect our cost of production.
- Fluctuations in foreign exchange rates as some of our revenue and purchases are denominated in foreign currencies.
- Performance of the general economic conditions, consumer confidence and spending in Malaysia, which may affect the performance of the Food Services Industry. (Details on industry outlook are set out in Section 11 of this Prospectus).

The above discussion on our financial outlook is based on our Directors knowledge and experience of our business, operations and management, current economic and operating conditions, and various assumptions regarding future events and actions to be taken by us.

Our competitive advantages and key strengths as set out in Section 4.10 of this Prospectus provide the foundation for the sustainability of our business and financial growth. Our future plans as set out in Section 4.23 of this Prospectus will further contribute to sustainable growth in our financial performance.

9.4.4 SIGNIFICANT FACTORS MATERIALLY AFFECTING OUR GROUP'S OPERATIONS AND FINANCIAL RESULTS

9.4.4.1 Internal Factors

Some of the pertinent internal factors that have an impact on our operating conditions and financial results are discussed below:

(i) Business Growth and Expansion

Our financial results are dependent on our business growth and expansion from local and overseas markets.

Our café outlet business was the largest revenue contributor, which accounted for 65.1% or RM166.0 million of our total revenue for FYE 2010. Between FYE 2007 and FYE 2010, our café outlet business grew at an average annual rate of 51.4%. Since the opening of our first 'OLDTOWN WHITE COFFEE' café outlet in Ipoh in 2005, our chain of café outlets have expanded to reach 182 café outlets in Malaysia, Singapore and Indonesia as at LPD. This includes fully owned, partially owned, franchised and licensed outlets. Our extensive network of café outlets is a key factor in providing us with business growth.

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Our ability to franchise our café operations provides us with a key business advantage in accelerating the expansion of our café network and more importantly, derive incremental income from franchising and supply of food, beverages and other miscellaneous items whilst minimising capital expenditure in setting-up new cafes. The expansion of café outlets also provides us with increased economies of scale.

With our beverage manufacturing operations, we have successfully manufactured and commercialised a range of beverages for the retail market, including instant coffee mix, instant milk tea mix, and roasted coffee powder. For the FYE 2010, manufacturing of beverages accounted for 34.9% or RM89.1 million of our total revenue. Our beverage manufacturing business grew at an average annual rate of 41.7% between FYE 2007 and FYE 2010. As at LPD, our 'OLDTOWN' beverages are available in 5,002 retail outlets in Malaysia, and approximately 730 retail outlets in Singapore, and approximately 2,335 retail outlets in Hong Kong. In addition to Singapore and Hong Kong, our beverage products were exported to ten (10) other overseas countries including the United States, Canada, Taiwan, Indonesia, Brunei, Thailand, Philippines, China, United Kingdom and Australia for the FYE 2010.

(ii) Established Brand Name

Established brand names and market reputation are our key competitive advantages as they help us to create customer loyalty and brand recognition, which are important in sustaining the growth of our business. Our 'OLDTOWN' brand name has been in Malaysian market since 1999. Since then, our 'OLDTOWN' brand name has been used in various coffee-based products and other beverages, and is now available in many retail outlets in Malaysia and overseas. In addition, we have also developed our 'NAN YANG' brand name for our own range of roasted coffee powder.

Furthermore, all of our café outlets also operate under the brand name of 'OLDTOWN WHITE COFFEE', including fully and partially owned, and franchised outlets in Malaysia and Singapore. Our established and recognised brand names provide us with a distinct competitive advantage, which will help build our brand equity in the consumer market.

(iii) Proprietary Formulations

We have our own proprietary formulation and processes for roasting of coffee beans, and formulation of instant coffee mix using our original recipe. We mainly use three types of coffee beans, which are Robusta, Arabica and Liberica, of which Robusta constitutes approximately 70% of the total usage of coffee beans. Other ingredients used include non-dairy creamer, and sugar depending on the range of products.

To-date, we have successfully commercialised the following range of beverages:

- 5 different types of instant coffee mix;
- 3 different types of roasted coffee powder;
- 1 type of instant milk tea mix;
- 1 type of instant chocolate mix; and
- 1 type of RTD coffee.

Having our own proprietary formulation and processes also provide us with the advantage of being able to undertake product development and enhancements to ensure we continually meet the changing needs and tastes of consumers. Our capabilities in developing and manufacturing different types of beverages provide us with the platform for business growth.

