

## 11. ACCOUNTANTS' REPORT (Cont'd)



Notes:

- (a) 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.
- (b) The earnings per share is calculated based on the profit after taxation and on the number of shares in issue during the respective periods under review. For illustrative purposes, the net EPS calculated on the results for the eleven (11) months ended 29 February 2000 have been reflected on an annualised basis.

(v) Goodfood

The summary of earnings of Goodfood based on the audited accounts for the five (5) years ended 31 December 1999 and two (2) months period ended 29 February 2000 is set out below:

	Year ended 31 December					2 months
	1995	1996	1997	1998	1999	29.2.2000
	RM'000	RM'000	RM'000	RM'000	RM'000	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
No. of ordinary shares in issue ('000)	3,724	4,730	4,730	4,730	4,730	4,730
Net EPS (RM)	0.06	0.09	0.14	0.14	0.19	0.08+

+ Annualised

## 11. ACCOUNTANTS' REPORT (Cont'd)



Notes:

- (a) The effective tax rates for the respective periods under review were lower than the statutory tax rates due to the availability of tax incentives.
- (b) The earnings per share is calculated based on the profit after taxation and on the number of shares in issue in the respective periods under review. For illustrative purposes, the net EPS calculated on the results for the two (2) months ended 29 February 2000 have been reflected on an annualised basis.

## 6. DIVIDENDS

No dividend was declared or paid by OFIH and its subsidiary companies in respect of the financial years/periods under review.

## 7. SUMMARISED BALANCE SHEETS

(i) OFIH

The balance sheets of OFIH based on its audited accounts for the three (3) financial period/years ended 31 March 1999 and eleven (11) months period ended 29 February 2000 are as follows:

	<u>As at 31 March</u>			<u>As at</u>
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>29.2.2000</u>
	RM'000	RM'000	RM'000	RM'000
DEFERRED EXPENDITURE	-	-	-	178
INTANGIBLE ASSETS	104	195	231	63
CURRENT LIABILITIES	(104)	(195)	(231)	(241)
NET CURRENT LIABILITIES	(104)	(195)	(231)	(241)
	*	*	*	*
FINANCED BY:				
SHARE CAPITAL	*	*	*	*
NET TANGIBLE ASSETS ('NTA')				
PER SHARE (RM)	-	-	-	-

\* RM2.00

## 11. ACCOUNTANTS' REPORT (Cont'd)



## (ii) OFI

The balance sheets of OFI based on its audited accounts for the six (6) financial years ended 31 March 1999 and eleven (11) months period ended 29 February 2000 are as follows:

	As at 31 March						As at
	1994	1995	1996	1997	1998	1999	29.2.2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
FIXED ASSETS	9,329	10,232	10,758	12,561	17,166	16,209	16,717
ASSOCIATED COMPANY	135	135	1,198	1,377	1,377	1,377	1,377
SUBSIDIARY COMPANY	757	757	-	-	-	50	50
INVESTMENTS	-	-	310	310	310	310	310
CURRENT ASSETS	4,131	6,044	9,800	12,331	13,588	12,738	14,079
CURRENT LIABILITIES	(5,774)	(6,513)	(8,091)	(8,641)	(7,687)	(5,575)	(4,375)
NET CURRENT (LIABILITIES)/ ASSETS	(1,643)	(469)	1,709	3,690	5,901	7,163	9,704
	8,578	10,655	13,975	17,938	24,754	25,109	28,158

## 11. ACCOUNTANTS' REPORT (Cont'd)



	As at 31 March					As at	
	1994	1995	1996	1997	1998	1999	29.2.2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
FINANCED BY:							
SHARE CAPITAL	2,228	2,450	2,728	2,728	2,728	2,728	2,728
SHARE PREMIUM	-	-	90	90	90	90	90
PROFIT AND LOSS ACCOUNT	5,047	7,399	10,442	14,140	19,717	20,908	24,640
	<u>7,275</u>	<u>9,849</u>	<u>13,260</u>	<u>16,958</u>	<u>22,535</u>	<u>23,726</u>	<u>27,458</u>
LONG TERM AND DEFERRED LIABILITIES	1,303	806	715	980	2,219	1,383	700
	<u>8,578</u>	<u>10,655</u>	<u>13,975</u>	<u>17,938</u>	<u>24,754</u>	<u>25,109</u>	<u>28,158</u>
NTA PER SHARE (RM)	3.27	4.02	4.86	6.22	8.26	8.70	10.07

