

9. INFORMATION ON THE OFIH GROUP *(Cont'd)*

(iii) Rights Issue

Upon completion of the Acquisition of OFI and Acquisition of GoodFood as set out in Section 9.3(ii) above, OFIH implemented a Rights Issue of 4,614,741 new ordinary shares of RM1.00 each at an issue price of RM1.40 per share to its shareholders on the basis of approximately 142 new ordinary shares for every 1,000 ordinary shares held in OFIH. The issue price of RM1.40 per share was arrived at after taking into consideration the minimum reserve required to be retained under Chapter 10 Clause 10(j) of the SC's Guidelines.

The 4,614,741 new ordinary shares issued pursuant to the Rights Issue rank pari passu with the existing ordinary shares of OFIH held after the Acquisition. The Rights Issue was completed on 23 June 2000, which resulted in the issued and paid-up share capital of OFIH being increased from RM32,535,259 to RM37,150,000.

(iv) Public Issue

OFIH shall carry out a Public Issue of 2,850,000 new ordinary shares of RM1.00 each representing 7.13% of the enlarged issued and paid-up share capital of OFIH to the Malaysian public at an issue price of RM2.00 per ordinary share.

(v) Listing Of And Quotation For The 40,000,000 Ordinary Shares Of RM1.00 In OFIH On The KLSE

Admission of OFIH to the Official List of the Second Board of the KLSE and the listing of and quotation for the 40,000,000 ordinary shares of RM1.00 each, representing the entire enlarged issued and paid-up share capital of OFIH after completion of the restructuring and listing scheme on the Second Board of KLSE.

9.4 Utilisation of Proceeds From The Rights Issue And Public Issue

The gross proceeds of RM6,460,637 arising from the Rights Issue together with the proceeds of RM5,700,000 arising from the Public Issue will be utilised as follows:

| | <i>Note</i> | <i>RM</i> |
|---|-------------|-------------------|
| To part finance the purchase of plant and machinery for the production of custard cake and layer cake | a | 2,000,000 |
| Construction costs for setting up a new factory and part finance the purchase of machinery and equipment - biscuit products | b | 5,509,076 |
| Cash consideration for the Acquisition of GoodFood | c | 1,456,561 |
| General Working Capital | | 1,995,000 |
| Payment of listing expenses | | 1,200,000 |
| Total | | 12,160,637 |

9. INFORMATION ON THE OFIH GROUP (Cont'd)

Notes:-

- (a) *The Group will use RM2 million of the proceeds to part finance the purchase of plant and machinery for the production of custard cake and layer cake. In November 1999, the Company entered into six (6) agreements to purchase the plant and machinery costing approximately RM11 million. The balance of the cost will be financed by bank borrowings and internal generated funds. The plant and machinery will be used in OFIH's third factory situated in Air Keroh Industrial Estate. The plant and machinery is expected to commence operation fully by July 2000 for layer cake and September 2000 for custard cake. The new plant and machinery is expected to produce approximately RM5.4 million value of output per month on the full production capacity.*
- (b) *The Group will use RM5.509 million of the proceeds to part finance the construction of a new factory at a site measuring 19,066 square metres in Ayer Keroh, Melaka as well as to purchase the machinery and equipments for the manufacturing of the new production line, namely biscuit production. The total construction costs of the factory is estimated at approximately RM5 million while the machinery and equipment will cost approximately RM6 million. The remaining costs of construction and cost of machinery and equipment is expected to be financed by bank borrowings. The factory will consist of one (1) double storey office block and a single storey factory block with the build-up area of 9,000 sq.ft. and 60,000 sq.ft. respectively. Construction is expected to commence in December 2000 and is estimated to take six (6) months to complete. The new factory will commence operation by August 2001. Upon completion, the new factory will generate an additional capacity of approximately 40% and an estimated increase of approximately RM2.0 million value of production output per month.*
- (c) *To finance the purchase consideration of the acquisition of the 21.88% equity interest in GoodFood by OFI. Please refer to Section 9.3(b) for further details.*

9.5 History And Business Overview

(i) History

OFIH is principally an investment holding company whilst its subsidiary company namely OFI is engaged in the manufacturing and marketing of snack food and confectioneries.

The Group had its beginnings in 1978 when the Managing Director, Mr Son Chen Chuan and his brother, Mr Hoo Beng Lee started Oriental Food Industries Sdn Bhd ("OFI"), which was a manufacturer and retailer for snack foods and confectioneries in Melaka. OFI started with only a handful of people, operating from two (2) shopplots to produce snacks for the local market. The first plant that they had was a rented two single-storey shop houses situated at Peringgit Jaya in 1978. The primary business then was manufacturing of snack foods and confectioneries on a smaller scale. In a period of three years, the business improved rapidly and they decided to rent another three more single-storey shop houses next to the existing one for manufacturing purposes. However, the demand for snack foods has never slowed down as their quality products were sold at competitive prices.

In 1982, OFI established its first wholly-owned factory in Air Keroh, one of the popular industrial areas in Malacca. Since then, OFI flourished with continuous improvement in quality and productivity. They started with one semi-detached factory and later bought over another semi-detached factory next door for expansion. This Air Keroh factory is situated at Lot No. 39 & 40, Mukim of Bukit Katil, District of Melaka Tengah with a built up area of 2,137 square metres. Presently, this factory produces about 6,000kgs of pellet for crackers per production day (based on 12 production hours per day). The full production capacity for this factory based on 20 production hours a day is estimated at 10,000 kgs of pellet for crackers a day.

9. INFORMATION ON THE OFIH GROUP (Cont'd)

In 1988, in order to support its growing needs, OFIH established its second plant in Air Keroh which is situated at Lot No. 2351, Mukim of Bukit Katil, District of Melaka Tengah with a total built-up area of 4,425 square metres. This factory is equipped with six production lines mainly involved in the production of extruded and pellet based snacks. All the production lines are able to operate at least twenty (20) hours a day at a full production capacity of approximately 30,000kgs of snacks a day. Presently, these production lines are estimated to run at approximately 60% of their full production capacity.

OFI has striven to achieve good turnover and at the same time maximise returns for its shareholders. In the year 1993, the Group bought over another piece of land and built up their third factory plant in Air Keroh. This third plant is situated at Lot No. 4248 & 4274, Mukim of Bukit Katil, District of Melaka Tengah with a total built up area of 5,216 square metres. This factory produces two (2) types of products, potato chip and wafer. The full production capacity for potato chip is estimated at 10,000 kgs per day while the full production capacity for wafer is estimated at 5,500 kgs per day. A full production capacity is based on twenty (20) production hours a day. Presently, the production lines for potato chip is running at approximately 40% of its full production capacity whilst wafer production line is estimated to operate at 85% of its full production capacity.

Presently, OFI owns three (3) factories in Malacca comprising a total built-up area of 11,778.4 square metres and a 1 ½ -storey terrace shop-lot in Hulu Langat, Selangor with a built up area of 264.8 square meters. All three factories in Air Keroh are situated near to each other. Their product lines/ranges have increased since the establishment of the factory. To the best knowledge of the Directors, their products are currently well established in the country. This is evidenced from the stock holdings in the warehouse which on average did not exceed four (4) days. The business however continues to flourish with demand exceeding its production capacity for snack foods and confectioneries.

It was the sheer dedication and the resourcefulness of the people at the helm and the commitment to quality products, that has brought success. While the going was not smooth sailing all the way, OFI has emerged as an organised company whose standard of efficiency and quality knows no compromise.

Such achievement has been made possible through the constant quest for product development, human resource development, utilization of advanced technology and know-how and the usage of modern machinery and equipment with the objective to provide hygienic, tastier and nutritious products for the customers.