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(iv) Integrated Coffee Beverage Manufacturer and Café Operator

We are an integrated coffee beverage manufacturer and operator of café outlets. Our ability to develop our own formulated range of beverages for the retail market and our café outlets increases our value adding significantly. Furthermore, we are also supported by own centralised food processing centres and a distribution centre.

Our integrated business enables us to control most aspects of the value-added chain to control product quality and service provision, as well as to retain as much of the profit as possible within our Group. Among others, this helps us to be more cost effective to compete against other service providers as well as other coffee beverage resellers.

(v) Exceptional and Extraordinary Items

There were no exceptional and extraordinary items for the financial years under review.

A discussion on the reasons on material changes in our revenue for the financial years under review are as set out in Section 9.4.1 of this Prospectus.

9.4.4.2 External Factors

Some of the pertinent external factors that have an impact on our operating conditions and financial results are discussed below:

(i) Demand for the Food Services Industry

Demand for food services including café outlets will come primarily from end-consumers in the local market. The following factors will have an impact on the food services industry including our café outlets:

- **Population growth:** The increase in Malaysia's population will continue to spur the demand for food services, including café outlets;
- **Growth in income:** 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; and
- **Increase in average monthly household expenditure:** The large size and growth of household expenditure on food services would augur well for operators in the Food Services Industry.

(For further details, please refer to Section 11 Independent Assessment of the Food Services Industry focusing on Café Outlets)

(ii) Consumption of Beverages in Households

We are also dependent on the consumption of beverages in households in Malaysia for our 'OLDTOWN' brand of instant coffee mix and instant tea mix, and 'NAN YANG' brand of coffee powder and RTD coffee.

The continuing increases in the number of households and the household expenditure on beverages as a household item will continue to provide opportunities for our Group:

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- Between 2007 and 2011, the population of Malaysia is forecasted to grow at an average annual rate of 1.3% to reach 28.6 million.
- The population of Malaysia is projected to grow at an average rate of 1.1% per annum between 2011 and 2015. It is forecasted that the population in Malaysia will reach approximately 30 million by 2015.
- Between 1998/99 and 2004/05, the average monthly expenditure per household on coffee in Malaysia increased by an average annual growth of 3.5%.
- Between 1998/99 and 2004/05, the average monthly expenditure per household on tea, cocoa and other beverages in Malaysia increased by an average annual growth of 3.1%.

(Source: Independent Assessment of the Food Services Industry focusing on Café Outlets prepared by Vital Factor Consulting Sdn Bhd)

(iii) Large Market Size in Malaysia

We operate in markets that are relatively large in terms of size in Malaysia and this is supported by the following:

- In 2010, the market size for restaurants and cafés in Malaysia was estimated at RM23.1 billion based on household expenditure. *(Source: Vital Factor Consulting Sdn Bhd)*
- In 2010, the market size for coffee (ground and instant) based on local production in Malaysia was estimated at RM740 million *(Source: Vital Factor Consulting Sdn Bhd)*

The relatively large size of the restaurant and café market, and the coffee market provide us with opportunities for business growth. In addition, we have already penetrated various overseas markets for our café operations as well as our own manufactured coffee and other beverages. Our expansion overseas will also enlarge our addressable markets to sustain our business growth.

(iv) Our Strong Market Position for Our Café Operations

In April 2011, we ranked second among operators of café outlets based on total number of outlets in Malaysia. *(Source: Vital Factor Consulting Sdn Bhd)*

Our strong position in the café operation market in Malaysia provides us with a significant advantage to compete as well as increasing our consumer reach to provide business growth.

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(v) Industry Outlook

Performance of the Food Services Industry is largely dependent on the general economic conditions, consumer confidence and spending in Malaysia. As such, observations on the following areas may provide some indications on the outlook of the Food Services Industry:

- real GDP of the Malaysian economy;
- real GDP of the accommodation and restaurant industry;
- consumer confidence.

Real GDP of the Malaysian Economy

A growing local economy provides the impetus for increasing affluence of the people, which will have a positive effect on operators within the Food Services Industry.

While real GDP registered a contraction of 1.7% in 2009, real GDP for Malaysia increased by 7.2% in 2010.

As for 2011, Malaysia is expected to experience continuing growth where real GDP is expected to grow between 5.0% and 6.0%.

Real GDP of the Accommodation and Restaurant Industry

Continuing growth of the accommodation and restaurant industry will provide sustainability and growth opportunities for operators within the Food Services Industry focusing on Café Outlets.