(iii) OFM

The balance sheets of OFM based on its audited accounts for the period 6 December 1997 (date of incorporation) to 31 March 1999 and eleven (11) months period ended 29 February 2000 are as follows:

	As at 31.3.1999	As at 29.2.2000
	RM'000	RM'000
FIXED ASSETS	<u>148</u>	<u>519</u>
CURRENT ASSETS	8,043	8,766
CURRENT LIABILITIES	<u>(3,661)</u>	<u>(2,055)</u>
NET CURRENT ASSETS	<u>4,382</u>	<u>6,711</u>
	<u>4,530</u>	<u>7,230</u>

## 11. ACCOUNTANTS' REPORT (Cont'd)



	As at 31.3.1999 RM'000	As at 29.2.2000 RM'000
FINANCED BY:		
SHARE CAPITAL	50	50
PROFIT AND LOSS ACCOUNT	4,480	7,157
	<u>4,530</u>	<u>7,207</u>
DEFERRED LIABILITIES	-	23
	<u>4,530</u>	<u>7,230</u>
NTA PER SHARE (RM)	90.60	144.14

(iv) Goodfood

The consolidated balance sheets of Goodfood based on its audited accounts for the six (6) financial years ended 31 December 1999 and two (2) months period ended 29 February 2000 are as follows:

	<u>As at 31 December</u>						As at
	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>29.2.2000</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
FIXED ASSETS	1,996	5,796	5,606	5,441	5,198	5,491	5,463
INVESTMENTS	45	45	-	-	-	-	-
GOODWILL ON CONSOLIDATION	42	42	42	42	42	42	42
CURRENT ASSETS	895	2,074	2,782	2,767	2,743	2,817	2,688
CURRENT LIABILITIES	(1,124)	(4,166)	(3,256)	(2,471)	(1,598)	(1,089)	(872)
NET CURRENT (LIABILITIES)/ ASSETS	(229)	(2,092)	(474)	296	1,145	1,728	1,816
	<u>1,854</u>	<u>3,791</u>	<u>5,174</u>	<u>5,779</u>	<u>6,385</u>	<u>7,261</u>	<u>7,321</u>

## 11. ACCOUNTANTS' REPORT (Cont'd)

PRICEWATERHOUSECOOPERS 

	As at 31 December						As at
	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>29.2.2000</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
FINANCED BY:							
SHARE CAPITAL	2,486	3,724	4,730	4,730	4,730	4,730	4,730
RESERVE ON CONSOLIDATION	-	18	18	18	18	18	18
PROFIT AND LOSS ACCOUNT	(632)	(157)	278	946	1,619	2,513	2,573
	<u>1,854</u>	<u>3,585</u>	<u>5,026</u>	<u>5,694</u>	<u>6,367</u>	<u>7,261</u>	<u>7,321</u>
LONG TERM LIABILITIES	-	206	148	85	18	-	-
	<u>1,854</u>	<u>3,791</u>	<u>5,174</u>	<u>5,779</u>	<u>6,385</u>	<u>7,261</u>	<u>7,321</u>
NTA PER SHARE (RM)	0.73	0.95	1.05	1.19	1.34	1.53	1.54

## 11. ACCOUNTANTS' REPORT (Cont'd)



## 8. STATEMENT OF ASSETS AND LIABILITIES

The following is a detailed statement of assets and liabilities of OFIH and the Proforma Group based on the audited accounts of OFIH, OFI and Goodfood as at 29 February 2000. The Proforma Group statement of assets and liabilities is provided for illustrative purposes only to show the effects of the acquisitions of OFI and the Public Issue of 2,850,000 new ordinary shares of RM1.00 each at an issue price of RM2.00 per share payable in full on application on the assumption that these transactions had been in effect on 29 February 2000 and should be read in conjunction with the accompanying notes.