OFI is continually striving to be the best in the business and is committed towards meeting the needs of the customers with premium quality products and service.

One of the major contributors to the success of OFI is the strong management team, which is headed by Mr Son Chen Chuan who has many years of invaluable experience in the snack food and confectioneries manufacturing field. The management team consists of high calibre senior members with various expertise in snack food manufacturing, finance, and marketing. The management of OFI continues on its path of achieving greater heights in its business activities because of the strong commitment of the management to the business. As far as OFI is concerned, its success has sprung from humble but well planned beginnings and will continue to build and improve on its systems, create jobs and in developing people for the future. In the process, OFI hopes to achieve greater success in the days ahead.

9. INFORMATION ON THE OFIH GROUP (*Cont'd*)

With effect from 1 April 1998, all matters relating to the sales and marketing of all products are managed by the Sales & Marketing Department of OFM, a wholly owned subsidiary company of OFI, which was incorporated on 6 December 1997.

The Group is continuously researching to widen its range of products to the satisfaction and requirement of its customers. Today, having established a sound manufacturing base, the Group is well entrenched in its position as one of the country's leading manufacturers of snack food and confectioneries products.

(ii) *Business*

OFIH is an investment holding company with its wholly-owned subsidiary namely OFI which is principally engaged in the manufacturing of various brand names. Some of the brand names are "Rota", "Rostik", "Soto", "Pota", "Jacker", "Popika", "Chicken Ring", "Onion", "Cheese Balls", "Veta", "Chipy", and "Green Pea Snack". All matters pertaining to wholesale, marketing and trading of the snack food, wafers and confectioneries manufactured by OFI is managed by OFM.

To the best knowledge of the Directors, OFI is now one of the leading manufacturers of snack food products in Malaysia since OFI was established in 1978. From its humble beginning, operating from 2 shoplots producing prawn crackers and popcorn snacks catering to the local market, the company has since grown tremendously. Today, OFI operates from three (3) factories covering a total land area of 5.5 acres with a total built-up area of 11,778.4 square metres producing a wide range of snack products and wafer.

With an annual turnover of RM35 million in 1996, OFI was contributing 4% of the estimated production output of selected food products in Malaysia. However, the estimated share of 4% is expected to be grossly under-estimated due to the inclusion of much broader range of processed food products in the production statistics. With an annual turnover of RM39 million in 1997, and 20% for export (approximately RM7.8 million) OFI was contributing 8% of the total export estimated at RM97 million. (Source: SOFRES FSA's Market Report dated 9 April 1999)

Principal Products and Services

The principal products can be categorized under four (4) different product lines, which include extruded snacks, pellet-based snacks, potato chips and wafers. The difference between the extruded snacks and pellet-based snacks is the time taken for processing the snacks and the processing method. Most of the products have their own registered trademarks such as Chipy, Hobe, Poka, Popika, Pota, Rota, Rostik, Soto and Veta, which are all registered mainly in Classes 29 and 30 under the provisions of the Trade Marks Act 1976 and the Trade Mark Regulations 1983 in Malaysia. However, there are trade names which are unregistered, such as Cheese Ball, Chicken Ring and Onion because these are common words. Recently, the company has filed application for the registration of its trade names to the Registrar of Trademark in Malaysia for its snack product Maconi, Super Ring, Green Peas and its wafer product, Jacker and is currently awaiting for feedbacks from the Registrar. The company also owns registered trademarks for its products in other countries such as China, Singapore, Hong Kong and Thailand.

To the best knowledge of the Directors, the potato chip manufacturing line is one of the largest in Malaysia with a capacity of 500kgs/hour.

9. INFORMATION ON THE OFIH GROUP (Cont'd)***Source and Availability of Raw Materials***

Based on the financial year ended 31 March 1999, about 85% of the raw materials used in the production were locally sourced with the remaining 15% imported. The imported raw materials include raw potatoes, seasoning, flavour, potato starch, green peas and potato flake. As at 30 June 1999, there are approximately 69 local suppliers and 8 foreign suppliers. Due to prudent cost control, bulk purchases of raw materials and high local content, OFIH products are generally reasonably priced compared with its competitors.

Competitive Conditions

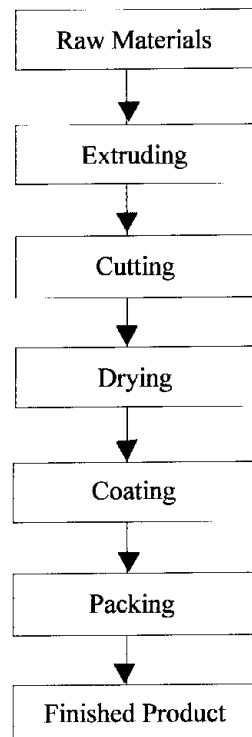
Players in the industry compete on the basis of product pricing, range of products, marketing strength and financial backing. Small manufacturers usually compete on the basis of price. Equipment and machinery costs are the barriers to entry in the snack food industry. The barriers to entry ranges from relatively low popcorn to high for wafer and potato chip. The competitors are Jack and Jill and Wise for potato chips. The relatively high machinery costs for producing potato chips limit the market to only four (4) main players, namely Jack and Jill, Wise, Mamee and OFI.

In order to face the competitive conditions, OFIH keeps abreast with technical developments and new manufacturing processes by regularly participating in local as well as international trade missions, food fairs and trade expositions of snack food and confectioneries making machineries. OFIH products are also priced competitively in line with the industry. Products such as "Potato Chips" and its new wafer products are priced at slightly lower than the competitors. OFIH also has stringent and proper cost control to remain competitive in the market.

Production Process

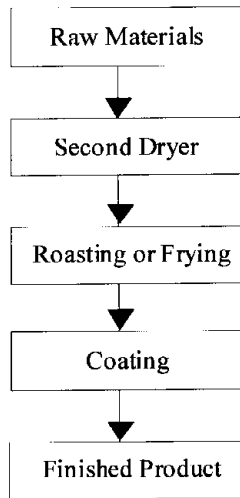
The production processes of extruded snacks, pellet-based snacks, potato chips and cream filled wafers are as follows :-

- ***Extruded Snacks***

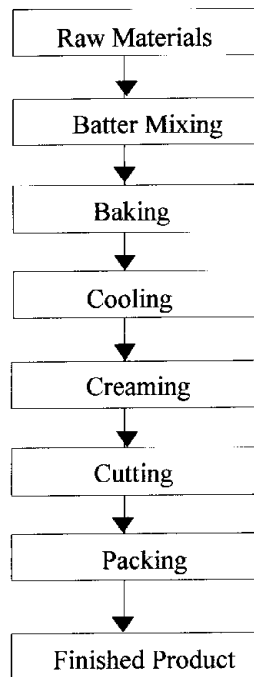


9. INFORMATION ON THE OFIH GROUP (Cont'd)

• *Pellet-based Snacks*

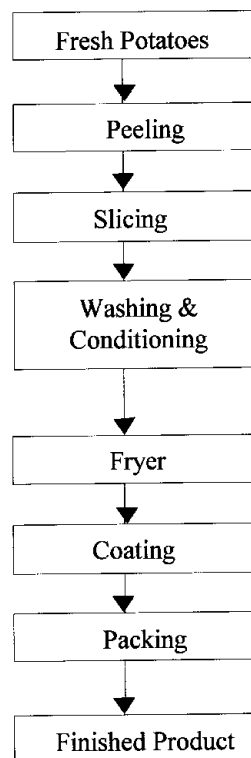


• *Cream Filled Wafers*



9. INFORMATION ON THE OFIH GROUP (Cont'd)

- **Potato Chips**

***Principal Markets, End-users and Demand for Products/Services***

The demand for the company's products is substantial and so encouragingly growing to the extent that future expansion is inevitably vital and constitutes the fundamental and cardinal element towards elevating the company's current capacity to accommodate the same.