The accommodation and restaurant industry has been growing over the last four years as indicated below:

- Between 2006 and 2010, real GDP of the accommodation and restaurant industry grew at an average annual rate of 6.3%;
- In 2010, real GDP of the accommodation and restaurant industry grew by 5.0%.

As for 2011, real GDP of the accommodation and restaurant industry is expected to grow by 5.2%.

Consumer Confidence

Generally, consumer confidence level indicates consumer spending patterns that will affect businesses in Malaysia, including operators within the Food Services Industry focusing on Café Outlets.

During the first quarter of 2011, consumer confidence decreased by 7.7% compared to the previous quarter and decreased by 5.3% compared to the corresponding period in 2010. If the consumer confidence continues to decline over a sustained period, the outlook may be challenging for businesses, including operators within the Food Services Industry.

(Source: Independent Assessment of the Food Services Industry focusing on Café Outlets prepared by Vital Factor Consulting Sdn Bhd)

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(vi) Fluctuations in Prices of Raw Materials

Some of the main raw materials and ingredients used in our beverage manufacturing operations were instant coffee powder, non-dairy creamer, refined sugar, coffee beans and hazelnut flavouring. Other ingredients such as poultry, flour, and noodles are mainly used for our food processing operations for our café outlets. In some situations, increases in the prices of raw materials and supplies are not easily passed onto customers, and this could impact on our margin and financial results or alternatively, if the increase in cost is passed onto the customers, we may not be price competitive.

However, some of the major raw materials used in our cafe outlet operations including coffee, flour and refined white sugar are mainly price controlled items in Malaysia or commodities that are subjected to world prices. All operators who use these raw materials are equally affected. Raw materials such as coffee, non-dairy creamer, flour, noodles and refined sugar are widely used in food and beverage preparations, and increases in price can be easily passed onto the customers. Furthermore, several of the raw materials including wheat flour and refined white sugar are price controlled items. This will provide a certain level of protection from fluctuations in prices of these raw materials.

(vii) Global Financial Crisis

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

As evidenced in the past, the Malaysian Government's continued prompt policy flexibility in implementing pro-growth measures to sustain the country's growth momentum, by raising domestic demand to compensate for slower external growth, has helped Malaysian companies to counter some of the effects of the slowdown in the global economy. In early November 2008, the Malaysian Government announced a RM7 billion stimulus package, which was to be channelled into 15 projects to promote business activities, and help minimise the impact of the global financial crisis.

On 10 March 2009, the Government tabled a mini budget as part of the second stimulus package. The second stimulus package was to be implemented over 2009 and 2010, and will include RM60 billion in Government spending and incentives. It is expected that these measure will help to generate domestic business activities and domestic consumption, which will in turn help to counter the slowdown in the local economy.

(Source: Independent Assessment of the Food Services Industry focusing on Café Outlets prepared by Vital Factor Consulting Sdn Bhd)

9. FINANCIAL INFORMATION

(viii) Foreign Exchange Fluctuations

Fluctuations in foreign exchange rates will have an impact on revenue derived from overseas sales, and imports of our materials. An unfavourable foreign exchange movement against the Ringgit may have an impact on our profitability.

However, for FYE 2009 and FYE 2010, 16.0% and 19.3% of our revenue were denominated in foreign currencies respectively. As such, our exposure to foreign exchange rate fluctuations is therefore not significant. We will continue to monitor our foreign currency exposure and take necessary steps to minimise exchange rate exposure whenever deemed appropriate.

(ix) Competition

Increasing competition in coffee and other beverages in the retail market, and cafés in the food services industry will also impact on our business. Within the retail market, we face competition from many local and overseas brands as well as choices of different types of beverages. Within the food services industry, we compete with local brands and renowned brands of international café outlets.

Our 'OLDTOWN WHITE COFFEE' brand of café outlets has been established since 2005 and as at LPD, we have expanded to reach 182 café outlets in Malaysia, Singapore and Indonesia. The growth of our café outlets is also evident in our financial performance whereby the revenue from our café outlet operations increased at an average annual growth rate of 51.4% between the FYE 2007 and FYE 2010. This indicates our ability to compete effectively within the café outlet sector of the food services industry particularly in Malaysia.