	Note	OFIH RM'000	Proforma Group RM'000
<b>FIXED ASSETS</b>	8.3	-	32,455
<b>INVESTMENTS</b>		-	310
<b>PRELIMINARY AND PRE-OPERATING EXPENSES</b>	8.4	63	63
<b>DEFERRED EXPENDITURE</b>	8.5	178	-
<b>CURRENT ASSETS</b>			
Stocks	8.6	-	7,628
Debtors	8.7	-	13,571
Fixed deposits with licensed banks		-	2,033
Cash and bank balances		-	11,139
		-	34,371
<b>CURRENT LIABILITIES</b>			
Creditors	8.8	241	5,068
Provision for taxation		-	1,540
Proposed dividends		-	-
Short term borrowings	8.9	-	91
		241	6,699
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		(241)	27,672
		*	60,500

## 11. ACCOUNTANTS' REPORT (Cont'd)



	Note	OFIH RM'000	Proforma Group RM'000
FINANCED BY:			
SHARE CAPITAL	8.10	*	40,000
SHARE PREMIUM		-	3,496
RESERVE ON CONSOLIDATION PROFIT AND LOSS ACCOUNT		-	123
			12,571
			<hr/>
		*	56,190
MINORITY INTEREST		-	3,587
LONG TERM LIABILITIES	8.11	-	120
DEFERRED TAXATION	8.12	-	603
			<hr/>
		*	60,500
			<hr/> <hr/>
NTA PER SHARE (RM)		-	1.40

\* RM2.00

**NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES****8.1 BASIS OF PREPARATION**

The statement of assets and liabilities of OFIH and the Proforma Group have been prepared under the historical cost convention modified by the revaluation of certain fixed assets, in accordance with the provisions of the Companies Act, 1965 and in accordance with the applicable approved accounting standards in Malaysia.

**8.2 SIGNIFICANT ACCOUNTING POLICIES****(a) Basis of consolidation**

The proforma consolidated statement of assets and liabilities includes the assets and liabilities of the Company and all its subsidiary companies as at 29 February 2000 on the assumption that the restructuring exercise had been effected on 29 February 2000.



11. ACCOUNTANTS' REPORT (Cont'd)



(i) Merger accounting

The acquisition of OFI is accounted for under the merger accounting method. Under the merger method of accounting, the proforma statement of assets and liabilities of the Company and OFI have been presented as if OFI had always been part of the OFIH Group. On consolidation, merger deficit represents the excess of the nominal value of the shares issued as consideration over the nominal value of the shares acquired and has been set-off against merger reserves.

(ii) Acquisition accounting

All the subsidiary companies of OFI are consolidated based on the acquisition method of accounting. The results of the subsidiary companies of OFI acquired or disposed off during the period are included from the date of acquisition or up to the date of disposal respectively.

In the consolidated balance sheet, the excess of the fair value of the net assets of the subsidiary company at the date of acquisition over the purchase price is included as reserve arising on consolidation.

(b) Fixed assets and depreciation

Freehold land is not depreciated and is stated at valuation with subsequent additions at cost. Long leasehold land and buildings are stated at valuation with subsequent additions at cost, less accumulated depreciation. The other fixed assets are stated at cost less accumulated depreciation.

The long leasehold land and buildings stated at valuation will be revalued at regular intervals of once in every five years. Where market conditions indicate that the carrying values of the revalued properties differ materially from the market values, the Directors will consider revaluation in those intervening years.

Any surplus on revaluation is credited to revaluation reserve and deficit shall be charged against such surplus to the extent that the decrease offset any increase. In all other cases, the deficit is charged to the profit and loss account.

## 11. ACCOUNTANTS' REPORT (Cont'd)



## (b) Fixed assets and depreciation (continued)

Long leasehold land is amortised over the leasehold period of 99 years.

Depreciation of other assets is calculated so as to write off their cost or valuation on a straight line basis over the expected useful lives of the assets concerned. The annual rates are:

	%
Buildings	5
Plant and machinery	10
Furniture, fittings and equipment	10
Motor vehicles	20

## (c) Stocks

Stocks are valued at the lower of cost and net realisable value. Cost includes where relevant, appropriate proportion of overhead expenses and is determined on a weighted average basis. Where necessary, provision is made for obsolete, slow moving or defective stocks.

## (d) Receivables

Receivables are carried at anticipated realisable value. An estimate is made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off during the year in which they are identified.

## (e) Deferred taxation

Deferred taxation is provided using the liability method on all material timing differences between taxable and accounting profits. Debit balances on the deferred taxation account are not recognised unless there is reasonable expectation of their recovery.

## (f) Foreign currencies

Transactions in foreign currencies are translated into Ringgit Malaysia at the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities in foreign currencies at balance sheet date are translated into Ringgit Malaysia at the exchange rates ruling at that date. All exchange differences are dealt with through profit and loss account.