As for the financial year ended 31 March 1999, the Group's market constitution in term of turnovers includes 76% of domestic sales and the remaining 24% of export/international sales including that of to Hong Kong, Singapore, China, Middle East, Taiwan and Mauritius. The directors are of the view that other positive growing international markets include that of United Arab Emirates, Kuwait, Bahrain, Qatar, Australia, United Kingdom, US, Indonesia and the Maldives.

OFI's products ranging from snack products to wafer products are targeted at consumers of all levels of income. OFI's wide, extensive and growing presence in the snack food industry evidences and bears testimony to the company's premium quality products, competitive pricing, supply reliability, excellent sales support & service and optimum distribution/logistic structure.

Manufacturing snacks have been the core operation and business of the Group, the same business being founded and established upon good fundamentals and a foundation of quality products, extensive product range, continuous research & development, effective marketing and advertising strategies and most importantly all such elements being weave into perspective by a commitment towards excellence that is shared from the very top senior management all the way to the operator level employees.

9. INFORMATION ON THE OFIH GROUP (Cont'd)

Quality Control

OFI adheres to stringent quality control standards to maintain the high quality of its products right from raw materials stage to finished products. Every delivery or consignment of raw materials such as sugar, flour, potatoes, flavouring are sample tested and only the finest raw materials and ingredients are selected.

The Group's own manufacturing facilities also ensure that the products produced are subjected to strict quality control and proper testing for its flavour and taste. OFI has the ability to do quick product modifications such as different flavours and the production can be expanded to meet seasonal demands of certain products.

OFI's products are manufactured under stringent Quality Control in accordance to the rules, regulations and laws governed by the Malaysia Food Act, 1985 which is enforced by the Ministry of Health.

OFI has been conferred the prestigious MS ISO 9002 certification on 2 December 1996. It has established an effective and efficient Quality Assurance System to cover all aspects of hygiene, contract review, production processes, quality control, testing line and other relevant aspects as per the requirements of ISO 9002.

9.6 Promoters

The details of the promoters of the OFIH Group are as follows:

| Name | Nationality | No. Of OFIH Ordinary Shares Held After The Acquisitions And Rights Issue | | | |
|----------------|-------------|---|-------|---------------------------|-------|
| | | Direct | % | Indirect | % |
| Son Chen Chuan | Malaysian | 12,039,255 | 30.10 | 2,703,996 ⁽¹⁾ | 6.76 |
| Hoo Beng Lee | Malaysian | 2,254,647 | 5.64 | 12,488,604 ⁽²⁾ | 31.22 |

Notes:

- (1) Deemed interested by virtue of the substantial shareholdings held by his brother, Mr Hoo Beng Lee and his children.
- (2) Deemed interested by virtue of the substantial shareholdings held by his brother, Mr Son Chen Chuan and his nephews and niece.

The detailed background of the above promoters are provided in Section 9.9 of the Prospectus.

9. INFORMATION ON THE OFIH GROUP (Cont'd)

9.7 Subsidiary

The subsidiary company of OFIH as at the date of this Prospectus are as follows:

| Name of Company | Place/Date Of Incorporation | Issued & Paid-Up Share Capital RM | Percentage Of Equity Held % | Nature of Business |
|---------------------------------|------------------------------|-----------------------------------|-----------------------------|---|
| <i>Subsidiary</i> | | | | |
| OFI | Malaysia 21 March 1978 | 2,728,275 | 100.00 | Manufacturing and marketing of snack food and confectioneries. |
| <i>Subsidiaries of OFI</i> | | | | |
| GoodFood | Malaysia 25 November 1989 | 4,729,800 | 51.00 | Manufacturing and wholesale of sweets, chocolate products, fish fillet and candies. |
| OFM | Malaysia 6 December 1997 | 50,000 | 100.00 | Sale and marketing of snack food and confectioneries. |
| <i>Subsidiaries of GoodFood</i> | | | | |
| GFM | Malaysia 1 October 1988 | 400,000 | 100.00 | Dormant. |
| SSSC | Malaysia 8 June 1991 | 300,000 | 100.00 | Dormant. |

Currently, OFIH does not have any associated companies.

Further details of the subsidiary company of OFIH is as follows:

9.7.1 OFI

(i) History And Business

OFI was incorporated in Malaysia on 21 March 1978 as a private limited company under the Companies Act, 1965 under its present name. The principal activities of the company comprise the manufacturing and marketing of snack food and confectioneries. The company, a wholly-owned subsidiary of OFIH, commenced its operations in 1978. Details of the location and production line of OFI are provided in Section 9.5.

(ii) Share Capital

The authorised capital of OFI is RM3,000,000 comprising 3,000,000 ordinary shares of RM1.00 each. The present issued and paid-up share capital is RM2,728,275 divided into 2,728,275 ordinary shares of RM1.00 each. The changes in the issued and paid-up share capital of OFI since its incorporation are as follows:-

| Date Of Allotment | No. Of Ordinary Shares Allotted | Par Value RM | Consideration | Total Issued And Paid-Up Share Capital RM |
|-------------------|---------------------------------|--------------|---------------------|---|
| 21.03.78 | 2 | 1.00 | Subscribers' shares | 2 |
| 13.10.78 | 124,998 | 1.00 | Cash | 125,000 |
| 12.03.81 | 75,000 | 1.00 | Cash | 200,000 |
| 18.01.87 | 100,000 | 1.00 | Cash | 300,000 |
| 31.03.88 | 150,000 | 1.00 | Cash | 450,000 |

13. INFORMATION ON GPB (Cont'd)**13.5. Substantial Shareholders**

The substantial shareholders of GPB as at 16 June 2000 are as follows:

| Name Of Shareholders | Direct Shareholding | | Indirect Shareholding | |
|-----------------------------|---------------------|-------|---------------------------|-------|
| | No. Of Shares Held | % | No. Of Shares Held | % |
| Y.Bhg Dato' Lim Cheng Pow | 44,206,000 | 17.28 | 29,600,000 ⁽¹⁾ | 11.56 |
| Y.Bhg Datuk Rahim bin Baba | 1,661,000 | 0.65 | 34,922,000 ⁽²⁾ | 13.65 |
| Lim Sue Beng | 14,800,000 | 5.78 | 59,006,000 ⁽³⁾ | 23.06 |
| Lim Bee Ling | 14,800,000 | 5.78 | 59,006,000 ⁽⁴⁾ | 23.06 |
| Lim Soo Kok | - | - | 73,806,000 ⁽⁵⁾ | 28.84 |
| Kesenta Development Sdn Bhd | 34,922,000 | 13.65 | - | - |
| Juara Sentosa Sdn Bhd | 9,846,027 | 3.85 | - | - |
| Mirage Point (M) Sdn Bhd | 6,324,000 | 2.47 | - | - |
| Nirwana Juara Sdn Bhd | 6,190,000 | 2.42 | - | - |
| Lim Hok Lian | 6,376,000 | 2.49 | - | - |

Notes:

- (1) Deemed interested by virtue of his children, Lim Sue Beng and Lim Bee Lings', direct shareholdings in GPB.
(2) Deemed interested by virtue of his substantial shareholding in Kesenta Development Sdn. Bhd.
(3) Deemed interested by virtue of his father, Dato' Lim Cheng Pow's, and his sister, Lim Bee Ling's direct shareholdings in GPB.
(4) Deemed interested by virtue of her father, Dato' Lim Cheng Pow's, and her brother, Lim Sue Beng's direct shareholdings in GPB.
(5) Deemed interested by virtue of his father, Dato' Lim Cheng Pow's, and his siblings, Lim Sue Beng and Lim Bee Ling's direct shareholdings in GPB.