Similarly, our 'OLDTOWN' brand of instant beverages has been in the retail market since 1999. We also retail our roasted coffee beverages under our own 'NAN YANG' brand. Since then, our brands of beverages are sold in approximately 5,002 retail outlets nationwide in Malaysia, approximately 730 retail outlets in Singapore and approximately 2,335 retail outlets in Hong Kong as at LPD. In addition, our beverage products are also available in the United States, Canada, Taiwan, Indonesia, Brunei, Thailand, Philippines, China, United Kingdom and Australia. The growth of our beverage manufacturing operations is also reflected by our financial performance where we achieved an average annual growth of 41.7% between the FYE 2007 and FYE 2010. Our revenue derived from manufacturing of beverages increased from RM31.3 million for the FYE 2007 to RM89.1 million for the FYE 2010.

(x) Impact of Inflation

There is no material impact of inflation on our historical financial results for the past four financial years, FYE 2007, FYE 2008, FYE 2009 and FYE 2010.

(xi) Impact of Government, Economic, Fiscal Or Monetary Policies

Risks relating to the government, economic, fiscal or monetary policies factors, which may materially affect our operations, are as set out in Section 3 of this Prospectus.

There was no government, economic, fiscal or monetary policies or factors that have materially impacted our historical profits during the financial years under review.

9. FINANCIAL INFORMATION

(xii) Impact of Interest Rates or Commodity Prices

As set out in 9.4.4.2 (vi) of this Prospectus, some of our major raw materials used in our café outlet operations, including coffee, tea, rice, flour and refined white sugar are either price controlled items in Malaysia or commodities that are subjected to world prices. Any impact in commodity prices would normally impact on the selling prices of related products.

For the financial years under review, our historical financial performance was good and the finance costs incurred on interest bearing bank borrowings is relatively low and our Group was not materially affected by the movements in interest rates in Malaysia. A major increase in interest rate would raise the cost of borrowings and the cost of doing business and investment, thus creating an adverse effect on the performance of the Group.

9.4.5 LIQUIDITY AND CAPITAL RESOURCES**(a) Working Capital**

Our business operations are funded through a combination of cash generated from our operating activities and external sources of funds. We have various credit facilities granted from financial institutions as our external sources of funds, which included hire purchases, bank loan and borrowings.

As at 31 December 2010, we have cash and bank balances and deposits with financial institutions of approximately RM20.0 million after incorporating the effects of the Acquisitions. Furthermore, as at 31 December 2010, we have approximately RM19.4 million banking facilities, after incorporating the effects of the Acquisitions, that have yet to be utilised to maintain a sufficient level of working capital.

As at 31 December 2010, our total borrowings, after incorporating the effects of the Acquisition, are set-up under Section 9.3 of this Prospectus.

After incorporating the effects of the Listing Scheme and utilisation of proceeds, as at 31 December 2010, the Proforma Oldtown Group has cash and bank balances and deposits with financial institutions of approximately RM30.6 million and total borrowings of approximately RM19.2 million. Our Group's debt to equity ratio as at 31 December 2010 is 0.1 times after incorporating the effects of the Listing Scheme and utilisation of proceeds.

The Directors of our Company are of the opinion that, after taking into account, our existing unutilised sources of liquidity and our capacity to obtain further financing based on our current low debt to equity ratio and the net proceeds from the Public Issue, our Group will have adequate working capital for a period of twelve (12) months from the date of this Prospectus.

9. FINANCIAL INFORMATION**(b) Cash Flow**

The following is a summary of our proforma cash flow for the FYE 2010, and should be read in conjunction with the Reporting Accountant's Letter on the Proforma Consolidated Financial Information as set-out in Section 9.1 of this Prospectus.

	Audited FYE 2010 ⁽¹⁾ (RM'000)
Net cash flow from operating activities	42,183
Net cash flow used in investing activities	(28,385)
Net cash flow used in financing activities	(8,379)
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,420[^]
EFFECT OF EXCHANGE DIFFERENCE	(2)
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	9,048
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	14,465[^]

Notes:

[^] Total does not add-up due to rounding

(1) Based on the audited consolidated financial statements of the Proforma Oldtown Group as at 31 December 2010, incorporating the effects of the Acquisitions but prior to the Public Issue and utilisation of proceeds.

Our Directors are of the opinion that there is no legal, financial or economic restriction on the ability of our subsidiaries to transfer funds to our Company in the form of cash dividends, loans or advances and are therefore confident that we can meet our cash obligations.