## 11. ACCOUNTANTS' REPORT (Cont'd)



## (g) Hire purchase

Fixed assets acquired under hire purchase are capitalised and are depreciated in accordance with the policy set out in paragraph 8.2(b) above. Outstanding obligations due under the hire purchase agreements after deducting finance charges are included as liabilities in the accounts. Finance charges are allocated to the profit and loss account over the period of the hire purchase to give a constant periodic rate of interest on the remaining hire purchase liabilities.

## (h) Revenue recognition

Sales is recognised upon delivery of goods and acknowledgement of acceptance by customers.

Other revenue earned by the company is recognised on an accrual basis.

## (i) Cash and cash equivalents

Cash comprises cash and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, less short term borrowings repayable on demand.

## 8.3 FIXED ASSETS

	<u>At cost or valuation</u> RM'000	<u>Accumulated depreciation</u> RM'000	<u>Net book value</u> RM'000
Proforma Group			
Freehold land	1,043	-	1,043
Long leasehold land	8,098	-	8,098
Buildings	11,100	-	11,100
Plant and machinery	19,183	9,175	10,008
Motor vehicles	4,134	2,800	1,334
Furniture, fittings and equipment	2,263	1,391	872
	<u>45,821</u>	<u>13,366</u>	<u>32,455</u>

## 11. ACCOUNTANTS' REPORT (Cont'd)



## 8.3 FIXED ASSETS (CONTINUED)

Freehold land, long leasehold land and buildings which have been revalued by a firm of independent professional valuers and approved by the Securities Commission for listing purposes on 15 March 2000, have been adopted in the accounts for illustrative purpose on the assumption they had been effected on 29 February 2000.

The tax effect in connection with the surplus arising on the revaluation of freehold land, long leasehold land and buildings is not disclosed as there is no foreseeable intention to dispose off these properties.

The properties with net book value of RM3,755,751 are charged as security for bank facilities.

The net book value of fixed assets acquired under hire purchase agreements amounted to RM2,356,458 .

The net book value of revalued fixed assets of the Group that would have been included in the accounts had these assets been carried at cost less accumulated depreciation are as follows:

	Proforma Group RM'000
Freehold land	900
Long leasehold land	2,891
Buildings	6,695
	<u>10,486</u>

## 8.4 PRELIMINARY AND PRE-OPERATING EXPENSES

Included in preliminary and pre-operating expenses is auditors' remuneration of RM1,000.

## 8.5 DEFERRED EXPENDITURE

The deferred expenditure relates to share issue expenses which will be written off against the share premium arising from the Public Issue of 2,850,000 new ordinary shares of RM1.00 each at an issue price of RM2.00 per share.

## 11. ACCOUNTANTS' REPORT (Cont'd)



## 8.6 STOCKS

	Proforma Group RM'000
Raw materials	6,294
Work in progress	439
Finished goods	895
	<u>7,628</u>

## 8.7 DEBTORS

Trade debtors	10,059
Provision for doubtful debts	(188)
	<u>9,871</u>
Other debtors, deposits and prepayments	3,700
	<u>13,571</u>

## 8.8 CREDITORS

	OFIH RM'000	Proforma Group RM'000
Trade creditors	-	2,445
Other creditors	241	2,313
Hire purchase creditors	-	310
	<u>241</u>	<u>5,068</u>

## 8.9 SHORT TERM BORROWINGS

	Proforma Group RM'000
Bank overdrafts	39
Term loan - portion repayable within 12 months	52
	<u>91</u>

The short term borrowings are secured by a first legal charge over certain of the Group's land and buildings. Interest is chargeable at rates ranging from 1.25% to 2.25% per annum above the banks' base lending rates.

## 11. ACCOUNTANTS' REPORT (Cont'd)



## 8.10 SHARE CAPITAL

	OFIH RM'000	Proforma Group RM'000
<u>Ordinary shares of RM1.00 each</u>		
Authorised		
As at 29 February 2000	100	100
Created during the period	-	99,900
	<u>100</u>	<u>100,000</u>
Issued and fully paid-up:		
As at 29 February 2000	*	*
Issued as consideration for the acquisition of the entire issued and paid-up share capital of OFI	-	32,535
Rights issue	-	4,615
Public Issue	-	2,850
	<u>*</u>	<u>40,000</u>
* RM2.00		

## 8.11 LONG TERM LIABILITIES

	Proforma Group RM'000
Term Loan	172
Less: Portion repayable within 12 months	(52)
	<u>120</u>

The term loan is repayable by 60 equal monthly instalments commencing June 1998. Interest is chargeable at rates ranging from 1.25% to 1.75% per annum above the bank's base lending rates.