13.6 Board Of Directors**13.6.1 Particulars And Shareholdings As At 16 June 2000**

The particulars of the Directors of GPB and their shareholdings in GPB as at 16 June 2000 are as follows:-

| Name Of Directors | Address | Nationality | Occupation | <--- Direct ---> | | <--- Indirect ---> | |
|--|---|-------------|-----------------------|------------------|-------|---------------------------|-------|
| | | | | No. Of Shares | % | No. Of Shares | % |
| Y.Bhg Datuk Rahim bin Baba | 19, Jalan SS 17/2L Subang Jaya 47500 Petaling Jaya | Malaysian | Executive Chairman | 1,661,000 | 0.65 | 34,922,000 ⁽¹⁾ | 13.65 |
| Y.Bhg Dato' Lim Cheng Pow | No. 9, Jalan Sempurna Setapak 53000 Kuala Lumpur | Malaysian | Managing Director | 44,206,000 | 17.28 | 29,600,000 ⁽²⁾ | 11.56 |
| Leow Thang Fong | Apartment 5-01 TARA 33, Jalan Ampang Hilir 55000 Kuala Lumpur | Malaysian | Company Director | 60,000 | 0.02 | - | - |
| Lim Sue Beng | No. 9 Jalan Sempurna Setapak 53000 Kuala Lumpur | Malaysian | Company Director | 14,800,000 | 5.78 | 59,006,000 ⁽³⁾ | 23.06 |
| Lim Bee Ling | No. 9 Jalan Sempurna Setapak 53000 Kuala Lumpur | Malaysian | Company Director | 14,800,000 | 5.78 | 59,006,000 ⁽⁴⁾ | 23.06 |
| Y.Bhg Tan Sri Dato' Ahmad Sabki bin Jahidin | 16 Bukit Segambut Jalan Segambut 51200 Kuala Lumpur | Malaysian | Company Director | 1,000,000 | 0.39 | - | - |

9. INFORMATION ON THE OFIH GROUP (Cont'd)

- (4) *The increase in turnover and profit for the period ended 29 February 2000 was mainly due to improve economic condition and higher demand for wafer products.*
- (5) *The effective tax rate for 1996 and 1997 was higher than the statutory rate due to disallowance of certain expenses by the Inland Revenue Board.*
- (6) *The lower taxation in 1998 and 2000 was mainly due to the availability of the tax incentives. No provision has been made for Malaysian income tax in respect of business income earned for 1999 in accordance with the waiver granted under the Income Tax (Amendment) Act, 1999. The taxation charge was in respect of prior year's underprovision.*
- (7) *There were no extraordinary items and exceptional item for the period under review.*
- * *Annualised*

(iv) **Subsidiary Companies**

As at the date of this Prospectus, OFI has two (2) subsidiary companies, namely GoodFood and OFM, but does not have any associated companies. Details of the subsidiary companies are as follows:

| Company Name | Place / Date of Incorporation | Issued and Paid-up Capital | Effective Equity Held % | Nature of Business |
|--------------|-------------------------------|----------------------------|-------------------------|---|
| GoodFood | Malaysia / 25 November 1989 | 4,729,800 | 51.0 | Manufacturing and wholesale of sweets, chocolate products, fish fillet and candies. |
| OFM | Malaysia / 6 December 1997 | 50,000 | 100.0 | Sale and marketing of snack food and confectioneries. |

(v) **Employees**

OFI has a total workforce of 266 employees as at 19 June 2000.

9.7.2 **GoodFood**

(i) **History And Business**

GoodFood was incorporated in Malaysia on 25 November 1989 as a private limited company under the Companies Act, 1965 under its present name. The principal activities of the company comprise of manufacturing and wholesale of sweets, chocolate products, fish fillet and candies. The company, a 51% owned subsidiary of OFI, commenced its operations in 1989.

GoodFood's factory is located at Semambu Industrial Area, District of Kuantan with a built up area of approximately 4427.37 square metres. This factory mainly produces hard and soft chocolate and fish fillet. The full production capacity for hard chocolate, soft chocolate and fish fillet is estimated at 30,000 kg per month, 41,600 kg per month and 10,400 kg per month respectively. Presently, the production lines for hard chocolate, soft chocolate and fish fillet is running at approximately 85.0%, 85.9% and 90.0% of its full production capacity respectively.

9. INFORMATION ON THE OFIH GROUP (Cont'd)**(ii) Share Capital**

The authorised capital of GoodFood is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each. The present issued and paid-up share capital is RM4,729,800 divided into 4,729,800 ordinary shares of RM1.00 each. The changes in the issued and paid-up share capital of GoodFood since its incorporation are as follows:-

| Date Of Allotment | No. Of Ordinary Shares Allotted | Par Value RM | Consideration | Total Issued And Paid-Up Share Capital RM |
|--------------------------|--|---------------------|-----------------------|--|
| 25.11.89 | 2 | 1.00 | Subscribers' shares | 2 |
| 04.02.91 | 39,998 | 1.00 | Cash | 40,000 |
| 07.03.91 | 60,000 | 1.00 | Cash | 100,000 |
| 05.09.92 | 200,000 | 1.00 | Cash | 300,000 |
| 19.03.94 | 1,112,000 | 1.00 | Cash | 1,412,000 |
| 01.04.94 | 300,000 | 1.00 | Cash | 1,712,000 |
| 10.05.94 | 100,000 | 1.00 | Cash | 1,812,000 |
| 13.06.94 | 50,000 | 1.00 | Cash | 1,862,000 |
| 26.07.94 | 50,000 | 1.00 | Cash | 1,912,000 |
| 31.12.94 | 573,600 | 1.00 | Cash | 2,485,600 |
| 03.05.95 | 300,000 | 1.00 | Acquisition of SSSC * | 2,785,600 |
| 09.05.95 | 600,000 | 1.00 | Cash | 3,385,600 |
| 16.11.95 | 338,560 | 1.00 | Cash | 3,724,160 |
| 12.01.96 | 500,000 | 1.00 | Cash | 4,224,160 |
| 20.06.96 | 505,640 | 1.00 | Cash | 4,729,800 |

Note:

* Acquisition of all the 300,000 ordinary of RM1.00 each in SSSC from the allottees for a total purchase consideration of RM300,000

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9. INFORMATION ON THE OFIH GROUP (Cont'd)

(iii) Profit And Dividend Record

The following table sets out the financial results of GoodFood group based on its audited accounts for the past five (5) financial years ended 31 December 1999 and the two (2) months period ended 29 February 2000:-

| | ← Audited → | | | | | 2 months period ended 29.02.2000 RM'000 |
|---|--------------------------------------|----------------|----------------|----------------|----------------|---|
| | ← Financial Year Ended 31 December → | | | | | |
| | 1995 RM'000 | 1996 RM'000 | 1997 RM'000 | 1998 RM'000 | 1999 RM'000 | |
| Turnover | 5,108 | 6,218 | 7,285 | 8,111 | 10,033 | 1,275 |
| Profit before depreciation and interest expense | 823 | 1,070 | 1,292 | 1,230 | 1,434 | 145 |
| Depreciation | (400) | (397) | (411) | (418) | (506) | (83) |
| Interest expense | (215) | (238) | (212) | (138) | (34) | (1) |
| Profit before taxation | 208 | 435 | 669 | 674 | 894 | 61 |
| Taxation | (1) | 1 | (1) | (1) | - | - |
| Profit after taxation | 207 | 436 | 668 | 673 | 894 | 61 |
| Number of ordinary shares in issue ('000) | 3,724 | 4,730 | 4,730 | 4,730 | 4,730 | 4,730 |
| Gross EPS (sen) | 5.59 | 9.20 | 14.14 | 14.25 | 18.90 | *7.74 |
| Net EPS (sen) | 5.56 | 9.22 | 14.12 | 14.23 | 18.90 | *7.74 |
| Gross dividend rate (%) | - | - | - | - | - | - |

Notes:

- (1) Turnover recorded an increase of 22% in 1996 due to the relocation of the factory to the current premises and the increased production capacity by acquiring additional plant and machineries. In addition, the new product line, i.e. snack fish products was introduced to the market and had contributed to a higher turnover in 1996.
- (2) The increase in 1998's turnover was due to the increase in demand as the company's products are more popularly known and accepted.
- (3) The change in a new management team in 1995 has turned the company around from a loss making position to a profitable one.
- (4) The increase in pretax profit margin in 1996 was mainly due to the launching of new snack fish products which yield a higher gross profit margin coupled with the improved gross profit margin of chocolate products from 15% to 18%.
- (5) The effective tax rates for the respective periods under review were lower than the statutory tax rates due to the availability of tax incentives.
- (6) There were no exceptional items for the year under review.