Net Cash Flow from Operating Activities

Our net cash flow from operating activities of RM42.2 million was attributable mainly to PAT of RM31.9 million (before deduction of non-controlling interest) and adjusted for the following:

- non-cash items of RM13.1 million from depreciation of property, plant and machinery, amortisation of leased land, property, plant and equipment written off, and allowance of doubtful debts no longer required;
- income tax expenses of RM11.5million;
- finance costs of RM1.5 million; and
- decrease in working capital of RM5.1 million.

Net Cash Flow used in Investing Activities

Our net cash used in investing activities amounted to RM28.4 million comprising mainly the acquisition of property, machinery and equipment amounting to approximately RM20.4 million and acquisition of prepaid lease payments amounting to approximately RM6.5 million.

9. FINANCIAL INFORMATION**Net Cash Flow used in Financing Activities**

Net cash used in financing activities of RM8.4 million was mainly attributed to proceeds from term loans of RM7.1 million, and repayment of bankers' acceptances, term loans, hire purchase amounting to approximately RM4.7 million as well as payment of finance costs and dividend of approximately RM1.5 million and RM9.5 million respectively.

(c) Borrowings

As at LPD, the total outstanding bank borrowings of our Group were in the form of hire purchases, bank loan and borrowings as detailed in Section 9.3 of this Prospectus.

Our Group has not defaulted on payments of either interest and/or principal sums in respect of any borrowings throughout the past one (1) financial year and up to LPD.

To the best of our Directors' knowledge, as at the LPD, neither us nor our subsidiaries are 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.

(d) Financial Instruments Used

Financial instruments, from an accounting perspective, may include investments, short term funds, borrowings, trade and other receivables, amounts due from or due to related companies and associated companies, trade and other payables, as shown on the statement of financial position. The abovementioned financial instruments are used in our Group's ordinary course of business

Our Group does not enter into any sophisticated financial instruments, which is outside of our ordinary course of business. Our Group maintains a natural hedge, wherever possible, by borrowing in the currency of the country in which the investment is located or by borrowing in the same currencies that match the future revenue stream to be generated from its investments.

As at the LPD, we do not have nor are we using any financial instruments for hedging purposes.

Notwithstanding the above, we will continue to monitor our foreign exchange exposure closely in the future and may hedge our material foreign exchange transactions selectively after considering the foreign currency amount, exposure period and transaction costs.

(e) Treasury Policies and Objectives

We have been financing our operations through both our internal and external sources of funds. Please refer to Section 9.3 for further details on our borrowings as external sources of funds.

We have short term and long term borrowings. Our short term borrowings comprise mainly bank loans and borrowings such as bankers' acceptances and hire purchase. Our long term borrowings consist of primarily term loans obtained for working capital purposes.

Our bankers' acceptances are based on the market rates prevailing at the dates of the respective transactions. Term loans and hire purchase are based on the fixed rate agreed upon by our bankers when the respective term loans and hire purchase were granted.

9. FINANCIAL INFORMATION

Our bankers' acceptances are based on the market rates prevailing at the dates of the respective transactions. Term loans and hire purchase are based on the fixed rate agreed upon by our bankers when the respective term loans and hire purchase were granted.

It is our objective to minimise external borrowings to a minimum level so as to reduce risks related to borrowings.

We transact in RM and foreign currencies such as USD and SGD. For the FYE 2009 and FYE 2010, 16.0% and 19.3% of our revenue was denominated in foreign currencies respectively. For the FYE 2009 and FYE 2010, 2.0% and 3.1% of purchases were transacted in foreign currencies respectively. We recorded a net foreign exchange loss of RM1.4 million as at FYE 2010. We maintained foreign currency accounts in USD and SGD for trade related transactions to minimise foreign exchange exposure risk.

There is no material impact of foreign exchange fluctuations on our historical profits for the past four financial years up to FYE 2010.

(f) Material Commitment

Save as disclosed below, as at LPD, we do not have any material capital commitments for capital expenditure, which upon becoming enforceable, may have a material effect on our financial position.

	Amount (RM'000)
Contract sum for piling work (new factory in Tasek Industrial Estate, Ipoh)	4,484
New plant and machinery (3 in 1 Automatic line)	4,576
Total	9,060

In addition, our non-cancellable lease commitments in respect of rental of premises, that mainly for the café outlets and hostels for the employees, are as follows:

Non-cancellable Lease Commitments	RM'000
Repayable within 1 year	13,221
Repayable in more than 1 year	9,903
TOTAL	23,124

The above commitment for land and rental of premises will be financed by our internally generated funds as well as external sources of funds including bank loans and borrowings. Our management expects that we should have the necessary funds available to fund the above mentioned commitments.