## 11. ACCOUNTANTS' REPORT (Cont'd)



## 8.12 DEFERRED TAXATION

	Proforma Group RM'000
Balance as at 1 April 1999	580
Transfer to profit and loss account	23
	<u>603</u>
Balance as at 29 February 2000	<u>603</u>
Representing tax effect of:	
Excess of depreciation over capital allowances	<u>603</u>

## 8.13 CAPITAL COMMITMENTS

	Proforma Group RM'000
Capital expenditure authorised and contracted for but not provided in the accounts:	
- in respect of purchase of fixed assets	<u>9,253</u>

## 9. PROFORMA GROUP NET TANGIBLE ASSETS COVER

Based on the Proforma OFIH Group statement of assets and liabilities as at 29 February 2000, the Proforma Group net tangible assets per share is calculated as follows:

	RM'000
NTA per the Proforma Group statement of assets and liabilities as at 29 February 2000	44,988
Increase in NTA arising from the Public Issue by OFIH	12,161
	<u>57,149</u>
Estimated share issue expenses	<u>(1,022)*</u>
	<u>56,127</u>

\* arrived at after deducting RM178,000 (refer note 8.5) from the total estimated share issue expenses of RM1,200,000

11. ACCOUNTANTS' REPORT (Cont'd)



Number of OFIH shares of RM1.00 each in issue:	RM'000
As at 29 February 2000	*
Issued for the acquisitions of OFI	32,535
Rights issue	4,615
Public Issue	2,850
After the Acquisitions, Rights Issue and Public Issue	<u>40,000</u>
Proforma net tangible assets cover per share (RM)	1.40

\* 2 ordinary shares

10. ACCOUNTS

No audited accounts have been prepared in respect of any period subsequent to 29 February 2000.

Yours faithfully,

PRICEWATERHOUSECOOPERS  
(No. AF-1146)  
Public Accountants

P'NG BENG HOE  
(No. 1563/8/01 (J))  
Partner of the firm



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**12. DIRECTORS' REPORT**

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*(Prepared for inclusion in the Prospectus)*

**Registered Office:-**

Oriental Food Industries  
Holdings Berhad  
22<sup>nd</sup> Floor, Wisma Cyclecarri  
288 Jalan Raja Laut  
50350 Kuala Lumpur

27 June 2000

The Shareholders of **Oriental Food Industries Holdings Berhad**

Dear Sirs,

On behalf of the Directors of Oriental Food Industries Holdings Berhad ("OFIH" or the "Company"), I report after due enquiry that during the period from 29 February 2000 (being the date to which the last audited accounts of the OFIH and its subsidiary companies ("OFIH" Group) have been made) to 19 June 2000 (being a date not earlier than fourteen days before the issue of this Prospectus):-

- (a) the business of OFIH Group has, in the opinion of the Directors, been satisfactorily maintained;
- (b) save as disclosed in this Prospectus, in the opinion of the Directors, no circumstances have arisen which have adversely affected the trading or the value of the assets of OFIH Group;
- (c) the current assets of OFIH Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) save as disclosed in this Prospectus, there is no contingent liabilities have arisen by reason of any guarantees given by OFIH Group; and
- (e) save as disclosed in the Accountants' Report and Proforma Consolidated Balance Sheets in this Prospectus, there has been no changes in the published reserves or any unusual factors affecting the profit of OFIH Group.

Yours faithfully

For and on behalf of the Board of Directors of

**ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD**

**SON CHEN CHUAN**

*Managing Director*

**13. VALUERS' LETTER***(Prepared for inclusion in the Prospectus)*

CH Williams Talhar & Wong Sdn Bhd  
 No. 56, 1st Floor  
 Madonna Building  
 Jalan Laksamana  
 75000 Melaka

27 June 2000

The Board of Directors  
 Oriental Food Industries Holdings Berhad  
 22<sup>nd</sup> Floor, Wisma Cyclecarri  
 288 Jalan Raja Laut  
 50350 Kuala Lumpur

Dear Sirs,

**VALUATION OF ALL LANDED PROPERTIES BELONGING TO THE ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD ("OFIH") GROUP**

This letter has been prepared for inclusion in the Prospectus to be dated 30 June 2000 in connection to the public issue of 2,850,000 ordinary shares of RM1.00 each in OFIH at an issue price of RM2.00 per ordinary share.