* Annualised

(iv) Subsidiary Companies

As at the date of this Prospectus, GoodFood has two (2) subsidiary companies, namely GFM and SSSC. Both companies are currently dormant. Details of the subsidiary companies are as follows:

| Name of Company | Place / Date of Incorporation | Issued and Paid-up Capital | Effective Equity Held % | Nature of Business |
|-----------------|-------------------------------|----------------------------|-------------------------|--------------------|
| GFM | Malaysia 1 October 1988 | 400,000 | 100.00 | Dormant. |
| SSSC | Malaysia 8 June 1991 | 300,000 | 100.00 | Dormant. |

9. INFORMATION ON THE OFIH GROUP (Cont'd)

(v) Employees

GoodFood has 136 employees as at 19 June 2000.

9.7.3 OFM

(i) History And Business

OFM was incorporated in Malaysia on 6 December 1997 as a private limited company under the Companies Act, 1965 under its present name. The principal activities of the company comprise of sale and marketing of snack food and confectioneries. The company, a wholly-owned subsidiary of OFI, commenced its operations in April 1998.

(ii) Share Capital

The authorised capital of OFM is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The present issued and paid-up share capital is RM50,000 divided into 50,000 ordinary shares of RM1.00 each. The changes in the issued and paid-up share capital of OFM since its incorporation are as follows:-

| Date Of Allotment | No. Of Ordinary Shares Allotted | Par Value RM | Consideration | Total Issued And Paid-Up Share Capital RM |
|-------------------|---------------------------------|--------------|---------------------|---|
| 06.12.97 | 2 | 1.00 | Subscribers' shares | 2 |
| 25.05.98 | 49,998 | 1.00 | Cash | 50,000 |

(iii) Profit And Dividend Record

Since the company commenced its operation on 1 April 1998, only one (1) year of audited accounts for the financial period ended 31 March 1999 and 11 months period ended 29 February 2000 are available.

| | Audited | | | | |
|---|---|----------------|----------------|--|--|
| | <--- Financial Year Ended 31 March ---> | | | From the period 06.12.97 to 31.03.99 | 11 months period ended 29.02.2000 |
| | 1996 RM'000 | 1997 RM'000 | 1998 RM'000 | RM'000 | RM'000 |
| Turnover | - | - | - | 35,504 | 39,874 |
| Profit before depreciation and interest | - | - | - | 4,499 | 3,843 |
| Depreciation | - | - | - | (14) | (77) |
| Interest | - | - | - | (5) | (8) |
| Profit before taxation | - | - | - | 4,480 | 3,758 |
| Taxation | - | - | - | - | (1,081) |
| Profit after taxation | - | - | - | 4,480 | 2,677 |
| Number of ordinary shares in issue ('000) | - | - | - | 50 | 50 |
| Gross EPS (RM) | - | - | - | 89.60 | 81.99* |
| Net EPS (RM) | - | - | - | 89.60 | 58.40* |

Notes:

(1) No provision has been made for Malaysian income tax in respect of business income earned for 1999 in accordance with the waiver granted under the Income Tax (Amendment) Act, 1999.

* Annualised

9. INFORMATION ON THE OFIH GROUP (Cont'd)

(v) Employees

As at 19 June 2000, OFM has a total workforce of 55.

9.8 Summary of Properties

The following sets out the details of the properties belonging to the OFIH Group:-

| Registered /Beneficial owner | Location | Description, Existing Use, Age of Building and Built up Area | Land Area (Square metres) | Tenure | Audited Net Book Value as at 31.03.1999 (OFI) / 31.12.1998 (GoodFood) RM | Audited Net Book Value as at 29.02.2000 RM | Market * Value / Date of Valuation RM | SC Approved Revaluation Surplus RM |
|------------------------------|--|---|---------------------------|--|--|--|---------------------------------------|------------------------------------|
| OFI | Lot No.4248 & Plot No. 96B (New Lot No. 4274) Mukim of Bukit Katil District of Melaka Tengah Malacca | Factory complex with a built up area of approximately 5,088.60 square metres and a building age of approximately 1 years | 9,519 | Leasehold (99 years) expiring on 2 September 2078 (Lot No.4248) and 13 January 2080 (Lot No. 4274) | 1,642,162 | 3,168,823 | 4,520,000 (06.08.99) | 2,877,838 |
| OFI | Lot No. 2351 Mukim of Bukit Katil District of Melaka Tengah Malacca | Factory Complex with a built up area of approximately 4,153.2 square metres and a building age of approximately 12 years | 7,564 | Leasehold (99 years) expiring on 4 May 2082 | 648,457 | 609,738 | 3,160,000 (06.08.99) | 2,511,543 |
| OFI | Plot Nos. 39 & 40 (New Lot Nos. 4322 & 4321) Mukim of Bukit Katil District of Melaka Tengah Malacca | Semi detached factory with a built up area of approximately of 1,587 square metres and a building age of approximately 24 years | 4,140 | Leasehold (99 years) expiring on 30 May 2072 | 169,796 | 123,880 | 1,680,000 (06.08.99) | 1,510,204 |
| OFI | Lot No. 7521 Mukim of Bukit Baru District of Melaka Tengah Malacca | Vacant industrial land | 19,066 | Leasehold (99 years) expiring on 24 May 2091 | 1,056,680 | 1,043,274 | 3,050,000 (06.08.99) | 1,993,320 |
| OFI | Lot Nos. PT 1584 & PT 1585 Mukim of Krubong District of Melaka Tengah Malacca | Vacant industrial land | 3,935 | Freehold | 338,848 | 338,848 | 490,000 (06.08.99) | 151,152 |