9. FINANCIAL INFORMATION

(g) Material Litigation / Arbitration

As at LPD, save as disclosed in Section 13.5 of this Prospectus, 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.

(h) Contingent Liabilities

As at LPD, the Directors of our Group are not aware of any material contingent liabilities incurred by our Company or our subsidiary companies, which upon becoming enforceable, may have a material effect on the financial position of our Company or our subsidiary companies.

(i) Material Capital Expenditure

Save as disclosed below, there are no other material capital expenditures and divestitures (including interests in other corporations) made by us for the last three (3) financial years to the date of this Prospectus:

	Audited				Unaudited
	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000	FYE 2010 RM'000	As at LPD RM'000
Expenditures					
Purchase of property, plant and machinery ⁽¹⁾	-	5,484	13,864	9,603	2,022
Set-up cost for café outlets ⁽²⁾	6,687	7,825	12,754	15,462	709
Renovation of factories	335	423	98	322	-
Total Expenditures	7,022	13,732	26,716	25,387	2,731
Divestitures					
Disposal of property, plant and equipment	971	-	99	1,101	1,045
Total Divestitures	971	-	99	1,101	1,045

Notes:

- (1) Exclude the capital expenditure used for the opening of new café outlets, renovation and/or relocation of existing outlets; and
- (2) Include renovation and furnishing costs such as furniture and fixtures, kitchen equipments and utensils for new outlets, and renovation and relocation costs for existing outlets.

9. FINANCIAL INFORMATION

Save as disclosed below, as at LPD, there is no other material capital expenditure and divestitures (including interests in other corporations) made by our Group which are currently in progress:

Descriptions	Location	Method of Financing	Amount (RM'000)
Set-up cost for café outlets ⁽¹⁾	Malaysia	Internally generated funds	611

Note:

(1) Include renovation and furnishing costs such as furniture and fixtures, kitchen equipments and utensils

(j) Key Financial Ratios

The key financial ratios of our Group are as follows:

	Audited			
	FYE 2007	FYE 2008	FYE 2009	FYE 2010
Trade receivables turnover (days) ^a	52	47	43	38
Trade payables turnover (days) [#]	64	57	57	56
Inventory turnover (days) [*]	40	40	38	39

Notes:

^a Based on closing balance of trade debtors of the respective financial years over revenue of the respective financial years.

[#] Based on closing balance of trade payables of the respective financial years over purchases of the respective financial years.

^{*} Based on closing balance of inventory value of the respective financial years over cost of sales of the respective financial years.

Trade Receivables Turnover

The normal credit period given to our trade debtors ranged from 30 to 90 days. Our trade receivables turnover period for the financial years under review showed that our debtor balances were adequately managed and is consistent with our policy for credit control purposes.

An ageing analysis of our trade receivables is as follows:

	TOTAL (RM'000)	0-30 days (RM'000)	31-60 days (RM'000)	61-90 days (RM'000)	91-120 days (RM'000)	120-180 days (RM'000)	> 180 days (RM'000)
Trade Receivables ^a	26,225 ^a	13,308	7,106	4,607	255	207	740
Less: Subsequent Receipts [*]	25,808	13,214	7,081	4,606	254	128	525
Net Trade Receivables[*]	416^a	95^a	26^a	1	1	79	215

Notes:

^a As at FYE 2010

^{*} As at LPD

9. FINANCIAL INFORMATION

The Group has no significant concentration of credit risk from exposures to a significant debtor or to significant groups of debtors within its trade receivables. As described in Section 4.21 of this Prospectus, our Group was not over dependent on any one of our customers as we do not have any customers that represent 10% or more of our total Group revenue for the last four (4) FYE 2007, 2008, 2009 and 2010.

The normal credit period given to our trade debtors ranged from 30 to 90 days. For FYE 2007, our trade receivables turnover period was 52 days, while for FYE 2008, 2009 and 2010, the turnover period were 47 days, 43 days, and 38 days, respectively. The decreasing trade receivables turnover days from FYE 2007 to FYE 2010 showed that our debtor balances were adequately managed and are consistent with our policy for credit control purposes.

As at LPD, approximately 71% of the trade receivables balances exceeding 180 days have been collected. Our Directors are of the opinion that the remaining outstanding amounts are recoverable after taking into consideration the various credit control measures implemented by us to minimise default payment by customer.