We were instructed by Oriental Food Industries Holdings Berhad to value the properties listed below. We confirm we have valued the properties based on the Valuation Basis stated below. The Valuations had been carried out in accordance with the Guidelines on Asset Valuations for Submission to the Securities Commission (1995) issued by the Securities Commission, in compliance with the Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia and with the necessary professional responsibility and due diligence.

No.	Property Location	Date of Valuation/ Reference No.	Description of Property/ Existing Use	Tenure	Market Value (RM)	Method of Valuation
<b>Properties Held For Operational Purposes</b>						
1.	Lot No. 4248 & Plot No. 96B (New Lot No. 4274) Mukim of Bukit Katil District of Melaka Tengah, Malacca	6 August 1999 WTWMC/99/525(a)/MTT/TJ	Factory Complex	Leasehold (99 years) expiring on 2 September 2078 (Lot No. 4248) and 13 January 2080 (Lot No. 4274)	4,520,000	Comparison Methods / Investment or Income Capitalisation Methods
2.	Lot No. 2351 Mukim of Bukit Katil District of Melaka Tengah, Malacca	6 August 1999 WTWMC/99/525(b)/MTT/TJ	Factory Complex	Leasehold (99 years) expiring on 4 May 2082	3,160,000	Comparison Methods / Investment or Income Capitalisation Methods
3.	Plot No. 39 & 40 (New Lot No. 4322 & 4321) Mukim of Bukit Katil District of Melaka Tengah, Malacca	6 August 1999 WTWMC/99/525(c)/MTT	Semi detached factory	Leasehold (99 years) expiring on 30 May 2072	1,680,000	Comparison Methods / Investment or Income Capitalisation Methods
<b>Sub – total c/f</b>					<b>9,360,000</b>	

**13. VALUERS' LETTER (Cont'd)***(Prepared for inclusion in the Prospectus)*

No.	Property Location	Date of Valuation/ Reference No.	Description of Property/ Existing Use	Tenure	Market Value (RM)	Method of Valuation
<b>Sub – total b/f</b>					<b>9,360,000</b>	
4.	Lot No. PT 26437 Mukim of Kajang District of Hulu Langat, Selangor	15 August 1999 7041/99/TKL/wk	1 ½- storey terrace factory	Leasehold (99 years) expiring on 25 September 2091	290,000	Comparison Methods / Investment or Income Capitalisation Methods
5.	Lot 158, Semambu Industrial Area, District of Kuantan, Pahang	6 August 1999 WTW/KTN/5302( 3)	Industrial building	Leasehold (66 years) expiring on 2065	3,240,000	Comparison Methods / Investment or Income Capitalisation Methods
<b>Sub – total</b>					<b><u>12,890,000</u></b>	
<b>Properties Held For Investment Purposes</b>						
1.	Lot No. 7521 Mukim of Bukit Baru, District of Melaka Tengah, Malacca	6 August 1999 WTWMC/99/525( d)/AAH	Vacant Industrial Land	Leasehold (99 years) expiring on 24 May 2091	3,050,000	Comparison Methods
2.	Lot No. PT 1584 & PT 1585 Mukim of Krubong, District of Melaka Tengah, Malacca	6 August 1999 WTWMC/99/525( e)/AAH	Vacant Industrial Land	Freehold	490,000	Comparison Methods
3.	Lot Nos. 106 & 107 Town Area XL (40) District of Melaka Tengah, Malacca	6 August 1999 WTWMC/99/525( f)/HH	3-storey shop office	Leasehold (99 years) expiring on 7 July 2093	680,000	Comparison Methods / Investment or Income Capitalisation Methods
4.	Lot Nos. PT 6335 & PT 6336, Mukim of Batu Berendam, District of Melaka Tengah, Malacca	6 August 1999 WTWMC/99/525( g)/HH	3-storey shop office	Leasehold (99 years) expiring on 22 July 2096	610,000	Comparison Methods / Investment or Income Capitalisation Methods
5.	Parcel No. #SH08 Lot Nos. 540, 1427 to 1429 & 1800 to 1802 Town Area XXXVII (37), District of Melaka Tengah, Malacca	6 August 1999 WTWMC/99/525( h)/HH	3-storey shop office	Freehold	425,000	Comparison Methods / Investment or Income Capitalisation Methods
<b>Sub – total</b>					<b><u>5,255,000</u></b>	
<b>Grand total</b>					<b><u>18,145,000</u></b>	

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**13. VALUERS' LETTER (Cont'd)**

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*(Prepared for inclusion in the Prospectus)*

We certify that in our opinion the total Market Value of the above landed properties where properties held for operational purposes are based on existing use basis in their existing condition and properties held for investment purposes are based on market value basis, belonging to the Group, using the method stated, amounts to **RM18,145,000** (Ringgit Malaysia: Eighteen million, one hundred and forty five thousand only).

Yours faithfully  
for and on behalf of  
**CH Williams Talhar & Wong Sdn Bhd**

FOO GEE JEN  
Dip. in Valuation  
B.Surv (Hons) Prop.Mght., MISM  
Registered Valuer (V-368)

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## 14. STATUTORY AND GENERAL INFORMATION

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### 14.1 Share Capital

- (a) No ordinary shares will be allotted or sold on the basis of this Prospectus later than six (6) months after the date of issue of this Prospectus.
- (b) There are no founder, management or deferred shares in the Company.
- (c) There is only one class of shares in the Company, namely ordinary shares of RM1.00 each, all of which rank pari passu with one another.
- (d) Save for the 1,400,000 new ordinary shares of RM1.00 each reserved for the eligible Directors, employees of the OFIH Group and other persons, no person has been or is entitled to be given an option to subscribe for any shares, stocks or debentures of the OFIH Group.
- (e) Save for disclosed in Section 9.2, none of the capital of the Company or any of its subsidiaries is under any option or agreed conditionally or unconditionally to be put under any option.
- (f) Save as disclosed in Section 9.2, Section 9.3 and Section 9.7 of this Prospectus, no shares, stocks or debentures in the Company or its subsidiaries have been issued or are proposed to be issued as partly or fully paid-up for cash or otherwise than in cash within the two (2) years preceding the date of this Prospectus.

### 14.2 Articles Of Association

The following provisions are reproduced from the Company's Articles of Association which have been approved by the KLSE:-

#### 14.2.1 Remuneration of Directors

##### *Article 81 Directors' Remuneration*

The remuneration of the Directors shall from time to time be determined by the Company in General Meeting. That remuneration shall be deemed to accrue from day to day. The Directors may also be paid all traveling, hotel, and other expenses properly incurred by them in attending and returning from meeting of the Directors or any committee of the Directors or General Meetings of the Company or in connection with the business of the Company.

##### *Article 82 Directors' Fees*

The fees of the Directors shall be determined from time to time by the Company in General Meeting and such fees shall not be increased except pursuant to an Ordinary Resolution passed at a general meeting where notice of the proposed increase shall have been given in the notice convening the Meeting. Such fees shall be divided among the Directors in such proportions and manner as they may agree. Such fees shall so far as a Director who is not an Executive Director is concerned be by way of a fixed sum and not by way of a commission on or percentage of profits or turnover, subject always however to the other provisions of these Articles. Salaries payable to executive directors may not include a commission on or a percentage of turnover.

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**14. STATUTORY AND GENERAL INFORMATION (Cont'd)**

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**14.2.2 Voting and Borrowing Power of Directors**

*Voting power of Directors*

No specific provision in the Articles of Association with regards to this issue.

***Article 86 Borrowing power of Directos***

The Directors may exercise all the powers of the Company to borrow any money and mortgage or charge any of the Company's or subsidiaries undertaking, property, or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party provided always the Directors shall not borrow any money or mortgage or charge any of the Company's or subsidiaries undertaking, property, or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

**14.2.3 Changes in the Capital and Variation of Class Rights**

*Article 3*

The authorised share capital of the Company is Ringgit Malaysia One Hundred Thousand only divided into 100,000 ordinary shares of Ringgit Malaysia One (RM1.00) each. The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise.

*Article 5*

Without prejudice to any special rights previously conferred on the holders of any shares or class of shares already issued, but subject to the Act and these Articles any shares in the Company (whether forming part of the original capital or not) may be issued or have attached thereto such preferred, deferred or other special rights, or such restrictions, whether in regard to dividend, return of capital, voting or otherwise, as the Company may from time to time by ordinary resolution determine provided that:-

- (a) the total nominal value of preference shares issued shall not exceed the total nominal value of the issued ordinary shares at any time;
- (b) the holders of preference shares shall have the same rights as the holders shares as regards receiving notices, reports and accounts and attending general meetings of the Company but shall only have the right to vote at any meeting convened for the purpose of reducing the capital, or winding up, or sanctioning a sale of the undertaking of the Company or where the proposition to be submitted to the meeting directly affects their rights and privileges, or when the dividend on such shares is in arrears for more than six (6) months; and
- (c) the Company shall not unless with the consent of the existing preference shareholders at a class meeting issue further preference capital ranking in priority above preference shares already issued but may issue preference shares ranking equally therewith.