9. INFORMATION ON THE OFIH GROUP (Cont'd)

| Registered /Beneficial owner | Location | Description, Existing Use, Age of Building and Built up Area | Land Area (Square metres) | Tenure | Audited Net Book Value as at 31.03.1999 (OFI) / 31.12.1998 (GoodFood) RM | Audited Net Book Value as at 29.02.2000 RM | Market * Value / Date of Valuation RM | SC Approved Revaluation Surplus RM |
|---------------------------------------|---|--|---------------------------|--|--|--|---------------------------------------|------------------------------------|
| OFI | Lot Nos. 106 & 107 Town Area XL (40) District Of Melaka Tengah Malacca | 3-storey shop office with a built up area of approximately 662.21 square metres and a building age of approximately 5 year | 286 | Leasehold (99 years) expiring on 7 July 2093 | 320,262 | 305,814 | 680,000 (06.08.99) | 359,738 |
| OFI | Lot Nos. PT 6335 & PT 6336 Mukim of Batu Berendam District of Melaka Tengah Malacca | 3-storey shop office with a built up area of approximately 829.81 square metres and a building age of approximately 1 year | 286 | Leasehold (99 years) expiring on 22 July 2096 | 546,182 | 521,775 | 610,000 (06.08.99) | 63,818 |
| OFI | Parcel No. #SH08 Lot Nos. 540, 1427 to 1429 & 1800 to 802, Town Area XXXVII(37) District of Melaka Tengah, Malacca | 3-storey shop office with a built up area of approximately 396.0 square metres and a building age of approximately 1 year. | 1,434.7 square feet | Freehold | 437,025 | 422,753 | 425,000 (06.08.99) | (12,025) |
| OFI | Lot No. PT 26437 Mukim of Kajang District of Hulu Langat, Selangor | 11/2-storey terrace factory with a built up area of 248.51 square metres and a building age of approximately 3 years. | 185.8 | Leasehold (99 years) expiring on 25 September 2091 | 322,679 | 313,219 | 290,000 (15.08.99) | (32,679) |
| Total for properties under OFI | | | | | 5,482,091 | 6,848,124 | 14,905,000 | 9,422,909 ⁽¹⁾ |
| GoodFood | Lot 158 Semambu Industrial Area District of Kuantan Pahang Darul Makmur | Industrial building with a built up area of approximately 4427.37 square metres and a building age of approximately 3 years. | 2.9924 acres | Leasehold (66 years) expiring in 2065 (Assuming) [#] | 2,907,129 | 2,907,129 | 3,240,000 (06.08.99) | 332,871 ⁽²⁾ |
| Grand Total | | | | | 8,389,220 | 9,755,253 | 18,145,000 | 9,755,780 |

9. INFORMATION ON THE OFIH GROUP (Cont'd)

Notes:

- (1) *The revaluation surplus of RM9,422,909 are incorporated into the account of OFI for the financial year ended 31 March 2000.*
- (2) *The revaluation surplus of RM332,871 will be incorporated into the account of GoodFood for the financial period ending 31 March 2001.*
- * *The Valuation Reports have been prepared by Messrs. CH Williams Talhar & Wong Sdn Bhd. Market values are approved by the SC and the Valuers. The method of valuation used is comparison and investment methods.*
- # *Title has not been issued yet.*
- @ *The valuations have complied with the SC's conditions in their approval letter dated 15 March 2000.*

9.9 Directors, Management Team And Employees

Board of Directors

The following provides a brief profile of the Directors of OFIH:

YBhg. Tan Sri Dato' Azizan Husain, aged 56, was appointed to the Board of OFIH as Chairman on 8 June 2000. He graduated from the University of Malaya, Kuala Lumpur with B.A. Honours in 1967. On his graduation, he joined the civil service and had his first assignment as the Assistant Secretary, Ministry of Agriculture. After his 2 years at the Ministry of Agriculture, he was posted to the Prime Minister's Department where he worked for four years. Whilst in that department he had held the appointments of Assistant Secretary, Centre for Development Studies, and Assistant Secretary, Economic Planning Unit. In 1969, he attended a year course, Diploma in Public Administration at the University of Malaya. Later in 1975, he was selected to attend the Post Graduate Diploma in Economics and Master in Urban and Regional Planning at the University of Colorado, Boulder, United States of America.

On 1 September 1976, he was posted to the State of Sabah as the Director, Economic Planning Unit and later as Sabah State Director of Development. On 1 February 1987, YBhg. Tan Sri Dato' Azizan Husain returned to Kuala Lumpur, this time to the Ministry of Land and Regional Development as the Deputy Secretary-General. After two and a half year at the Ministry, on 16 October 1989, he was back again at the Prime Minister's Department and this time as the Deputy Director-General (Sectoral) Economic Planning Unit.

In late 1991, YBhg. Tan Sri Dato' Azizan moved to the Ministry of Finance in which he held two posts namely as Director, Public Sector Companies Monitoring Division and then as Deputy Secretary-General (Operation).

YBhg. Tan Sri Dato' Azizan Husain was appointed as the Secretary-General, Ministry of Defence on 1 January 1996. He retired from the Government Service on 28 February 1999. Tan Sri Dato' Azizan has received awards from both the Federal and the State Governments. He has been awarded the Ahli Darjah Kinabalu (ADK) in 1980, Ahli Setia Darjah Kinabalu (ASDK) in 1986, Dato' Setia DiRaja Kedah (DSDK) in 1992 and Johan Setia Mahkota (JSM) in 1993. In 1998, Tan Sri Dato' Azizan was awarded the Panglima Setia Mahkota (PSM), an award that carries the title of Tan Sri.

In addition to being the Chairman of OFIH, YBhg. Tan Sri Dato' Azizan further holds office as Chairman of Fiamma Holdings Berhad, TT Resources Berhad, NAC Far East Sdn Bhd, Heartscan (Malaysia) Sdn Bhd, KC Project Management Sdn Bhd, PMC Setia Sdn Bhd and MEC Trading Sdn Bhd.

9. INFORMATION ON THE OFIH GROUP (Cont'd)

Son Chen Chuan, aged 54, was appointed to the Board of OFIH as Managing Director on 8 June 2000. He is the Founder and Managing Director of OFI since the company was incorporated in 1978 and is also the Managing Director of OFM. Prior to OFI, he worked as Sales Supervisor from 1973 to 1975 in Sedap Preserved Fruit & Food Sdn Bhd. In 1975, he set up Pertama Food Industries Sdn Bhd, and was the Managing Director of the company. In 1977, he resigned and sold his business to other partners. A year later in 1978, he started OFI with two rented shop houses, then expanded to five in three years time. As the business grew, OFI then bought its first plant in Air Keroh in 1982. The continuing growth of OFI has led to the birth of OFI's second plant in 1988 and the third one in 1993 in Air Keroh Industrial Area.

He has acquired vast experience in the food market and has fostered close relationships with all the suppliers and customers. He develops new products for both local and overseas markets, ensuring that the quality of products and packaging are high, keeping close contact with the local distributors to solicit suggestions and feedback on the OFI products. He is the driving force in the formulation and implementation of the Company's corporate strategy, having acquired a wide knowledge of both the local and overseas food market, with extensive connections with both overseas and local machinery suppliers. He currently holds directorships in several private limited companies.

Hoo Beng Lee, aged 43, was appointed to the Board of OFIH on 8 June 2000. He is the Co-Founder and Executive Director of OFI and OFM. He is the brother of Mr Son Chen Chuan. He began his career as factory supervisor in Pertama Food Industries Sdn Bhd from 1975 to 1977. After that, he decided to partner with his brother to set up their own snack food business. He has been in this field for more than 18 years with vast experience and skills in snack food manufacturing business. His 18 years of experience in the food processing industry, snack food in particular, is of tremendous help in contributing to the success of the company. He has been the Director of OFI since 1978 till present. Mr Hoo is responsible for the operation of the production lines. He also holds directorships in several private limited companies.

Son Tong Leong, aged 30, was appointed to the Board of OFIH on 8 June 2000. He graduated from Edith Cowan University, Australia, with a Bachelor of Business (major in accounting) in 1994. He began his career as factory manager of OFI in 1994 and subsequently promoted to General Manager in 1998. He is also the Sales and Marketing Manager of OFM. He is in-charge of the overall administration and production of the factory. He has maintained excellent relationship with the factory workers and clients to enhance the production team spirit and the Company's goodwill. Since joining OFI in 1994, he supervises the running of the factory machinery and ensures that the production works are carried out smoothly with the right quality product. He currently also holds directorships in other private limited company.

Son Tong Eng, aged 29, was appointed to the Board of OFIH on 8 June 2000. He obtained his Diploma in Mechanical Engineering from Federal Institute of Technology, Kuala Lumpur in 1993. After graduation, he joined OFI in 1993 as factory manager. He is primarily involved in supervising the production works and coordinating with other factory managers to oversee the running of the factory machinery and ensuring quality production and control. He currently also holds directorships in other private limited company.