As at LPD, the net trade receivables which exceeded the maximum credit period of 90 days amounted to approximately RM295,000.

Trade Payables Turnover

The credit period granted by our suppliers to us ranged from 30 to 120 days. Our trade payables turnover periods for the last four financial years were fairly constant and fall within the credit term granted to us by our suppliers.

Our trade payables as at FYE 2010 are set out as follows:

	Total (RM'000)	0-30 days (RM'000)	31-60 days (RM'000)	61-90 days (RM'000)	91-120 days (RM'000)	120-180 days (RM'000)	> 180 days (RM'000)
Trade Payables [^]	17,550 [^]	9,914	6,331	1,183	38	-	85
Less: Subsequent payments*	17,541	9,914	6,331	1,183	38	-	75
Net Trade Payables	10 [@]	-	-	-	-	-	10

[@] Total does not add up due to rounding
As at FPE 2010
* As at LPD

As at LPD, 99.9% or RM17.5 million of our total trade payables as at FYE 2010 has been subsequently paid.

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

9. FINANCIAL INFORMATION

Inventory Turnover

Our inventories mainly comprise raw materials for our beverage manufacturing operations such as instant coffee powder, non-dairy creamer, sugar, and coffee beans, and carbonated and non-carbonated beverages, noodles and honey for our café outlet operations.

Inventory turnover days for FYE 2007 to FYE 2010 have been quite constant, ranging from 38 days to 40 days.

As at LPD, we are of the view that there are no slow-moving or obsolete inventories.

(k) State of Order Book

The state of order book is not relevant to our café outlet operations where orders are placed and served almost immediately upon customer request. As for our manufacturing of beverages, the state of order book is also not relevant whereby we manufacture to meet the purchase requirements on an on-going basis.

9.4.6 TREND INFORMATION

As at LPD, to the best of our Directors' knowledge and belief, our operations have not been and are not expected to be affected by any of the following:-

- (a) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our financial performance, position and operations other than those discussed in this section, Section 3 and Section 4 of this Prospectus;
- (b) material commitment for capital expenditure, as set out in Section 9.4.5 (f) of this Prospectus;
- (c) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group, save as disclosed in this section and in Section 3 of this Prospectus;
- (d) known trends, demands, commitments, events or uncertainties that had resulted in a material impact on our Group revenue and/or profits save for those that have been disclosed in this section, industry overview as set out in Section 11 of this Prospectus and future plans and strategies as set out in Section 4.23 of this Prospectus;
- (e) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not indicative of the future financial performance and position other than those disclosed in this section and in Section 3 of this Prospectus; and
- (f) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's liquidity and capital resources, other than those discussed in this section and in Section 3 of this Prospectus.

Information on our business information is set out in Section 4 of this Prospectus, and our financial information and segmental analysis is set out in this section. Discussion on the industry overview and outlook is further elaborated in Sections 11 and 4.24 of this Prospectus.

The Board of Directors of our Company is optimistic about the future prospect of our Group given the favourable outlook as set out in Section 4.24 of this Prospectus, our competitive advantages set out in Section 4.10 of this Prospectus and our Group's dedication to implement the future plans and strategies set out in Section 4.23 of this prospectus.

9. FINANCIAL INFORMATION

9.5 DIVIDEND POLICY

Going forward, it will be the policy of our Directors in recommending to distribute a minimum gross dividends of 50% of the Group's annual profit attributable to the equity holders of the Company. This will allow shareholders to participate in the profits of our Group as well as leaving adequate reserves for the future growth of our Group.

In considering the level of dividend payments, if any, upon recommendation by our Directors, we intend to take into account various factors including:-

- (i) Our expected profitability;
- (ii) The availability of profits for the declaration of dividends;
- (iii) Our required and expected return on equity;
- (iv) Our projected levels of capital expenditure and other investment plans;
- (v) The prevailing interest rates and yields of the financial market; and
- (vi) The level of our cash and indebtedness.

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10. ACCOUNTANTS' REPORT

(Prepared for Inclusion In the Prospectus)

Deloitte.