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**14. STATUTORY AND GENERAL INFORMATION (Cont'd)**

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Subject to the Act, any preference shares may be issued on the terms that they are, or at the opinion of the Company are liable, to be redeemed.

**14.2.4 Transfer of Securities And Transmission of Shares**

The provisions in the Articles of Association of the Company, the Second Board Listing Requirements of the KLSE, the Companies Act, 1965 and Rules of the MCD in respect of the arrangements for transfer of securities of the Company and restrictions on their free transferability are as follows:-

**(i) Articles of Association of the Company**

***Transfer of shares***

The transfer of any class of shares shall be by way of book entry by the Central Depository in accordance with the Rules of the Central Depository notwithstanding Sections 103 and 104 of the Act but subject to subsection 107C(2) of the Act and any exemption that may be made from compliance with subsection 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of shares.

No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.

The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine not exceeding in the whole thirty (30) days in any year. Eighteen (18) market day notice of intention to close the said Register of Members shall be published in a daily newspaper circulating in Malaysia and shall also be given to the Exchange. The said notice should state the period and purpose or purposes for which the Register of Members is being closed. The Company shall give notice to the Central Depository to enable the Central Depository in accordance with the Rules to prepare the appropriate Record of Depositors.

Subject to the provisions of these Articles, the Directors may recognise a renunciation of any share by the allottee thereof in favour of some other person.

***Transmission of shares***

Any person becoming entitled to a share in consequence of the death or bankruptcy of any member may, upon producing such evidence of title as the Directors shall require, be registered himself as holder of the share, or subject to the provisions as to transfers herein contained, transfer the same to some other person provided always that where the share is a deposited security, subject to the Rules, a transfer or withdrawal of the share may be carried out by the person becoming so entitled.

Subject to any other provisions of these Articles, if the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects provided always that where the share is a deposited security and the person becoming entitled elects to have the share transferred to him, the aforesaid notice must be served by him on the Central Depository. If he shall elect to transfer to some other person he shall execute an instrument of transfer of such share in accordance with the provisions of these Articles relating to transfers of shares.

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**14. STATUTORY AND GENERAL INFORMATION (Cont'd)**

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A person entitled to a share by transmission shall be entitled to receive, and may give a discharge for, any dividends or other moneys payable in respect of the share, but he shall not be entitled in respect of it to receive notice of or to attend or vote at meetings of the Company or, save as aforesaid, to exercise any of the rights privileges as a member unless and until he shall become a member in respect of the share.

**(ii) Second Board Listing Requirements**

The provisions of the Second Board Listing Requirements of KLSE, on the transferability of securities are as follows:-

***Section 9.5(A) – Transfers***

The transfer of any securities or class of securities of the company which have been deposited with the Central Depository, shall be by way of book entry by the Central Depository in accordance with the Rules of the Central Depository and, notwithstanding sections 103 and 104 of the Companies Act, 1965, but subject to subsection 107C(2) of the Companies Act, 1965 and any exemption that may be made from compliance with subsection 107C(1) of the Companies Act, 1965, the company shall be precluded from registering and effecting any transfer of securities.

***Section 9.5(B)-Transmission of Securities from Foreign Register***

Where:-

- (a) the securities of a company are listed on an Approved Market Place; and
- (b) such company is exempted from compliance with section 14 of the Securities Industry (Central Depositories) Act, 1991 or section 29 of the Securities Industry (Central Depositories) (Amendment) Act, 1998, as the case may be, under the Rules of the Central Depository in respect of such securities,

such company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the company in the jurisdiction of the Approved Market Place (hereinafter referred to as “**the Foreign Register**”), to the register of holders maintained by the registrar of the company in Malaysia (hereinafter referred to as “**the Malaysian Register**”) subject to the following conditions:-

- (i) there shall be no change in the ownership of such securities; and
- (ii) the transmission shall be executed by causing such securities to be credited directly into the securities account of such securities holder.

For the avoidance of doubt, no company which fulfils the requirements of paragraphs (a) and (b) of clause 9.5B(1) shall allow any transmission of securities from the Malaysian Register into the Foreign Register.