Lim Keat Sear, aged 49, was appointed to the Board of OFIH on 8 June 2000. He is also a Director of Goodfood. He has been in the snack and confectionery business for more than 20 years. He started his career as a marketing executive with Heng Nam Hung Sdn Bhd from 1968 to 1972. He then joined Syarikat Perniagaan Chong Mah Sdn Bhd from 1973 to 1978. Since 1978, he became director of the company, Syarikat Perniagaan Chong Mah Sdn Bhd. Currently, he also sits on the Board of Directors of several private companies namely Thung Shung (M) Sdn Bhd, Daisheng (M) Sdn Bhd, Goodfood Industries Sdn Bhd and Apendo Holding Sdn Bhd.

9. INFORMATION ON THE OFIH GROUP (Cont'd)

Packeer Mohamad bin Abdul Rahman, aged 43, was appointed to the Board of OFIH on 8 June 2000. He graduated from Ohio University, USA in 1986 with a Master degree in Business Administration. He is an associate member of the Chartered Institute of Management Accountants (CIMA). He is also a member of the Malaysian Institute of Accountants and Malaysian Institute of Internal Auditors. Mr Packeer has more than 20 years experience in the field of Finance and Audit in both listed and Multi-national companies. He is currently an Executive Director of Ocean Capital Berhad. He currently holds directorships in several private limited companies.

Lim Hwa Yu, aged 44, was appointed as an Independent and Non-Executive Director of OFIH on 23 February 1999. He qualified as an Accountant from the United Kingdom in 1979. He is a Fellow of the Chartered Association of Certified Accountants, United Kingdom, a Fellow of the Institute of Taxation, United Kingdom, and a Member of the Malaysian Institute of Accountants. He started his career as an Audit Trainee with Neveille Russel, London and then returned to Malaysia and joined Coopers and Lybrands, Kuala Lumpur in its tax Department. He started H.Y. Lim & Co, his own public accounting firm in Kluang, after leaving Coopers and Lybrands. He has extensive experience in the field of corporate planning and management.

Senior Management

Tan Kok Tiam, aged 35, is the General Manager - Corporate Finance of OFI. He started his career in a Certified Public Accountant firm in June 1989. During his period with the firm, he gained extensive exposure in the field of auditing with a portfolio of clientele involved in a variety of businesses. In addition to the exposure in auditing, Mr Tan has also been assigned to various special assignments such as tax investigation, due diligent, review of profit forecast and projections, share and business valuation, and financial management. In March, 1994, he joined Ernst and Young, KL Office, holding a position as Audit Senior. In the same year, he left to join Aseambankers Malaysia Berhad as a Corporate Finance Officer. His last held position in Aseambankers was a Manager. He was attached to OFI since November 1999.

Mr Tan qualified as a Certified Public Accountant, a member of the Malaysian Association of Certified Public Accountants in 1992. He is also a member of the Malaysian Institute of Accountants.

Michael Tay Chuan Beng, aged 42, is the Accountant of OFI. He holds a Bachelor of Business (Accounting) degree from Western Australia Institute of Technology, Western Australia in 1981. He is a Certified Practising Accountant (CPA) of the Australian Society of CPAs (ASCPA) and a Registered Accountant (RA) of the Malaysian Institute of Accountants (MIA). Prior to joining the Group, he was working as a General Manager of an export trading company dealing with confectionery and food products for the overseas market. Thereafter he joined OFI in 1996 as a General Manager and Financial Controller but left in early 1998 to operate his own business which is involved in the repackaging of novelty toy candies. His wife currently manages the said business. He rejoined OFI on 1 December 1998 as an Accountant of the company. He has more than 12 years of experience in the snack food and confectionery industry with the emphasis in international trade.

Ng Swee Wah, aged 42, is the Account Manager of OFI. She joined the Company in 1984 as an account executive and was subsequently promoted to her current position in 1999. She is responsible for the overall management of the Company's accounts and financial matters.

Prior to joining OFI, she joined Bestex Industry Sdn Bhd, an edible oil trading company as Account Clerk in 1977 but later left in 1979 to join Ming Hoe Realty, a property developing company, whereby she held similar position. In 1980 she was attached to Ka Yong Industries Sdn Bhd, a steel manufacturing company, as Account Clerk until 1984.

9. INFORMATION ON THE OFIH GROUP (*Cont'd*)

Son Kee Geok, aged 32, is the Export Sales Manager of OFM. She joined the Company in 1989 as a sales executive and has since been promoted to her present position. She is in charge of all the export sales orders and liaisons with trading companies or sale agents overseas for export sales. She has good rapport with the overseas distributors to ensure that their needs are met.

Ong Ah Fong, aged 34, is the Purchasing Manager of OFI. She joined OFI on 2 May 1995 as a Purchasing Executive and was subsequently promoted to her present position in 1999. She is responsible for the store administration and purchasing department, liaison and negotiation with suppliers. Prior to joining OFI, she worked as a general administration clerk in Min Chong Motors Credit Sdn Bhd from 1986 to 1995, which is principally dealing with the sale and hire purchase of used vehicles.

Karina Chong Mei Ying, aged 29, is the Administration Manager of OFI. She joined the Company in 1996 as the Assistant Personnel Manager and was subsequently promoted to her present position in 1997. She holds a Bachelor of Law (LLB) degree from the University of London in 1995. Presently, she is in charge of matters relating to trademarks, legal documentation, MS ISO 9002 Quality System documentation, application of licenses, permits and approvals from Governmental Department and other matters relating to the legal and general administration of the Company. She also liaises with the company solicitors and governmental departments.

Chong Meng Chen, aged 38, is the Personnel Manager of OFI. He joined the Company in 1996 as the Assistant Factory Manager and was promoted to his current position in 1998. Presently, he is responsible for the administration of Human Resource Management and recruitment of new staffs. He oversees the orientation programmes for new staffs.

Foo Suan Hiap, aged 41, is the Regional Sales Manager (East Coast & Southern Region) of OFM. He joined OFI in 1986 as Sales Representative and was promoted to his current position in 1999. Currently, he is in charge of all local sales orders covering Malacca, Terengganu, Kelantan, Melaka, Seremban and Johor. He has more than 16 years of experience in sales and marketing in this industry. He liaises with the local trading company and distributors for local and area sales and has good rapport with his customers on service and reliability.

Prior to joining OFI, he was employed as Sales Representative in Sun Chet Heng Biscuits & Confectionery, a manufacturing company from 1981 to 1983. Thereafter, he joined Wee Enterprise, a company dealing with the sales and marketing of preserved food, whereby he held similar position but later left the establishment in 1986. He has more than 16 years of experience in sales and marketing in this industry, which is beneficial and a great contribution to the success of the company.

Ng Kim Seons @ Ng Kim Seong, aged 53, is the Regional Sales Manager (Northern Region) of OFM. He completed his secondary education and later obtained a Management Training Protection Skill certificate. He joined OFM in 1998 and is currently in charge of all local sales orders in Alor Setar, Ipoh and Penang for all OFI's products. Prior to joining OFM, he was holding managerial positions in other establishment and has vast experience in the area of sales and marketing. He was the Regional Sales Manager in MDD Distributor (M) Sdn Bhd in 1995, Assistant Sales Manager in Cold Storage Sdn Bhd from 1993 to 1995 and held a similar position in Yeo Hiap Seng Sdn Bhd from 1977 to 1992, all whereof are companies involve in the sales and marketing of food products. His 20 years of experience in this area has enabled him to evaluate the market trends and consumers needs effectively.

9. **INFORMATION ON THE OFIH GROUP (Cont'd)**

Chong Chee Kang, aged 42, is the Area Sales Manager (Central Region) of OFM. He obtained his Malaysian Certificate of Education (MCE) in 1976 and thereafter pursued and obtained a certificate in Sales Management in 1978. He joined OFM in 1998. Prior to joining OFM, he was employed in other establishments holding managerial positions in sales related areas. He was attached to Texchem Cons. Sdn Bhd (1981-1993), as sales and marketing company as Sales Manager before joining Genly (M) Sdn Bhd from 1993 to 1996, a manufacturer of beverages, as Operations Manager. Later, he joined MDD Distributor (M) Sdn Bhd, a company dealing with the sales and marketing of snack food and other foodstuffs as Sales Manager. He is currently in charge of all local sales orders in Selangor and Kuala Lumpur for all OFI products. He liaises with the local trading company for local and area sales and has good rapport with the local distributors to ensure that their needs are fulfilled and the services provided are to the satisfaction of the clients.

Sim Yoke Sa, aged 31, is the Assistant Export Sales Manager of OFM. She joined the Company in 1992 as a shipping clerk and was thereafter promoted to her present position in 1998. She possesses a Private Secretary Certificate and is currently pursuing a degree in Business Management. She is assisting the Export Sales Manager in all matter relating to export sales orders and liaisons with trading companies or sales agents overseas for export sales.

Family Relationship

Except for Mr Son Tong Leong, Mr Son Tong Eng and Ms Son Kee Geok who are the children of Mr Son Chen Chuan as well as Mr Hoo Beng Lee who is the brother of Mr Son Chen Chuan, none of the directors and senior management are related to each other.

Employees

As at 19 June 2000, the OFIH Group has a total of 457 employees under permanent appointment. None of the employees of OFIH Group belongs to any union and they enjoy a cordial relationship with the management.

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9. INFORMATION ON THE OFIH GROUP (Cont'd)

9.10 Prospects Of The Group and Future Plans

(a) Viability

(i) Products diversity and quality

Generally, OFIH's product range can be broadly classified under four (4) main categories, i.e. Potato Chips, Extruded snacks, Pellet-based snacks and Wafers. Various brands are produced under the abovementioned 4 categories of products. The brands are as follows:

| Product Ranges | Brands | Packaging Size |
|---------------------|--|---|
| Potato Chips | Rota Potato Chips | 22gms * 60pkts 45gms * 60pkts 80gms * 36 pkts 90gms * 36 pkts 100gms * 12cans |
| Extruded Snacks | Super Ring, Chicken Ring, Hobe, Rostik, Green Peas, Popcorn | 18gms * 300pkts 20gms * 300 pkts 60gms * 60pkts 70gms * 60pkts 80gms * 60 pkts |
| Pellet Based Snacks | Rota Prawn Crackers, Soto Cuttlefish Flavoured Snack, Veta Vegetable & Chicken Flavoured Snack, Chipy Vegetable & Chicken Flavoured Snack, Onion Rings, Popika, Sneko Corn Snack, Maconi Potato Snacks | 15gms * 300pkts 20gms * 300pkts 60gms * 60pkts 70gms * 60pkts 80gms * 60pkts 80gms * 12 cans |
| Wafers | Jacker Wafer Cube (Cocoa Milk, Orange and Milk Flavours) Delio Wafer Cream (Chocolate, Orange and Milk Flavours) | 250gms * 20bags 350gms * 12 tins 22gms * 12boxes x 24pcs |

Most of the existing products have been performing well for more than five (5) years. As such, OFIH keeps abreast with technical developments and new manufacturing process by regularly participating in local as well as international trade missions, food fairs and trade expansion of snack food and confectioneries making machineries. The technological skills of its production team are also constantly being upgraded through overseas technical training programmes conducted by the consultants from Italy, Netherlands and US.

The table below shows the contributions of the different products range within the Group for the eleven (11) months period ended 29 February 2000:

| | For the 11 months period ended 29 February 2000 | | | |
|---|---|-------|------------------------------------|-------|
| | Contribution to Group Turnover | | Contribution to Group Gross Profit | |
| | RM'000 | % | RM'000 | % |
| Potato Chips | 3,441 | 5.55 | 1,445 | 8.33 |
| Extruded Snacks | 17,475 | 28.17 | 4,439 | 25.57 |
| Pellet Based Snacks | 17,510 | 28.22 | 4,441 | 25.59 |
| Wafers | 14,815 | 23.88 | 6,222 | 35.85 |
| Chocolate products, candies, fish fillets and other preserved food. | 8,799 | 14.18 | 810 | 4.66 |

9. INFORMATION ON THE OFIH GROUP (Cont'd)

The table below shows the proforma contributions to Group Turnover of the different products range within the Group:

| | | Contribution to Group Turnover | | | | | 11 months period ended 29.02.00 |
|---|--------|--------------------------------|--------|--------|--------|--------|---------------------------------|
| | | ← Years ended 31 March → | | | | | |
| | | 1995 | 1996 | 1997 | 1998 | 1999 | |
| Potato Chips | % | 1.67 | 6.67 | 9.09 | 10.36 | 7.40 | 5.55 |
| | RM'000 | 598 | 2,634 | 4,061 | 5,042 | 4,062 | 3,441 |
| Extruded Snacks | % | 56.45 | 49.21 | 29.81 | 30.19 | 32.48 | 28.17 |
| | RM'000 | 20,200 | 19,445 | 13,316 | 14,700 | 17,833 | 17,475 |
| Pellet Based Snacks | % | 25.12 | 30.50 | 46.59 | 44.06 | 33.31 | 28.22 |
| | RM'000 | 8,990 | 12,052 | 20,815 | 21,449 | 18,291 | 17,510 |
| Wafers | % | - | - | - | 0.01 | 11.16 | 23.88 |
| | RM'000 | - | - | - | 3 | 6,128 | 14,815 |
| Chocolate products, candies, fish fillets and other preserved food. | % | 16.75 | 13.63 | 14.52 | 15.39 | 15.65 | 14.18 |
| | RM'000 | 5,994 | 5,385 | 6,485 | 7,491 | 8,591 | 8,799 |

* The proforma contributions to Gross Profit for the past five (5) years is not available.

(ii) Elasticity Of Demand

The demand for snack food and confectioneries will increase due to the fact that the products are inexpensive. The retail price of the snack products, which ranges from RM0.20 to RM3.50, is affordable to most of the younger generation. Meanwhile, the wafer products which ranges from RM0.20 to RM8.00, is targeted for both younger generation and adults. Generally, it is resistant to price changes as the main criteria for demand is quality rather than pricing. The increase in price somehow can be passed on to the intermediaries, i.e. wholesalers, dealers, distributors and trading houses. The Company's management foresees the tremendous growth prospects in snack food and confectioneries manufacturing and realises that to keep abreast with changing consumer tastes and to penetrate the market with local premium quality snacks food and confectioneries, substantial investment in automated and sophisticated machineries is necessary.

(iii) Research And Development ("R&D")

OFIH has been involved in research and development to provide high quality products to the consumers. Foreign market research and survey in countries such as Taiwan, Japan and Hong Kong are mainly done by Mr Son Chen Chuan, managing director of OFIH and Mr Hoo Beng Lee, executive director of OFIH. Some of the research work were performed by suppliers of machineries as part of their own R&D activities to develop new machineries to produce new products. OFIH has its own in-house laboratory and food technologist to develop, and improve the production and to maintain the quality control.

The main R&D activities are:

- (1) design and develop new cost effective way to produce and to market the existing products;
- (2) research and development on new products to suit the changing tastes of consumers and to cater for a wider segment of consumer;
- (3) development of different combinations of flavours to improve on existing flavours;