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ACCOUNTANTS' REPORT
(Prepared for inclusion in the Prospectus)

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June 8, 2011

The Board of Directors
Oldtown Berhad
47A, Jalan Chung Ah Ming,
Pasir Puteh,
31650 Ipoh,
Perak Darul Ridzuan

Dear Sirs,

A. INTRODUCTION

This report has been prepared and to be used exclusively for inclusion in the Prospectus of Oldtown Berhad in connection with the listing of and quotation for the entire enlarged issued and paid-up share capital of Oldtown Berhad comprising 330,000,000 ordinary shares of RM1.00 each on the Main Market of the Bursa Malaysia Securities Berhad ("Bursa Securities") and should not be relied upon for any other purposes.

B. ABBREVIATIONS AND FORMULAS

Unless the context otherwise requires, the following words, abbreviations and formulas shall apply throughout this report:

Abbreviations

Old Town International	Old Town International Sdn. Bhd.
Oldtown	Oldtown Berhad
White Cafe	White Cafe Sdn. Bhd.
White Cafe Marketing	White Cafe Marketing Sdn. Bhd.
Gongga Food	Gongga Food Sdn. Bhd.
Kopitiam Asia Pacific	Kopitiam Asia Pacific Sdn. Bhd.
Old Town Kopitiam	Old Town Kopitiam Sdn. Bhd.
Old Town Kopitiam Cheras	Old Town Kopitiam Cheras Sdn. Bhd.
Old Town Kopitiam Kuala Lumpur	Old Town Kopitiam Kuala Lumpur Sdn. Bhd.
Old Town Kopitiam Butterworth	Old Town Kopitiam Butterworth Sdn. Bhd.
Dynasty Kitchen	Dynasty Kitchen Sdn. Bhd.
Dynasty Confectionery	Dynasty Confectionery Sdn. Bhd.
Emperor's Kitchen	Emperor's Kitchen Sdn. Bhd.
Esquire Chef	Esquire Chef Sdn. Bhd.
Connezone	Connezone Sdn. Bhd.
Oldtown Singapore	Oldtown Singapore Pte. Ltd.
Oldtown Logistics	Oldtown Logistics Sdn. Bhd.
Old Town (M)	Old Town (M) Sdn. Bhd.
OTK Singapore	OTK Singapore Pte. Ltd.

(Forward)

Audit. Tax. Consulting. Financial Advisory.

Member of
Deloitte Touche Tohmatsu

10. ACCOUNTANTS' REPORT

B. ABBREVIATIONS AND FORMULAS (CONTINUED)

Abbreviations

OTK Eatery	OTK Eatery Sdn. Bhd.
PT Oldtown Indonesia	PT Oldtown Indonesia
Oldtown Group	Oldtown Berhad and its subsidiary and associated companies upon listing
MASB	Malaysian Accounting Standards Board
FRS	Financial Reporting Standards in Malaysia
FPE	Financial period ended
FYE	Financial year ended
IPO	Initial Public Offering
Shares	Enlarged Oldtown's ordinary shares of RM1.00 each.
Bursa Securities	Bursa Malaysia Securities Berhad
RM	Ringgit Malaysia
SGD	Singapore Dollar
Rp	Indonesian Rupiah

Formulas

Gross profit margin	= gross profit divided by revenue
Basic earnings per share/ Basic loss per share	= profit/ (loss) after tax divided by the weighted average number of ordinary shares in issue during the FYE/FPE
Effective tax rate	= tax expenses (adjusted for effects of over/ under provision of tax in the respective FYE/FPE) divided by profit before tax during the FYE/FPE
Net tangible assets per share/ Net tangible liabilities per share	= Net tangible assets/ (liabilities) as at FYE/FPE divided by the weighted average number of ordinary shares in issue during the FYE/FPE
Debt-equity ratio	= total borrowings and hire-purchase payables divided by shareholders' equity

C. GENERAL INFORMATION

1. Incorporation and Principal Activity of Oldtown

Oldtown was incorporated in Malaysia under the Companies Act, 1965 on November 30, 2007 as a public limited liability company.

Oldtown's principal activities are investment holding and provision of management services. The principal activities of the subsidiary and associated companies are set out in Sections C4 and C5 of this report respectively.

2. Listing Exercise

In conjunction with, and as an integral part of the listing of and quotation for its entire enlarged issued and paid-up share capital of 330,000,000 ordinary shares of RM1.00 each on the Main Market of the Bursa Securities, Oldtown implemented the listing scheme set out in the following paragraphs (hereinafter collectively referred to as the "Listing Scheme"). The Listing Scheme is inter-conditional and is viewed as one exercise undertaken to facilitate the Listing of Oldtown: