

THIS PROSPECTUS HAS BEEN SEEN AND APPROVED BY THE DIRECTORS AND PROMOTERS OF LONDON BISCUITS BERHAD (72057-H) ("LBB" OR "THE COMPANY") AND THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION GIVEN AND CONFIRM THAT, AFTER HAVING MADE ALL REASONABLE ENQUIRIES AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT IN THIS PROSPECTUS FALSE AND MISLEADING.

ASEAMBANKERS MALAYSIA BERHAD, BEING THE ADVISER AND JOINT MANAGING UNDERWRITER ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE PUBLIC ISSUE OF 9,698,000 NEW ORDINARY SHARES OF RM1.00 EACH AND PLACEMENT OF 800,000 NEW ORDINARY SHARES OF RM1.00 EACH IN LBB, AND IT IS SATISFIED THAT THE PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 30 JUNE 2002 (FOR WHICH THE DIRECTORS OF LBB ARE FULLY RESPONSIBLE) PREPARED FOR INCLUSION IN THE PROSPECTUS HAVE BEEN STATED BY THE DIRECTORS OF THE COMPANY AFTER DUE AND CAREFUL ENQUIRY AND HAVE BEEN REVIEWED BY THE REPORTING ACCOUNTANTS.

THE APPROVAL OF THE SECURITIES COMMISSION ("SC"), WHICH WAS OBTAINED ON 8 MAY 2001 SHALL NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE PUBLIC ISSUE AND PLACEMENT WHICH IS THE SUBJECT OF THIS PROSPECTUS. THE SC SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND ASSUMES NO RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENTS MADE OR OPINIONS OR REPORTS EXPRESSED IN THIS PROSPECTUS. **INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT.**

THE VALUATION OF THE PROPERTIES APPROVED OR ACCEPTED BY THE SC SHALL ONLY BE UTILISED FOR THE PURPOSE OF THE LISTING EXERCISE SUBMITTED TO AND APPROVED BY THE SC AND SHALL NOT BE CONSTRUED AS AN ENDORSEMENT BY THE SC ON THE VALUES OF THE SUBJECT PROPERTIES FOR ANY OTHER PURPOSES.

THE KUALA LUMPUR STOCK EXCHANGE ASSUMES NO RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENTS MADE OR OPINIONS OR REPORTS EXPRESSED IN THIS PROSPECTUS. ADMISSION TO THE OFFICIAL LIST OF THE SECOND BOARD OF THE KUALA LUMPUR STOCK EXCHANGE IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF LBB OR OF ITS ORDINARY SHARES.

A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED BY THE SC AND LODGED WITH THE REGISTRAR OF COMPANIES, MALAYSIA WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

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**INDICATIVE TIMETABLE**

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<b>Special Events</b>	<b>Date</b>
Opening Date	: 14 December 2001
Closing Date	: 4 January 2002
Tentative Balloting Date	: 11 January 2002
Tentative Allotment Date	: 25 January 2002
Tentative Listing Date	: 31 January 2002

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## DEFINITIONS

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In this Prospectus, unless otherwise indicated, the following words and abbreviations shall have the following meanings:

“ADA Code”	:	ADA (Broker) Code
“ADA”	:	Authorised Depository Agent
“Acquisition by MSB”	:	Acquisition of 3,827,765 ordinary shares of RM1.00 each representing 51.04% of the then existing equity interest in LBB from the Vendors by MSB for a consideration of RM3,827,765 to be satisfied by the issuance of 3,827,765 new ordinary shares of RM1.00 each in MSB at par per share to the Vendors
“Aseambankers”	:	Aseambankers Malaysia Berhad (15938-H)
“Aseamlease”	:	Aseamlease Berhad (106441-K)
“Bonus Issue”	:	Bonus issue of 19,109,513 new ordinary shares of RM1.00 each to the existing shareholders of LBB on the basis of approximately 2,548 new ordinary shares for every existing 1,000 ordinary shares held in LBB after the Acquisition by MSB. The Bonus Issue will be effected by capitalising RM19,109,513 from the revenue reserves account of LBB
“CDS”	:	Central Depository System
“EPS”	:	Earnings per share
“FIC”	:	Foreign Investment Committee
“IPO Shares”	:	The Issue Shares and Placement Shares
“IPO”	:	Initial Public Offer, which includes the Public Issue and the Placement
“Issue/Placement Price”	:	RM1.50 per new ordinary share for each Issue and Placement Share
“Issue Shares”	:	The 9,698,000 new ordinary shares of RM1.00 each to be issued by LBB pursuant to the Public Issue
“KLSE”	:	Kuala Lumpur Stock Exchange
“LBB” or the “Company”	:	London Biscuits Berhad (72057-H)
“MCD”	:	Malaysian Central Depository Sdn Bhd (165570-W), a subsidiary of KLSE
“MITI”	:	Ministry of International Trade and Industry

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**DEFINITIONS** (*Cont'd*)

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“MSB”	:	Meileelanusa Sdn Bhd (212985-K)
“New Shares”	:	Issue Shares and Placement Shares
“NTA”	:	Net tangible assets
“PE Multiple”	:	Price earnings multiple
“Placement”	:	Placement of 800,000 new ordinary shares of RM1.00 each in LBB to parties nominated by the Company at a placement price of RM1.50 per new ordinary share payable in full upon application, subject to the terms and conditions of this Prospectus
“Placement Shares”	:	The 800,000 new ordinary shares of RM1.00 each to be issued to parties nominated by the Company pursuant to the Placement
“Listing”	:	Proposed admission to the Official List and listing of and quotation for the entire enlarged issued and paid-up share capital of LBB comprising 40,000,000 ordinary shares of RM1.00 each on the Second Board of the KLSE
“Public Issue” or “Issue”	:	Public issue of 9,698,000 new ordinary shares of RM1.00 each in the Company at an issue price of RM1.50 per new ordinary share payable in full upon application, subject to the terms and conditions of this Prospectus
“Revaluation of Landed Properties”	:	Revaluation of landed properties of LBB as assessed by Messrs Colliers, Jordan Lee & Jaafar (JH) Sdn Bhd, a firm of independent professional valuers, and the incorporation of revaluation surplus of RM1,402,000 into the accounts of LBB
“Restricted Issue”	:	Restricted issue of 2,500,000 new ordinary shares of RM1.00 each at par per share to certain existing shareholders of LBB after the Bonus Issue and Rights Issue
“Rights Issue”	:	Rights Issue of 392,487 new ordinary shares of RM1.00 each at par to the existing shareholders of LBB on the basis of approximately 15 new ordinary shares for every existing 1,000 ordinary shares held in LBB after the Bonus Issue
“RM” and “sen”	:	Malaysian Ringgit and sen respectively
“ROC”	:	Registrar of Companies, Malaysia
“SC”	:	Securities Commission
“sq. m”	:	Square metre
“sq. ft”	:	Square feet
“Vendors”	:	Dato’ Liew Kuek Hin, Datin Lim Yook Lan, Liew Yew Chung, Liew Yew Cheng, Liew Yet Mei and Liew Yet Lee

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## CONTENTS

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	<b>Page</b>
1. CORPORATE INFORMATION.....	1
2. SUMMARY INFORMATION.....	5
2.1 History and Business.....	5
2.2 Major Shareholders, Promoters, Directors and Senior Management.....	5
2.3 Financial Highlights.....	8
2.4 Proforma Balance Sheets As At 30 June 2001.....	10
2.5 Auditors' Qualification.....	11
2.6 Summary of Material Risk Factors.....	11
2.7 Profit and Dividend Forecast.....	12
2.8 Proforma NTA and NTA per share.....	13
2.9 Principal Statistics Relating To The Public Issue and Placement.....	13
2.10 Proceeds Of The Rights Issue, Restricted Issue, Public Issue And Placement.....	14
2.11 Material Litigations, Commitments and Material Contingent Liabilities.....	15
3. PARTICULARS OF THE PUBLIC ISSUE AND PLACEMENT.....	16
3.1 Opening and Closing Dates of the Applications.....	16
3.2 Date of Special Events.....	16
3.3 Purpose Of The Public Issue And Placement.....	16
3.4 Number and class of securities to be issued.....	17
3.5 Details Of The Public Issue And Placement.....	17
3.6 Basis of Arriving at the Issue/Placement Price.....	18
3.7 Proceeds Of the Rights Issue, Restricted Issue, Public Issue And Placement.....	19
3.8 Underwriting Commission And Brokerage.....	20
3.9 Salient Terms Of The Underwriting Agreement.....	21
3.10 Estimated Listing Expenses.....	23
4. INVESTMENT CONSIDERATIONS.....	24
5. INFORMATION ON LBB.....	29
5.1 Incorporation and Principal Activities.....	29
5.2 History.....	29
5.3 Business Overview.....	31
5.4 Changes In Share Capital.....	49
5.5 Restructuring and Listing Scheme.....	49
5.6 Subsidiaries and Associated Companies.....	52
5.7 Industry Overview.....	53
5.8 Major Customer.....	66
5.9 Major Supplier.....	66
5.10 Future Plans, Strategies and Prospects of the Company.....	67

---

**CONTENTS** (*Cont'd*)
 

---

		<b>Page</b>
6.	INFORMATION ON SHAREHOLDERS/DIRECTORS/KEYMANAGEMENT .....	70
6.1	Major Shareholders and Promoters .....	70
6.2	Directors .....	74
6.3	Audit Committee .....	78
6.4	Senior Management.....	78
6.5	Declaration from the Directors and Senior Management .....	80
6.6	Relationship between Major Shareholders, Promoters, Directors and Senior Management .....	80
6.7	Service Contracts.....	81
7.	APPROVALS AND CONDITIONS .....	82
7.1	Approvals .....	82
7.2	SC's Approval On Extension Of Time.....	85
7.3	Moratorium On Sale of Shares .....	86
8.	RELATED-PARTY TRANSACTIONS/CONFLICT OF INTEREST .....	87
8.1	Related-party Transactions .....	87
8.2	Declaration by the Advisers .....	87
9.	LANDED PROPERTIES .....	88
9.1	Landed Properties.....	88
9.2	Acquisition of the Landed Properties During the Past Two (2) Years .....	89
10.	FINANCIAL INFORMATION .....	90
10.1	Profit and Dividend Record of the Group.....	90
10.2	Segmental Analysis of Turnover and Profits.....	93
10.3	Overview of Turnover and Profits, including taxation, exceptional and extraordinary items, for the past five (5) financial years ended 30 June 2001 .....	94
10.4	Directors' Declaration on Financial Performance .....	97
10.5	Working Capital, Borrowings, Material Contingent Liabilities And Capital Commitments.....	97
10.6	Profit Forecast For The Financial Year Ending 30 June 2002.....	98
10.7	Reporting Accountants' Letter On The Profit Forecast.....	100
10.8	Directors' Analysis and Commentary on the Profit Forecast .....	101
10.9	Dividend Forecast.....	102
10.10	Sensitivity Analysis .....	103
10.11	Proforma Balance Sheets As at 30 June 2001 .....	106
10.12	Reporting Accountants' Letter On Proforma Balance Sheets .....	109
11.	ACCOUNTANTS' REPORT .....	110
12.	VALUATION CERTIFICATE .....	127
13.	INDEPENDENT BUSINESS AND INDUSTRY CONSULTANT REPORT .....	132
14.	DIRECTORS' REPORT .....	144

---

**CONTENTS** (*Cont'd*)

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	<b>Page</b>
15. STATUTORY AND GENERAL INFORMATION.....	145
15.1 Share Capital .....	145
15.2 Articles Of Association .....	145
15.3 Directors and Substantial Shareholders .....	151
15.4 General Information .....	154
15.5 Material Contracts .....	155
15.6 Material Litigation.....	156
15.7 Material Agreements .....	157
15.8 Expenses And Commission.....	161
15.9 Public Take-Overs.....	161
15.10 Consents .....	162
15.11 Documents For Inspection.....	162
15.12 Responsibility.....	162
16. PROCEDURE FOR APPLICATION AND ACCEPTANCE .....	163
16.1 Opening and Closing of Application Lists .....	163
16.2 General Conditions for Application .....	163
16.3 Applications and Acceptances.....	165
16.4 CDS Account.....	165
16.5 Notices of Allotment .....	166
16.6 Formalising Of CDS Account .....	166
16.7 Terms and Conditions for Applications Using Application Forms .....	166
16.8 Terms and Conditions for Electronic Share Applications .....	168
16.9 Steps for Electronic Share Application through a Participating Financial Institution's ATM .....	173
16.10 List of Authorised Depository Agents.....	174

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**1. CORPORATE INFORMATION**


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**BOARD OF DIRECTORS**

<b>Name</b>	<b>Address</b>	<b>Occupation</b>	<b>Nationality</b>
Dato' Liew Kuek Hin <i>(Executive Chairman)</i>	No. 10 Jalan Jerau Taman Pelangi 80400 Johor Bahru Johor Darul Takzim	Director	Malaysian
Datin Lim Yook Lan	No. 10 Jalan Jerau Taman Pelangi 80400 Johor Bahru Johor Darul Takzim	Director	Malaysian
Liew Yew Chung <i>(Managing Director / Chief Executive Officer)</i>	No. 10 Jalan Jerau Taman Pelangi 80400 Johor Bahru Johor Darul Takzim	Director	Malaysian
Liew Yew Cheng	No. 10 Jalan Jerau Taman Pelangi 80400 Johor Bahru Johor Darul Takzim	Director	Malaysian
Liew Yet Mei	No. 10 Jalan Jerau Taman Pelangi 80400 Johor Bahru Johor Darul Takzim	Director	Malaysian
Liew Yet Lee	No. 10 Jalan Jerau Taman Pelangi 80400 Johor Bahru Johor Darul Takzim	Director	Malaysian
Dato' Mohamed Salleh Bin Bajuri <i>(Executive Director)</i>	No. 277 Jalan Damansara Damansara Heights 50480 Kuala Lumpur	Director	Malaysian
Dato' Cheong Siew Kai <i>(Independent Non- executive Director)</i>	No. 247 Jalan Damansara Damansara Heights 50480 Kuala Lumpur	Public Accountant	Malaysian
Huang Yan Teo <i>(Independent Non- executive Director)</i>	No. 8 Jalan Biru Satu Taman Pelangi 80400 Johor Bahru Johor Darul Takzim	Public Accountant	Malaysian
Tan Poay Teik <i>(Independent Non- executive Director)</i>	71 Persiaran Desa Ampang Taman Sri Ampang 68000 Ampang Selangor Darul Ehsan	Director	Malaysian



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**1. CORPORATE INFORMATION** (*Cont'd*)

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**AUDIT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Dato' Cheong Siew Kai	Chairman	Independent Non-executive Director
Tan Poay Teik	Member	Independent Non-executive Director
Liew Yew Chung	Member	Managing Director/ Chief Executive Officer

**COMPANY SECRETARY**

: Fong Siew Kim  
(MAICSA No. 7022188)  
16 Jalan Nakhoda 15  
Taman Ungku Tun Aminah  
81300 Johor Bahru  
Johor Darul Takzim

Woo Min Fong  
(MAICSA No. 0532413)  
No. 5 Jalan Perdana  
80300 Johor Bahru  
Johor Darul Takzim

**REGISTERED OFFICE**

: 6<sup>th</sup> Floor Johor Tower  
15 Jalan Gereja  
80100 Johor Bahru  
Johor Darul Takzim

Tel: 07 - 2221777  
Fax: 07 - 2249213

**AUDITORS AND REPORTING  
ACCOUNTANTS**

: Wong Weng Foo & Co  
(Firm No.: AF 0829)  
Public Accountants  
41 Damai Complex  
Jalan Dato Haji Eusoff  
50400 Kuala Lumpur

**SOLICITORS FOR THE LISTING**

: Lee Choon Wan & Co.  
No 12 Lorong Dungun  
Damansara Heights  
50490 Kuala Lumpur

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**1. CORPORATE INFORMATION** *(Cont'd)*

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<b>PROFESSIONAL AND INDEPENDENT VALUER</b>	:	Colliers, Jordan Lee & Jaafar (JH) Sdn Bhd Suite 326, 3 <sup>rd</sup> Floor Pan Global Plaza Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim
<b>PRINCIPAL BANKERS</b>	:	OCBC Bank (Malaysia) Berhad (295400-W) Johor Bahru Branch 1 Jalan Ibrahim 80000 Johor Bahru Johor Darul Takzim  Arab-Malaysian Bank Berhad (295576-U) Johor Bahru Branch No. 69, 70 & 71 Jalan Harimau Tarum Taman Century Garden 80250 Johor Bahru Johor Darul Takzim  Malayan Banking Berhad (3813-K) Lot M1-22, Level 1 Johor Bahru City Square 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim
<b>ISSUING HOUSE</b>	:	MIDF Consultancy and Corporate Services Sendirian Berhad (11324-H) Tingkat 12 Bangunan MIDF 195A Jalan Tun Razak 50400 Kuala Lumpur
<b>REGISTRAR</b>	:	Chua, Woo & Company Sdn Bhd (122754-U) Suite 1301 13 <sup>th</sup> Floor City Plaza 21 Jalan Tebrau 80300 Johor Bahru Johor Darul Takzim
<b>ADVISER AND JOINT MANAGING UNDERWRITER</b>	:	Aseambankers Malaysia Berhad (15938-H) 33rd Floor, Menara Maybank 100 Jalan Tun Perak 50050 Kuala Lumpur

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**1. CORPORATE INFORMATION** *(Cont'd)*

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<b>JOINT MANAGING UNDERWRITER</b>	:	MIDF Sisma Securities Sendirian Berhad (423833-U) 18 <sup>th</sup> Floor, Empire Tower 182, Jalan Tun Razak 50400 Kuala Lumpur
<b>UNDERWRITER</b>	:	KAF-Seagroatt & Campbell Securities Sendirian Berhad (134631-U) 30 <sup>th</sup> Floor, Menara Weld 76, Jalan Raja Chulan 50200 Kuala Lumpur
<b>INDEPENDENT BUSINESS AND INDUSTRY CONSULTANT</b>	:	Vital Factor Consulting Sdn Bhd (266797-T) 75C & 77C Jalan SS22/19 Damansara Jaya 47400 Petaling Jaya Selangor Darul Ehsan
<b>LISTING SOUGHT</b>	:	Second Board of the Kuala Lumpur Stock Exchange

## 2. SUMMARY INFORMATION

The summary information is only a summary of the salient information about the Company and investors should read and understand the whole prospectus prior to deciding whether to invest.

### 2.1 History and Business

LBB was incorporated in Malaysia on 23 June 1981 under the Companies Act, 1965 as a private limited company under the name London Biscuits Sdn Bhd. It was subsequently converted into a public limited company on 14 November 2000.

The Company is principally involved in the manufacturing of extruded corn snacks, cakes and other snack products.

Detailed information on the history and business of LBB is set out in Section 5 of this Prospectus.

LBB has no subsidiary and associated company.

### 2.2 Major Shareholders, Promoters, Directors and Senior Management

#### 2.2.1 Major Shareholders

Shareholder	Nationality/ Place of Incorporation	No. of LBB Ordinary Shares Held After Public Issue And Placement			
		<-----Direct----->		<-----Indirect----->	
		No. of Shares Held	%	No. of Shares Held	%
MSB	Malaysia	20,500,000	51.25	-	-
Dato' Mohamed Salleh Bin Bajuri	Malaysian	4,848,248	12.12	-	-

#### 2.2.2 Promoters

Name	Nationality	No. of LBB Ordinary Shares Held After Public Issue And Placement			
		<-----Direct----->		<-----Indirect----->	
		No. of Shares Held	%	No. of Shares Held	%
Dato' Liew Kuek Hin	Malaysian	711,510	1.78	21,234,842 <sup>(1)</sup>	53.09
Datin Lim Yook Lan	Malaysian	219,591	0.55	21,726,761 <sup>(2)</sup>	54.32
Liew Yew Chung	Malaysian	219,591	0.55	21,726,761 <sup>(3)</sup>	54.32
Liew Yew Cheng	Malaysian	152,186	0.38	21,794,166 <sup>(3)</sup>	54.49
Liew Yet Mei	Malaysian	71,737	0.18	21,874,615 <sup>(3)</sup>	54.69
Liew Yet Lee	Malaysian	71,737	0.18	21,874,615 <sup>(3)</sup>	54.69

**2. SUMMARY INFORMATION (Cont'd)**

Notes :

- (1) Deemed interested by virtue of his substantial shareholding in MSB and by virtue of his spouse, Datin Lim Yook Lan's and his children, Liew Yew Chung, Liew Yew Cheng, Liew Yet Mei and Liew Yet Lee's direct shareholdings in LBB.
- (2) Deemed interested by virtue of her substantial shareholding in MSB and by virtue of her spouse, Dato' Liew Kuek Hin's and her children, Liew Yew Chung, Liew Yew Cheng, Liew Yet Mei and Liew Yet Lee's direct shareholdings in LBB.
- (3) Deemed interested by virtue of his/her substantial shareholding in MSB, by virtue of his/her parents, Dato' Liew Kuek Hin and Datin Lim Yook Lan's and his/her siblings' direct shareholdings in LBB.

**2.2.3 Directors**

Name	Designation	Nationality	No. of LBB Ordinary Shares Held After Public Issue And Placement			
			<-----Direct----->		<-----Indirect----->	
			No. of Shares Held	%	No. of Shares Held	%
Dato' Liew Kuek Hin	Executive Chairman	Malaysian	711,510	1.78	21,234,842 <sup>(1)</sup>	53.09
Datin Lim Yook Lan	Director	Malaysian	219,591	0.55	21,726,761 <sup>(2)</sup>	54.32
Liew Yew Chung	Managing Director/ Chief Executive Officer	Malaysian	219,591	0.55	21,726,761 <sup>(3)</sup>	54.32
Liew Yew Cheng	Director	Malaysian	152,186	0.38	21,794,166 <sup>(3)</sup>	54.49
Liew Yet Mei	Director	Malaysian	71,737	0.18	21,874,615 <sup>(3)</sup>	54.69
Liew Yet Lee	Director	Malaysian	71,737	0.18	21,874,615 <sup>(3)</sup>	54.69
Dato' Mohamed Salleh Bin Bajuri	Executive Director	Malaysian	4,848,248	12.12	-	-
Dato' Cheong Siew Kai	Independent Non-executive Director	Malaysian	-	-	-	-
Huang Yan Teo	Independent Non-executive Director	Malaysian	-	-	-	-
Tan Poay Teik	Independent Non-executive Director	Malaysian	-	-	-	-

Notes :

- (1) Deemed interested by virtue of his substantial shareholding in MSB and by virtue of his spouse, Datin Lim Yook Lan's and his children, Liew Yew Chung, Liew Yew Cheng, Liew Yet Mei and Liew Yet Lee's direct shareholdings in LBB.
- (2) Deemed interested by virtue of her substantial shareholding in MSB and by virtue of her spouse, Dato' Liew Kuek Hin's and her children, Liew Yew Chung, Liew Yew Cheng, Liew Yet Mei and Liew Yet Lee's direct shareholdings in LBB.
- (3) Deemed interested by virtue of his/her substantial shareholding in MSB, by virtue of his/her parents, Dato' Liew Kuek Hin and Datin Lim Yook Lan's and his/her siblings' direct shareholdings in LBB.

**2. SUMMARY INFORMATION (Cont'd)****2.2.4 Senior Management**

Name	Nationality	No. of LBB Ordinary Shares Held After Public Issue And Placement			
		<-----Direct----->		<-----Indirect----->	
		No. of Shares Held	%	No. of Shares Held	%
Wah Keng Sen	Malaysian	30,000 <sup>(1)</sup>	0.075	-	-
Ahmad Faizal Bin Dato' Jaafar	Malaysian	-	-	-	-
Lim Heng Min	Malaysian	30,000 <sup>(1)</sup>	0.075	-	-
Loh Chan Keow	Malaysian	30,000 <sup>(1)</sup>	0.075	-	-
Khairul Anwar Bin Khalil @ Bahari	Malaysian	15,000 <sup>(1)</sup>	0.038	-	-
Wong Soo Len	Malaysian	30,000 <sup>(1)</sup>	0.075	-	-
Zahari Bin Abdullah	Malaysian	15,000 <sup>(1)</sup>	0.038	-	-
Khairul Anuar Bin Sackani	Malaysian	15,000 <sup>(1)</sup>	0.038	-	-
Zaiton Bte Husin	Malaysian	15,000 <sup>(1)</sup>	0.038	-	-
Alicia Tang Li Seng	Malaysian	15,000 <sup>(1)</sup>	0.038	-	-
Koh Lee Hua	Malaysian	15,000 <sup>(1)</sup>	0.038	-	-

*Notes :*

(1) Based on their respective allocation under the employee shares allocation.

Detailed information on the major shareholders, promoters, Directors and senior management is set out in Section 6 of this Prospectus.

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## 2. SUMMARY INFORMATION (Cont'd)

### 2.3 Financial Highlights

The following table sets out a summary of the actual results of LBB for the past five (5) financial years ended 30 June 2001.

The table should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 11 of this Prospectus:-

	<-----Financial Year Ended 30 June----->				
	1997	1998	1999	2000	2001
	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	14,841	16,503	22,718	28,890	35,982
Profit before charging depreciation, interest and exceptional items	5,315	6,939	8,617	9,188	13,648
Depreciation	(1,144)	(2,118)	(2,458)	(2,135)	(2,973)
Interest	(868)	(1,502)	(1,518)	(1,406)	(2,025)
Profit before taxation and exceptional items	3,303	3,319	4,641	5,647	8,648
Exceptional items	-	-	-	1,596	589
Profit before taxation, extraordinary items and minority interest	3,303	3,319	4,641	7,243	9,237
Taxation	57	(81)	21	(220)	(1,590)
Profit after taxation but before extraordinary items and minority interest	3,360	3,238	4,662	7,023	7,647
Extraordinary items	-	-	-	-	-
Profit after taxation and extraordinary items	3,360	3,238	4,662	7,023	7,647
Minority interest	-	-	-	-	-
Profit after taxation and minority interest	3,360	3,238	4,662	7,023	7,647
Weighted average no. of ordinary shares in issue ('000)	2,799	4,545	6,750	7,500	7,500
Gross EPS (sen)	118.01	73.02	68.76	96.57	123.16
Net EPS (sen)	120.04	71.24	69.07	93.64	101.96
Dividend rate (%)	-	-	-	-	-

Notes:-

(1) Exceptional items for the years ended 30 June 2000 and 30 June 2001 comprise:-

Financial year ended 30 June	2000	2001
	RM'000	RM'000
Provision for doubtful debts	(184)	-
Profit on sale of fixed assets	112	-
Provision for diminution in value of quoted investments	(32)	-
Overprovision of depreciation in prior years arising on revision of estimated useful lives of respective assets concerned (net)	1,700	-
Compensation for legal claims	-	(58)
Penalties imposed on underprovision of income tax	-	(731)
Provision for fire insurance claims*		
- machinery and equipment	-	960
- consequential loss	-	418
	1,596	589

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**2. SUMMARY INFORMATION** *(Cont'd)*

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\* *The provision for fire insurance claims is in relation to a fire that occurred at LBB premises in March 2001. The claim for machinery and equipment is brought under Fire Insurance policy no. F0322515 and the claim for consequential loss is brought under Fire Consequential Loss policy no. F0323563. The insurer has confirmed that the reserved amount for these two (2) claims are RM1,200,000 and RM523,000 respectively. However, the Company, as a matter of prudence, has only provided for RM960,000 and RM418,000 respectively.*

(2) *There were no extraordinary items in respect of all the financial years under review.*

Other notes to the Financial Highlights are set out in Section 10.1 of this Prospectus.

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**2. SUMMARY INFORMATION (Cont'd)****2.4 Proforma Balance Sheets As At 30 June 2001**

The Proforma Balance Sheets of LBB as set out below have been prepared for illustrative purposes only to show the effects of the transactions described below:-

	Audited Balance Sheet as at 30 June 2001 RM'000	(1) After Revaluation of Landed Properties and Acquisition By MSB RM'000	(2) After (1) and Bonus Issue RM'000	(3) After (2) and Rights Issue RM'000	(4) After (3) and Restricted Issue RM'000	(5) After (4), Public Issue and Placement RM'000
FIXED ASSETS	49,543	50,945	50,945	50,945	50,945	50,945
INVESTMENT	15	15	15	15	15	15
	49,558	50,960	50,960	50,960	50,960	50,960
CURRENT ASSETS						
Stocks	4,868	4,868	4,868	4,868	4,868	4,868
Trade debtors	13,450	13,450	13,450	13,450	13,450	13,450
Other debtors, deposits and prepayments	7,915	7,915	7,915	7,915	7,915	7,915
Fixed deposits with a licensed bank	1,057	1,057	1,057	1,057	1,057	1,057
Cash and bank balances	4	4	4	396	2,896	17,443
	27,294	27,294	27,294	27,686	30,186	44,733
CURRENT LIABILITIES						
Trade creditors	4,902	4,902	4,902	4,902	4,902	4,902
Bankers acceptances & trust receipts	16,238	16,238	16,238	16,238	16,238	16,238
Other creditors & accruals	1,824	1,824	1,824	1,824	1,824	1,824
Hire-purchase creditors	2,383	2,383	2,383	2,383	2,383	2,383
Term loans – current portion	572	572	572	572	572	572
Bank overdrafts	3,090	3,090	3,090	3,090	3,090	3,090
Taxation	2,281	2,281	2,281	2,281	2,281	2,281
	31,290	31,290	31,290	31,290	31,290	31,290
NET CURRENT ASSETS/ (LIABILITY)	(3,996)	(3,996)	(3,996)	(3,604)	(1,104)	13,443
	45,562	46,964	46,964	47,356	49,856	64,403
SHARE CAPITAL AND RESERVES						
Share capital	7,500	7,500	26,610	27,002	29,502	40,000
Share premium	-	-	-	-	-	4,049
Revenue reserves	27,147	27,147	8,037	8,037	8,037	8,037
Revaluation reserves	-	1,402	1,402	1,402	1,402	1,402
Shareholders' funds	34,647	36,049	36,049	36,441	38,941	53,488
LONG TERM AND DEFERRED LIABILITIES						
Hire-purchase creditors	4,779	4,779	4,779	4,779	4,779	4,779
Term loans	5,853	5,853	5,853	5,853	5,853	5,853
Deferred Taxation	283	283	283	283	283	283
	45,562	46,964	46,964	47,356	49,856	64,403
Net Tangible Assets per share (RM)	4.62	4.81	1.35	1.35	1.32	1.34

Notes to the Proforma Balance Sheet are set out in Section 10.12 of this Prospectus.

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## 2. SUMMARY INFORMATION *(Cont'd)*

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### 2.5 Auditors' Qualification

There was no qualification reported in the audited financial statements of LBB for the past five (5) financial years.

### 2.6 Summary of Material Risk Factors

Prospective investors should consider carefully all the relevant information contained in this Prospectus, including, inter-alia, the following investment considerations:-

- (a) Prior to this Public Issue and Placement, there has been no public market for LBB shares and, as such, there can be no assurance regarding the future development of the market for LBB shares.
- (b) Upon completion of the Public Issue and Placement, MSB and Dato' Mohamed Salleh Bin Bajuri are the major shareholders. MSB, being the single largest shareholder of LBB will be able to effectively control the Company and will have sufficient voting control to effect certain corporate transactions.
- (c) The principal business activities of LBB is in the manufacture of extruded corn snacks, cakes and other snack products and is therefore subject to certain risks inherent in the industries its businesses are involved. These risks include the possible increase in the operating and capital costs due to increase in the cost of labour and raw materials, changes in consumer demands and changes in general economic conditions.
- (d) The Company faces competition from various local and foreign competitors in both its domestic and export markets.
- (e) The continued success of the Company is also dependent on the Company's ability to attract and retain skilled personnel.
- (f) Adverse development in the political and economic conditions in Malaysia could have unfavourable impact on the financial prospects of the Company.
- (g) The profit forecast of LBB has been prepared based on assumptions which the Directors of LBB believe to be reasonable, but which nevertheless, are subject to uncertainties and contingencies.
- (h) LBB's business involves the export and import of goods to/from foreign markets which subject the Company to foreign exchange fluctuations. Whilst the foreign exchange risks are minimised since the pegging of Malaysian Ringgit to US Dollar was introduced on 1 September 1997, which stabilises the Malaysian Ringgit, there is no assurance that the exchange rate will remain pegged at the current level.
- (i) LBB is committed to environmentally sound business practices in all its operations. The Company constantly monitors and checks its manufacturing facilities to ensure compliance with the relevant environmental laws.

Details of the investment considerations are set out in Section 4 of this Prospectus.

## 2. SUMMARY INFORMATION *(Cont'd)*

### 2.7 Profit and Dividend Forecast

#### 2.7.1 Profit Forecast

Financial Year Ending 30 June 2002	RM'000
Turnover	43,500
Profit before taxation and minority interest	9,027
Less: Taxation	(444)
Profit after taxation	8,583
Less: Minority Interest	-
Profit after taxation and minority interest	8,583
Weighted average number of ordinary shares in issue *('000)	33,394
Enlarged issued and paid-up share capital ('000)	40,000
Gross EPS (sen)	27.03
Net EPS (sen)	25.70
Fully diluted gross EPS ** (sen)	22.57
Fully diluted net EPS ** (sen)	21.46
Gross PE Multiple based on the Issue/Placement Price of RM1.50 per ordinary share (times)	5.55
Net PE Multiple based on the Issue/Placement Price of RM1.50 per ordinary share (times)	5.84
Fully diluted gross PE Multiple based on the Issue/Placement Price of RM1.50 per ordinary shares ** (times)	6.65
Fully diluted net PE Multiple based on the Issue/Placement Price of RM1.50 per ordinary shares ** (times)	6.99

\* *The weighted average number of shares in issue is calculated on the basis of the Bonus Issue, Rights Issue and Restricted Issue are completed in September 2001 whilst the Public Issue and Placement are completed in January 2002.*

\*\* *Calculated based on the enlarged issued and paid-up capital of 40,000,000 ordinary shares of RM1.00 each.*

#### 2.7.2 Dividend Forecast

Financial Year Ending 30 June 2002	
Gross dividend per ordinary share (tax-exempt) (sen)	5
Net dividend per ordinary share (tax-exempt) (sen)	5
Gross dividend yield based on the Issue/Placement price of RM1.50 per ordinary share (%)	3.33
Net dividend yield based on the Issue/Placement price of RM1.50 per ordinary share (%)	3.33
Net dividend cover (times)	4.29

**2. SUMMARY INFORMATION (Cont'd)****2.8 Proforma NTA and NTA per share**

	<b>RM'000</b>	<b>NTA Per Ordinary Share RM</b>
Audited as at 30 June 2001	34,647	4.62
Proforma as at 30 June 2001 (after adjusting for Revaluation of Landed Properties, Bonus Issue, Rights Issue, Restricted Issue, Public Issue, Placement and after deducting estimated listing expenses <sup>(1)</sup> )	53,488	1.34

*Note:*

(1) Net of estimated listing expenses of RM1,200,000

Detailed calculation of the Proforma NTA are set out in Section 10.12 of this Prospectus.

**2.9 Principal Statistics Relating To The Public Issue and Placement**

The following statistics relating to the issue is derived from the full text of this Prospectus and should be read in conjunction with the text.

**2.9.1 Share Capital**

<i>Authorised</i>	<b>RM</b>
50,000,000 ordinary shares of RM 1.00 each	<u>50,000,000</u>
 <i>Issued and fully paid-up</i>	
29,502,000 ordinary shares of RM1.00 each	29,502,000
 <i>To be issued pursuant to the</i>	
Public Issue – 9,698,000 new ordinary shares of RM1.00 each	9,698,000
Placement – 800,000 new ordinary shares of RM1.00 each	<u>800,000</u>
Enlarged share capital	<u>40,000,000</u>

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## 2. SUMMARY INFORMATION *(Cont'd)*

### 2.9.2 Class of shares

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. The Public Issue and Placement Shares will rank pari passu in all respects with the other existing issued and paid-up ordinary shares of the Company including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of this Prospectus.

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

Each ordinary shareholder shall be entitled to vote at any general meeting of the Company in person or by proxy or by attorney, and on a show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder shall have one vote, and, on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each ordinary share held.

### 2.9.3 Issue/Placement Price Per Ordinary Share RM1.50

### 2.10 Proceeds Of The Rights Issue, Restricted Issue, Public Issue And Placement

The Rights Issue, Restricted Issue, Public Issue and Placement are expected to raise gross proceeds of approximately RM18.639 million. The breakdown of the proceeds received from the respective exercises is as follows:

	No. of shares (‘000)	Issue/placement price (RM)	RM’000
Rights Issue	392	1.00	392
Restricted Issue	2,500	1.00	2,500
Public Issue	9,698	1.50	14,547
Placement	800	1.50	1,200
			18,639

The estimated RM1.2 million in respect of expenses and fees incidental to the listing of and quotation for the entire issued and paid-up share capital of LBB on the Second Board of the KLSE shall be borne by the Company.

The gross proceeds arising from the Rights Issue, Restricted Issue, Public Issue and Placement estimated to be approximately RM18.639 million will be utilised by the Company in the following manner:

	RM’000
(i) Repayment of bank borrowings	12,000
(ii) Purchase of machinery	4,271
(iii) Working capital requirements	1,168
(iv) Estimated listing expenses	1,200
	18,639

Details of proposed utilisation are set out in Section 3.7 of this Prospectus.

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**2. SUMMARY INFORMATION** (*Cont'd*)

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**2.11 Material Litigations, Commitments and Material Contingent Liabilities**

Save as disclosed below, LBB is not engaged whether as plaintiff or defendant in any legal action, proceeding, arbitration (other than those legal actions engaged as plaintiff or defendant arising in the ordinary course of its business) or prosecution for any criminal offence, which has a material effect on the financial position of the LBB and the Directors do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of LBB.

LBB is currently engaged in a legal proceeding (Summons No. 52-1139-1997, Sessions Court Johor Bahru) as defendant whereby the plaintiff, Flexipek Sdn. Bhd. is suing the defendant for an alleged debt of RM217,193.66 being the outstanding payment in respect of goods sold and delivered. The solicitors representing the defendant have confirmed that the defendant has a good defence and counter-claim against the plaintiff as follows:-

- (a) storage claim of RM4,000 per month effective from July, 1995 up to the judgement date;
- (b) compensation for the delay of shipment due to the delivery of material which could not be used which amounts to RM300,000 per month;
- (c) detention charges on 30 containers which would amount to RM108,000; and
- (d) return to the plaintiff of defective items of RM217,193.66.

The plaintiff company has however been wound up vide Company Winding-Up No. D –28-398-1977 and an official assignee has been appointed as liquidator. Further since an order from Sessions Court Shah Alam to transfer the case to the Sessions Court Johor Bahru, the case has been pending and there has been no further action from the plaintiff ever since.

As at 15 November 2001, LBB has material commitments, borrowings and material contingent liabilities as follows:-

	<b>RM</b>
Material commitment	4,200,000
Borrowings	36,770,867
Material contingent liabilities	-

Details of the above are set out in Section 10.5 of this Prospectus.

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### **3. PARTICULARS OF THE PUBLIC ISSUE AND PLACEMENT**

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Application will be made to the KLSE within three (3) market days of the issuance of this Prospectus for admission to the Official List of the Second Board of the KLSE and for dealing in and quotation for the entire issued and paid-up ordinary shares of the Company, including the Public Issue and Placement Shares which are the subject of this Prospectus.

These ordinary shares will be admitted to the Official List of the Second Board of the KLSE and official quotation will commence after receipt of confirmation from MCD that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

Acceptance of the applications will be conditional upon permission being granted to deal in and quotation for all the issued shares of the Company. Monies paid in respect of any application accepted will be returned if the said permission is not granted.

#### **3.1 Opening and Closing Dates of the Applications**

The Application Lists will open at 10.00 a.m. on 4 January 2002 and will remain open until 8.00 p.m. on the same day or for such further period or periods as the Directors of LBB in their absolute discretion may decide.

#### **3.2 Date of Special Events**

Opening Date	:	14 December 2001
Closing Date	:	4 January 2002
Tentative Balloting Date	:	11 January 2002
Tentative Allotment Date	:	25 January 2002
Tentative Listing Date	:	31 January 2002

#### **3.3 Purpose Of The Public Issue And Placement**

The purposes of the Public Issue and Placement are as follows :-

- (i) To grant LBB access to the capital market to finance its future expansion and continued growth;
- (ii) To provide additional funds to meet its present and future working capital requirements;
- (iii) To provide an opportunity for the eligible employees, suppliers and customers of the Company as well as the Malaysian public to participate in the equity of and continuing growth of LBB; and
- (iv) To obtain the listing of and quotation for LBB shares on the Second Board of the KLSE.

### 3. PARTICULARS OF THE PUBLIC ISSUE AND PLACEMENT (*Cont'd*)

#### 3.4 Number and class of securities to be issued

	RM
<i>Issued and fully paid-up</i>	
29,502,000 ordinary shares of RM1.00 each	29,502,000
<i>To be issued pursuant to the</i>	
Public Issue – 9,698,000 new ordinary shares of RM1.00 each	9,698,000
Placement – 800,000 new ordinary shares of RM1.00 each	<u>800,000</u>
Enlarged share capital	<u><u>40,000,000</u></u>

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. The Public Issue and Placement Shares will rank pari passu in all respects with the other existing issued and paid-up ordinary shares of the Company including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of this Prospectus.

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

Each ordinary shareholder shall be entitled to vote at any general meeting of the Company in person or by proxy or by attorney, and on a show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder shall have one vote, and, on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each ordinary share held.

#### 3.5 Details Of The Public Issue And Placement

The Public Issue of 9,698,000 new ordinary shares of RM1.00 each and Placement of 800,000 new ordinary shares of RM1.00 each at an Issue/Placement Price of RM1.50 per new ordinary share is payable in full on application upon the terms and conditions set out in this Prospectus.

The Public Issue and Placement shall be subject to the terms and conditions of this Prospectus and upon acceptance, the Public Issue and Placement Shares will be allocated in the following manner:

(i) **Bumiputera Investors Allocated by MITI**

4,478,000 Issue Shares will be allocated to Bumiputera investors approved by MITI;

(ii) **Eligible Employees, Supplier and Customers**

1,200,000 Issue Shares will be reserved for eligible employees, suppliers and customers of LBB. As approved by LBB's Board of Directors, the criteria of allocation to eligible LBB employees is based on the job grade and years of service while for customers and suppliers of the Company, the criteria is based on annual sales and annual purchase respectively and allocated to local customers and suppliers only. The total number of employees, suppliers and customers eligible for the allocation are 129, 68 and 48 respectively. No shares will be allocated to the directors of LBB under this scheme.



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**3. PARTICULARS OF THE PUBLIC ISSUE AND PLACEMENT (Cont'd)**

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**(iii) Nominated Placees By LBB**

800,000 Placement Shares will be reserved for approved placees nominated by the Company; and

**(iv) Malaysian Public**

4,020,000 Issue Shares will be made available for application by Malaysian citizens, companies, societies, co-operatives and institutions of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions.

The ordinary shares under paragraph (i) above are not required to be underwritten and are therefore not underwritten. In the event that the Issue Shares under paragraph (ii) above, and Placement Shares under paragraph (iii) above are not taken up by the eligible employees, suppliers and customers of LBB and approved placees nominated by LBB, such shares will be made available to the Malaysian public. All the Issue Shares under paragraph (iv) above and 600,000 Issue Shares under paragraph (ii) above have been underwritten.

**3.6 Basis of Arriving at the Issue/Placement Price**

The Issue/Placement Price of RM1.50 per new ordinary share was determined and agreed upon by the Company and Aseambankers as the Adviser and Joint Managing Underwriter based on various factors after taking into account the following:-

- (a) the Company's financial and operating history and conditions as outlined in Section 10 of this Prospectus;
- (b) the prospects of the industry in which the Company operates as outlined in Section 5.7 to 5.10 of this Prospectus;
- (c) the forecast net PE multiple of approximately 6.99 times based on the forecast net EPS of 21.46 sen computed based on the enlarged number of ordinary shares of 40,000,000 shares of RM1.00 each after the Public Issue and Placement;
- (d) the proforma NTA per share of RM1.34 as at 30 June 2001; and
- (e) the forecast gross dividend yield of 3.33%.

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### 3. PARTICULARS OF THE PUBLIC ISSUE AND PLACEMENT (Cont'd)

#### 3.7 Proceeds Of the Rights Issue, Restricted Issue, Public Issue And Placement

The Rights Issue, Restricted Issue, Public Issue and Placement are expected to raise gross proceeds of approximately RM18.639 million. The breakdown of the proceeds received from the respective exercises is as follows:

	No. of shares (‘000)	Issue/placement price (RM)	RM’000
Rights Issue	392	1.00	392
Restricted Issue	2,500	1.00	2,500
Public Issue	9,698	1.50	14,547
Placement	800	1.50	1,200
			18,639

The estimated RM1.2 million in respect of expenses and fees incidental to the listing of and quotation for the entire issued and paid-up share capital of LBB on the Second Board of the KLSE shall be borne by the Company.

The gross proceeds arising from the Rights Issue, Restricted Issue, Public Issue and Placement estimated to be approximately RM18.639 million would be utilised by LBB in the following manner:

		Within 6 months from the date of listing RM’000	Within 12 months from the date of listing RM’000	Total RM’000
(i) Repayment of bank borrowings	(a)	12,000	-	12,000
(ii) Purchase of machinery	(b)	-	4,271	4,271
(iii) Working capital	(c)	1,168	-	1,168
(iv) Estimated listing expenses		1,200	-	1,200
		14,368	4,271	18,639

#### (a) Repayment of bank borrowings

LBB will utilise RM12 million of the proceeds from the Rights Issue, Restricted Issue, Public Issue and Placement to repay part of its bank borrowings, which as at 15 November 2001 amount to approximately RM36.8 million. The repayment is expected to contribute a total interest savings of approximately RM0.564 million for the financial year 2002. (assuming the proceeds is estimated to be received by LBB in January 2002). LBB proposes to repay wholly or partially its term loans, bankers acceptance and bank overdrafts.

#### (b) Purchase of machinery

In line with the Company’s expansion and diversification of business, RM4.271 million of the proceeds of the Rights Issue, Restricted Issue, Public Issue and Placement will be utilised to part finance the purchase of machinery for the production of croissant (long shelf-life). The total cost of the machinery is approximately RM9 million. The balance of the cost will be financed by bank borrowings and internally generated funds. This production line originates from France, which can produce 15,000 pieces of croissant per hour for 25 gram croissants or 46,200 pieces of croissants for 7 gram mini croissants. The new machinery is expected to produce approximately RM1.639 million value of output per month at full production capacity.

The said machinery is expected to be installed by mid 2002.

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**3. PARTICULARS OF THE PUBLIC ISSUE AND PLACEMENT** *(Cont'd)*

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**(c) Working Capital**

An amount of RM1.168 million of the proceeds will be utilised for the working capital purposes of LBB to support its existing business operations which includes financing its purchases and operating expenses.

**3.8 Underwriting Commission And Brokerage**

The Underwriters mentioned earlier in this Prospectus have agreed to underwrite the 4,020,000 Issue Shares which are made available to the Malaysian public and 600,000 Issue Shares reserved for subscription by eligible employees, suppliers and customers of the Company under paragraphs 3.5(ii) and (iv) above. Underwriting commission is payable by the Company at the rate of 2.0% of the Issue/Placement Price of RM1.50 per ordinary share.

Brokerage relating to the Public Issue and Placement is payable by the Company at the rate of 1% of the Issue Price/Placement price of RM1.50 per ordinary share in respect of successful applications which bear the stamp of Aseambankers, a member company of the KLSE, a member of the Association of Banks in Malaysia, a member of the Association of Merchant Banks in Malaysia or MIDF Consultancy and Corporate Services Sdn Bhd.

The names of the underwriters are as follows:-

Joint Managing Underwriters	:	Aseambankers Malaysia Berhad (15938-H)
		MIDF Sisma Securities Sendirian Berhad (423833-U)
Underwriter	:	KAF-Seagroatt & Campbell Securities Sendirian Berhad (134631-U)

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**3. PARTICULARS OF THE PUBLIC ISSUE AND PLACEMENT (Cont'd)**

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**3.9 Salient Terms Of The Underwriting Agreement**

**The salient terms of the Underwriting Agreement are as follows:-**

**Clause 6.1**

The obligations of the Underwriters under this Agreement shall be conditional upon the fulfillment and/or satisfaction of the following:-

- (a) the KLSE having agreed in principle on or prior to the date of the Prospectus to the listing of and quotation for (on terms satisfactory to the Underwriters) the entire issued and paid-up share capital of the Company on the Second Board of the KLSE or the Underwriters being reasonably satisfied that such listing and quotation will be granted three (3) Market Days (or such other days as KLSE may permit) after the application for the New Shares have been accepted and the New Shares are deposited in or transferred to the relevant securities accounts maintained by the entitled shareholders under the Securities Industry (Central Depository) Act 1991.
- (b) the issuance of and subscription for the New Shares pursuant to and in accordance with the provisions hereof and in the Prospectus not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any agency, legislative, executive or regulatory body or authority of Malaysia (including the KLSE);
- (c) the approval from the SC in respect of the Prospectus and registration of the Prospectus with the SC pursuant to the Securities Commission Act 1993 and subsequent lodgement of the Prospectus with the ROC;
- (d) all other necessary approvals and consents required in relation to the Public Issue, Placement and the New Shares including but not limited to governmental approvals having been obtained and are in full force and effect;
- (e) the issue of the New Shares having been approved by the shareholders of the Company in an extraordinary general meeting;
- (f) there having been, as at any time hereafter up to and including the Closing Date or the Extended Closing Date, as the case may be, no event of default pursuant to the provisions herein contained, and no breach of any representation, warranty, covenant, undertaking or obligation of the Company in this Agreement or which is contained in any certificate, statement, or notice provided under or in connection with this Agreement or which proves to be incorrect in any material respect;
- (g) there having been, as at any time hereafter up to and including the Closing Date or the Extended Closing Date, as the case may be, no material adverse change, or any development involving a prospective material adverse change, in the financial condition or business or operations of the Company or in the prospects or future financial condition or business or operations of the Company (which in the reasonable opinion of the Underwriters, is or will be material in the context of the Public Issue, Placement and the sale of any Underwritten Shares) from that set forth in the Prospectus, nor the occurrence of any event nor the discovery of any fact rendering inaccurate, untrue or incorrect to such extent which is or will be material in any of the representations, warranties, covenants and undertakings and obligations of the Company herein contained; and
- (h) the Underwriters having been satisfied that arrangements have been made by the Company to ensure payment of all expenses payable hereunder.

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**3. PARTICULARS OF THE PUBLIC ISSUE AND PLACEMENT (Cont'd)**

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**Clause 6.2**

In the event any of the conditions set forth in **Clause 6.1** are not satisfied on or before the Closing Date or Extended Closing Date, as the case may be, the Underwriters shall, subject as mentioned below in this clause, be entitled to forthwith terminate this Agreement by notice in writing given to the Company whereupon the following shall take place within seventy-two (72) hours of the receipt of such notice:

- (a) the Company shall be liable to the Joint Managing Underwriters for the payment of cost and expenses incurred pursuant to this Agreement prior to the termination; and
- (b) each party shall return all other moneys paid to the other or others under this Agreement;

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

**Clause 13**

Notwithstanding anything herein contained, the Underwriters may, at any time, be entitled to terminate their obligations under this Agreement by notice in writing delivered to the Company, if in the reasonable opinion of the Underwriters, there shall have occurred, happened or come into effect, any of the following circumstances, on or before the Closing Date or the Extended Closing Date as the case may be, namely:-

- (a) any government requisition or other occurrence of any nature whatsoever which would or is likely to have a material adverse effect on the financial condition or business or operations of the Company, and/or the prospects or future financial condition or business or operations of the Company;
- (b) any change in national or international monetary, financial, political or economic conditions or exchange control or currency exchange rates which would or is likely to have a material adverse effect on the success of the Public Issue, Placement and the distribution of the New Shares or the sale of any Underwritten Shares (whether in the primary or in respect of dealings on the secondary market);
- (c) any change in law, regulation, directive, policy or ruling in any jurisdiction which would or is likely to have a material adverse effect on the success of the Public Issue, the Placement and the distribution of the New Shares or the sale of any Underwritten Shares (whether in the primary or in respect of dealings on the secondary market);
- (d) any event or series of events beyond the reasonable control of the Underwriters by reason of force majeure which has or is likely to make this Agreement or any part thereof incapable of performance or which would or is likely to have a material adverse effect on the success of the Public Issue, the Placement and the distribution of the New Shares or the sale of any Underwritten Shares.

**3. PARTICULARS OF THE PUBLIC ISSUE AND PLACEMENT (Cont'd)**

“Force Majeure” shall mean causes which are unpredictable and beyond the reasonable control of the party claiming force majeure which could not have been avoided or prevented by reasonable foresight, planning and implementation [including without limitation (i) war, acts of warfare, hostilities (whether war be declared or not) invasion, incursion by armed force, act of hostile army, nation or enemy; (ii) riot, uprising against constituted authority, civil commotion, disorder, rebellion, organised armed resistance to the government, insurrection, revolt, military or usurped power, civil war, industrial action; (iii) flood, fire, arson, storm, lightning tempest, accident, or other Acts of God; and (iv) epidemic, explosion, disease, earthquake, hijacking, sabotage, crime;

- (e) any breach of any representation, warranty, covenant, undertaking or obligation of the Company in this Agreement or which is contained in any certificate, statement, or notice provided under or in connection with this Agreement or which proves to be incorrect in any material respect; or
- (f) the occurrence of any event or the discovery of any fact rendering inaccurate, untrue or incorrect to such extent which is or will be material in any of the representations, warranties, covenants and undertakings and obligations of the Company herein contained.

**3.10 Estimated Listing Expenses**

The estimated listing expenses for the proposed listing of and quotation for the enlarged share capital of 40,000,000 ordinary shares of RM1.00 each in LBB on the Second Board of the KLSE are as follows:

	<b>To be borne by LBB RM</b>
The KLSE – Initial Listing fee	20,000
Prospectus Lodgement fee with ROC	300
Prospectus Registration fee with SC	5,000
SC processing fee	50,000
Issuing house fee, Registrar’s fee, Translation fee	60,000
Printing of application forms, share certificates and prospectuses	100,000
Professional advisory fees	756,800
Underwriting commission and brokerage	207,900
<b>Total Estimated Listing Expenses</b>	<b>1,200,000</b>

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#### 4. INVESTMENT CONSIDERATIONS

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In addition to considering carefully all the relevant information contained elsewhere in this Prospectus, applicants for the Issue Shares should rely on their own examination of LBB and the terms of this Public Issue and Placement, including but not limited to the following investment considerations before making an application:

**(a) Marketability Of LBB Shares**

Prior to this Public Issue and Placement, there has been no public market for LBB's shares and there can be no assurance regarding the future development of the market for the shares upon its listing on the Second Board of the KLSE. The Issue/Placement Price of RM1.50 per ordinary share has been determined after taking into consideration a number of factors, including but not limited to, the Company's financial and operating history and standing, the future prospects of the Company and the industry in which the Company is involved, the net tangible assets of the Company, the valuation of all properties of the Company, the market prices for shares of other companies engaged in businesses similar to that of the Company and the prevailing market condition at the time of application to the SC for the listing of LBB's shares.

There is no assurance that the Issue/Placement price will correspond to the price at which LBB's shares will trade on the Second Board of the KLSE upon or subsequent to its listing or that an active market for LBB's shares will develop and continue upon or subsequent to its listing.

**(b) Ownership And Control Of The Company**

Upon completion of the Public Issue and Placement, MSB and Dato' Mohamed Salleh Bin Bajuri will be the major shareholders of LBB, holding 51.25% and 12.12% respectively of the enlarged issued and paid-up share capital of LBB. Dato' Liew Kuek Hin, Datin Lim Yook Lan, Liew Yew Chung, Liew Yew Cheng, Liew Yet Mei and Liew Yet Lee ("Liew family") are the substantial shareholders and the directors of MSB. As such, MSB and the Liew family will be able to control the outcome of certain matters requiring the votes of the Company's shareholders.

**(c) Business Risks**

The principal business activities of LBB is in the manufacture of extruded corn snacks, cakes and other snack products and is therefore subject to certain risks inherent in the industry its businesses are involved in. These risks include the possible increase in the operating and capital costs due to increase in the cost of labour and raw materials, changes in consumer demands and changes in general economic conditions. Although the Company seeks to limit these risks through, inter-alia, expansion of both existing and new markets, developing and maintaining a diversified market network, investment in automated machinery to improve efficiency, no assurance can be given that any changes to these factors will not have a material effect on the Company's businesses.

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#### 4. INVESTMENT CONSIDERATIONS

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**(d) Competition**

The Company faces competition from both locally produced and imported products sourced from various competitors, which include private and public listed companies. Nevertheless, the Company has successfully established a strong relationship with its customers and maintained its competitive advantage by ensuring prompt delivery, consistent quality and price competitiveness of its products. While the Company is also constantly improving on its production processes to increase production efficiency and operation so as to remain competitive, however, no assurance can be given that the Company will be able to maintain its existing market position in the future.

**(e) Management and Key Personnel**

The Company believes that its continued success depends to a significant extent upon the abilities, dedication and continued efforts of its existing Directors and competent senior management team. The loss of any of the key members of the Company's Directors and senior management could adversely affect the Company's continuing ability to compete in the food industry. Thus, efforts is being made to groom the younger members of the management to gradually succeed the senior members as part of its employee career advancement programme in order to ensure a smooth transition in the management team should changes occur. The Company's future success will also depend upon its ability to attract and retain skilled personnel.

**(f) Dependencies on Major Suppliers and Customers**

The Company enjoys steady and long term relationship with large pool of suppliers, thus ensuring the Company of a constant supply of raw materials, which in turn results in minimal disruption in its operations. However, there is no formal contract entered into between LBB and its major suppliers. The normal course of dealings between the parties are such that the LBB will issue a purchase order to its suppliers and the respective suppliers will deliver the goods within the time stipulated in the respective purchase order and payment terms are on 90 to 120 days credit.

The Company's wide customer base (local and overseas) is considered one of its strengths. LBB enjoys long and stable relationships with many different groups of customers, ranging from wholesalers, distributors to import agents. The normal course of dealings between the parties are that the respective customer will issue a purchase order to LBB and LBB will confirm the same by issuing a sales order and subsequently deliver the goods within the time stipulated in the respective invoice and payment terms are "cash on delivery" or within agreed credit periods. No formal contracts have been entered into between LBB and its customers save and except for three contracts which have been entered into with London Trading (S) Pte Ltd for a period effective between July 1999 and December 2002 to take up definite quantities of LBB's products.

Its large and diverse suppliers and customers base reduces its reliance on any single customer or supplier.



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#### 4. INVESTMENT CONSIDERATIONS

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**(g) Political and Economic Considerations**

Adverse developments in political and economic conditions in Malaysia and other countries where the Company has business dealings could have unfavourable impact on the financial prospects of the Company. Other political and economic uncertainties include changes in interest rates, foreign exchange rates, taxation policies, tariffs and duties. Whilst LBB will continue to take effective measures such as prudent financial management and efficient operating procedures, there is no assurance that adverse political and economic factors will not materially affect the Company.

**(h) Profit Forecast**

This Prospectus contains profit forecast for LBB that has been prepared based on assumptions, which the Directors of LBB believe to be reasonable, but which nevertheless, are subject to uncertainties and contingencies. Due to the subjective judgements and inherent uncertainties of profit forecast and because events and circumstances frequently do not occur as expected, there can be no assurance that the profit forecast contained herein will be realised and actual results may be materially different from those shown. Investors will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the profit forecast that are contained herein.

**(i) Foreign Exchange Fluctuations**

LBB's business involves the export and import of goods to/from foreign markets which subject the Company to foreign exchange fluctuations. Whilst the foreign exchange risks are minimised since the pegging of Malaysian Ringgit to US Dollar was introduced on 1 September 1997, which stabilises the Malaysian Ringgit, there is no assurance that the exchange rate will remain pegged at the current level.

**(j) Environmental Issue**

LBB is committed to environmentally sound business practices in all its operations. The Company constantly monitors and checks its manufacturing facilities to ensure compliance with the relevant environmental laws.

**(k) Government Regulation**

The Malaysian government is promoting more local content and value added production and technological development in the food industry. This is done via policies and incentives including giving pioneer status and tax allowance and other incentives.

There is no guarantee that the abovementioned government policies and incentives to promote the food industry will continue in the long run and there will not be any other changes in government policies or regulations that may be unfavourable to the Company.

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#### 4. INVESTMENT CONSIDERATIONS

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**(l) Legal Uncertainties Concerning The Corporation's Business Or Operation Or Contractual Agreements**

No individual issue document of title to the shop office lot, Unit No. B-06-09 situated on land held under Geran 25957 Lot 138 (formerly H.S.(D) 75549) and Geran 26594 Lot 88 (formerly Geran 1650) both in Seksyen 44, Bandar Kuala Lumpur which was purchased from Phileo Avenue Sdn Bhd ("Vendor"), has been issued as the relevant master titles are pending sub-division. Accordingly, this unit is not presently registered in the name of LBB.

LBB is of the view the risk effect is minimal as there is a covenant (namely Section 6.02) in the Sale and Purchase Agreement dated 31<sup>st</sup> July 1995 entered into between the Vendor and LBB as purchaser which provides, inter alia, that provided LBB shall have paid the purchase price in full and all other moneys due under the terms of the said agreement, the Vendor shall, upon the issuance of a separate issue document of title to the said unit, execute a valid transfer of the said property in favour of LBB.

**(m) Covenants Under Borrowing Facility Agreements**

LBB has facilities with the following bankers for their business operations:-

- Malayan Banking Berhad
- Standard Chartered Bank Malaysia Berhad
- OCBC Bank (Malaysia) Berhad
- Citibank Berhad
- Arab-Malaysian Bank Berhad
- HSBC Bank Malaysia Berhad

The common covenants found in the facility agreements are, inter alia, that LBB shall not, without the prior consent in writing from the respective banks:-

- (i) where land is given as security, create any mortgage, charge or other encumbrances over the said land or any part or portion thereof save and except for permitted security interests, transfer, sell, lease, assign, raise money or otherwise howsoever deal with the land or make the same subject to any burden, liability or lien or make any application for the alteration of the category of land use; or lease let or grant any licence or otherwise howsoever part with the possession or make or accept the surrender of any lease whatsoever;
- (ii) create or permit to exist any security interest over any of its assets, business or undertaking except :-
  - liens arising by operation of law,
  - liens or rights of set-off arising in the normal course of trading relating to liabilities the aggregate amount of which in the opinion of the bank is not material, and
  - security interests which may be consented to by the bank in writing from time to time;
- (iii) dispose or lease all or a substantial part of its assets or undertaking except in the ordinary course of business, on ordinary commercial terms and on an arm's length basis;

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**4. INVESTMENT CONSIDERATIONS**

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- (iv) incur, assume, guarantee or permit to exist any indebtedness, except short term debts incurred in the ordinary course of business;
- (v) make or permit to exist loans or make advances to any of its shareholders or directors or any person, firm, company (other than subsidiary associate or related corporations) or others or guarantee any person, enterprise or company (other than normal trade credit or trade guarantees or temporary loans to staff, customers, contractors or suppliers in the ordinary course of business);
- (vi) decrease or in any way whatsoever alter its authorised or issued capital; and
- (vii) alter its present ownership structure.

LBB does not foresee that the banks will withhold their consent unreasonably.

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## 5. INFORMATION ON LBB

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### 5.1 Incorporation and Principal Activities

LBB was incorporated in Malaysia on 23 June 1981 under the Companies Act, 1965 as a private limited company under the name London Biscuits Sdn Bhd. It was subsequently converted into a public limited company under its present name on 14 November 2000.

The Company is principally involved in the manufacturing of extruded corn snacks, cakes and other snack products.

### 5.2 History

LBB is engaged in the manufacturing and trading of extruded corn snacks, cakes and other confectioneries and food stuffs. The main products are corn based flavoured snack food, dip cup chocolates, cup cakes, layer cakes and swiss roll.

The Company commenced operation on a small scale in late 1980's with a few production lines manufacturing corn based flavoured snack food. Production was made at a rented terrace factory lot in the Taman Perindustrian Tampoi Area, Tampoi, Johor Bahru. Production was simple with a few lines of machinery producing different flavoured corn based snack food.

Towards the end of 1993, the shareholders then decided to sell all their shareholdings to Dato' Liew Kuek Hin, the present owner and then Managing Director.

With the takeover of LBB by Dato' Liew Kuek Hin, the Company was set to scale greater heights in the snack food and cake industry. Additional capital, together with more energetic and entrepreneurial management talents were introduced to achieve the visions of its new owner. One of the visions was to expand the manufacturing operations on a larger scale and to diversify its product base into other foodstuff that are targeted at different levels of the ever growing affluent population. From being a mere producer of corn based snack food, the company expanded into more value added products such as dip cup chocolate, and lately into layered cakes, cup cakes and swiss rolls.

In 1994, the Company's manufacturing operation was shifted from its rented premises to its newly acquired factory premises situated at the newly developed Desa Cemerlang Light Industrial Area to meet the demands of an expanding operation. The then newly acquired factory, situated on freehold land, has a land area of 2,378.32 sq.m. and a built up area of 1,512.83 sq.m.

With the newly acquired factory space, the company was able to expand its corn based snack food production as well as to produce a new line of product such as chocolate coated biscuits and dip cup chocolate snack food.

Towards this end, new plant and machinery incorporating the latest state of art technology were purchased and installed. Production had become highly automated within an environment that was both hygienic and highly efficient.

By 1995, investment in fixed assets ballooned from RM594,000 to RM5,332,000. By this time, with the installation of plant and machinery completed, production was carried out in full force. The turnover of the Company increased from RM1.328 million in 1994 to RM5.311 million in 1995, an expansion growth of almost 400%.

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**5. INFORMATION ON LBB (Cont'd)**

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In 1996, in order to meet its product diversification plans, LBB acquired another 2 units of semi-detached factory lots situated adjacent to its current manufacturing base at the Desa Cemerlang Light Industrial Area. The new factory premises have a land area of 1,401.26 sq.m. with a built-up area of 1,165.52 sq.m. This was principally to be used for the manufacture of a new line of "ready to eat" (filled with flavoured cream) bakery products as well as to warehouse its manufactured and semi-manufactured goods.

The plant and machinery needed to produce this latest 'ready to eat' cake product were purchased from Australia. The machinery incorporated the latest in computer aided technology and in order to equip its workers with the ability to operate the equipment, extensive training were provided by expert technicians from Australia in all areas of manufacturing and support services such as product quality, packaging, the latest in food technology and hygiene, quality control and storage. The Company is proud that its workers now have the skills and experience to operate one of the most modern fully automated computerized cake manufacturing facilities in Malaysia.

LBB's layer cake machine was purchased from Italy and involved a technology transferred from Italy. This latest technology will not only increase production, but also reduce cost per unit of production, reduce wastage, increase productivity thereby generating a higher margin of return. It is being housed in LBB's latest acquired factory which has a land area of 1.25 acres, with a built-up of 2 units detached factory. On this new premise, a new warehouse for finished goods and raw materials will also be housed. In 2001, the Company had moved their corporate head office into this new premise.

***Contributors From Owners***

Invaluable contributions to LBB's business are mainly derived from Dato' Liew Kuek Hin's long business working experience and from Mr Liew Yew Chung's valuable hands-on working experience in the food industry during the past 6 years. Their contributions have provided the Company with the following competitive advantages:-

- Prudent business management to ensure continuing business success and growth;
- Ease of market access having established LBB as a reliable and quality manufacturer amongst local as well as overseas wholesalers and distributors;
- Good market reputation having an established good track record to serve as references to promote new product launches; and
- Established brand names such as London, Bin Bin, Gega, Caca, Top Top and Big Foot to facilitate increased sales and business development.

In addition, Dato' Liew Kuek Hin brings invaluable entrepreneurial management and expertise in the many areas of business, having been responsible for the development of his family's businesses since 1965. Under his prudent leadership and guidance, LBB has grown from a small manufacturing concern to a multimillion Ringgit company. His business acumen acquired over the past 35 years is very much reflected in the business development and management of the direction of LBB since the Liew family acquired LBB in 1993.

Mr Liew Yew Chung brings valuable business development and management expertise into LBB's operations. His contribution is reflected in the strategic direction of LBB. He is responsible for the diversification of LBB from primarily extruded corn snacks to include cup and layer cakes.

**5. INFORMATION ON LBB (Cont'd)**

**5.3 Business Overview**

**5.3.1 Group Structure**

Currently, LBB does not have any subsidiary or associated company.

**5.3.2 Principal Activities**

The principal activities of the Company involve the manufacturing of extruded corn snacks, cakes and other snack products.

**5.3.3 Principal Products/Services**

*Manufacturing*

LBB is principally involved in the manufacturing of extruded corn snacks and cakes. The range of products manufactured by LBB can be categorised as follows:-

- extruded corn snacks
- cakes
- cup cakes
- layer cakes
- swiss rolls

The breakdown of LBB's sales, by type of product, for the financial year ended 30 June 2001 is as follows:

Type of Product	Revenue Contribution for Year Ended 30 June 2001 (RM'000)	Proportion of Total Revenue (%)
Extruded Corn Snacks	15,813	44.0
Cakes	19,600	54.0
Other Products	569	2.0
<b>Total</b>	<b>35,982</b>	<b>100.00</b>

Five years ago, extruded corn snacks contributed approximately 78% to LBB's turnover. However, with the Company's diversification into the manufacture of cakes in 1998, the revenue contribution from cakes has increased steadily and is at present a very significant contributor to LBB's revenue.

For the financial year ended 30 June 2001, sales from extruded corn snacks contributed approximately 44% to total turnover whilst sales from cakes accounted for 54%. The balance 2% of turnover was derived from other products, such as Dip Cups and toys.

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**5. INFORMATION ON LBB (Cont'd)**

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***Extruded Corn Snacks***

The Company is one of the few manufacturers of extruded corn-based snack products in tube form. The extruded corn snacks manufactured comprise a wide variety of different flavourings or seasonings such as chicken, cheese, tomato and onion. Some of the trade names of the extruded corn snacks are Bin Bin, Gega, Caca, Top Top and Big Foot. For the year ended 30 June 2001, LBB exported about 72% of its extruded corn snacks to countries such as Singapore, Oman, Mauritius, USA, Canada, South Africa, United Arab Emirates and Yemen. The other 28% was sold locally throughout Malaysia.

***Cakes***

Approximately 72.3% of cakes manufactured during the year ended 30 June 2001, valued at RM12.8 million, were exported to Taiwan, Singapore, Hong Kong, China, Oman, Bangladesh, Mauritius, United Arab Emirates, USA, Canada and Yemen. The remaining 27.7% was sold locally throughout Malaysia.

***Cup Cakes***

In 1998, the Company initiated its product diversification plans by venturing into the manufacture of 'ready-to-eat' custard and cocoa flavoured cream-filled cup cakes. Following the favourable reception of its cup cakes, the Company has further developed its range and currently offers 8 different types of cream-filled cup cakes containing flavours such as cocoa and caramel, honey peach, strawberry and others. Recently, the Company's cup cakes was awarded the Silver Medal for the 39<sup>th</sup> Worldwide Selection of Chocolates, Confectionery and Biscuits by the Belgian International Institute for Quality Selection. On 10 May 2001, LBB's custard and black forest cakes were awarded the Silver Medal while the snow pie and swiss roll were awarded the Bronze Medal by the Belgian International Institute for Quality Selection.

***Layer Cakes***

In April 2000, LBB further expanded its cake products with the commencement of a new fully automated line for the production of layer cakes. Currently, there are 4 types of the sandwich-like sponge cakes containing different flavoured cream fillings as follows:

- plain sponge with custard flavoured cream;
- chocolate sponge with custard flavoured cream;
- coconut sponge with coconut-flavoured cream; and
- plain sponge with blueberry flavoured cream.

The layer cakes are sold under the 'London' brand names as Original Flavour Layer Cake, Chocolate Flavour Layer Cake, Coconut Flavour Layer Cake and Blueberry Flavour Layer Cake. Contribution from layer cakes since production started in April 2000 has been approximately 10% to 20% of the Company's monthly turnover.

The contribution from layer cakes for the financial year ended 30 June 2001 was approximately 20% of turnover and LBB estimates that contribution would increase to 30% in future. It is also envisaged that layer cakes would represent a significant portion of future exports.

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**5. INFORMATION ON LBB (Cont'd)**

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***Other Products***

For the year ended 30 June 2001, approximately 2% of the Company's manufacturing turnover was derived from sales of other products such as 'Dip Cups' and toys. The Company is engaged in the packaging of plastic cups with plain biscuit sticks sourced from its supplier together with flavoured spreads like chocolate and/or strawberry. LBB produces a wide range of these products, which are known as 'Dip Cup' products. The Company also contract manufactures Dip Cup products for other confectionery manufacturers.

Some of the trade names of the Dip Cup products are:

- Dipp Dipp;
- Bibi;
- Sanlea;
- 2-in-1;
- Hello Bee Bee.

LBB also markets small toys packaged with biscuits. The Company sources for toy samples from countries like Korea and Japan. Selected toys are manufactured in China based on LBB's specifications.

For the year ended 30 June 2001, around 70% of the Dip Cups and toys category were exported and the balance 30% was sold locally.

**5.3.4 Patents, Trademarks, Licences and Franchises**

Except for the normal manufacturing licence, LBB does not hold any patents, trademarks, licences or franchises. However, some of its products utilise brand names as a form of commercial protection and as part of its overall branding strategy. Its range of extruded corn snacks trade under brands such as Bin Bin, Gega, Caca, Top Top and Big Foot. The Company's cup cakes are traded as Custard Cake, Snow Pie, Butter Cheese Cake, Honey Peach Pie, Coconut Pie, Strawberry Pie and Blackforest Cake. Its layer cakes are branded under the 'London' name.

Over time, LBB will continue to build significant brand awareness to facilitate ease of market access. Although LBB uses the above brands for its various products in various local and overseas markets, it has not registered them as their proprietary brand names. However, LBB has applied for registration of Lonbisco and Bin Bin as trademarks which are still pending.

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**5. INFORMATION ON LBB (Cont'd)**


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**5.3.5 Approvals, Major Licences and Permits**

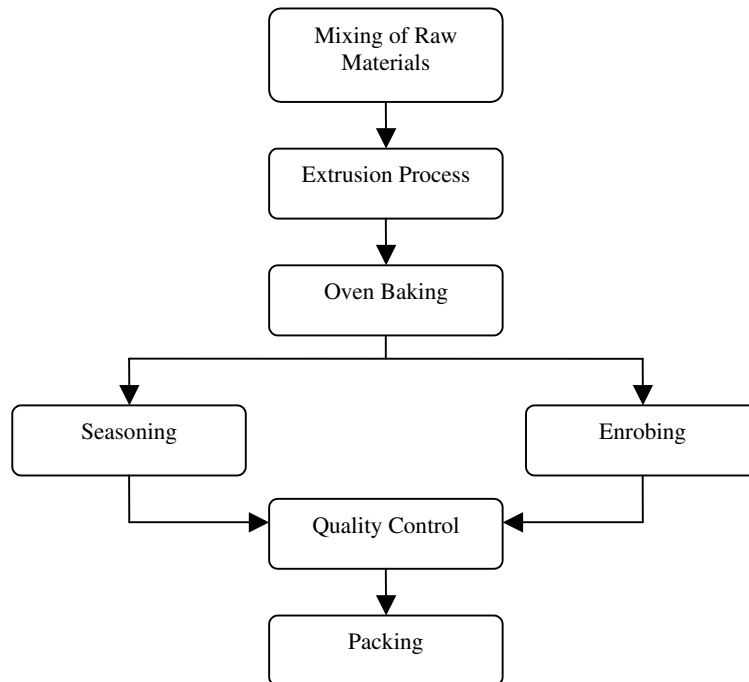
No	Type Of Licences/Permits	Validity	Equity Conditions Attached
1.	Business Premises Licence Account No. L6704033 04808	Until 31-12-2001	-
2.	No. Kod Pengimport/Pengeksport & Perlantikan Agen No. Kod I/E:5940/81	Application approved on 7 September 1994	-
3.	Palm Oil Storage Licence under the "Akta Lembaga Pendaftaran dan Pelesenan Minyak Kelapa Sawit (Pemerbadanan) 1976" and the Peraturan-Peraturan Perusahaan Minyak Kelapa Sawit (Pelesenan) 1979 (Peraturan 13) Licence No.: 007758-503000	1-1-2001 until 31-12-2001	-
4.	Manufacturer's licence under the Sales Tax Act Licence No.: A 025227	Commencing from 15.9.1982	-
5.	Manufacturing Licence or "Lesen Pengilang" under the Industrial Co-ordination Act, 1975 and/or incentive under the The Promotion of Investments Act, 1986 To produce Snack Food, Bakery Products and Beverages on the following premises:  i) 91 & 93, Jalan Cemerlang, Taman Perindustrian Desa Cemerlang 81800 Ulu Tiram Johor Darul Takzim  ii) 31 & 33, Jalan Canggih 9, Taman Perindustrian Desa Cemerlang 81800 Ulu Tiram Johor darul Takzim  iii) No. 3,5,7 & 9, Jalan Istimewa 2 Taman Perindustrian Desa Cemerlang 81800 Ulu Tiram Johor Darul Takzim	-	The relevant application by LBB for the said licence has been approved by MITI subject to the following conditions:-  (i) the composition of the board of directors of LBB must, generally, mirror the equity structure of the Company and MITI must be informed of the appointment and any changes in the board of directors; (ii) LBB must employ and train Malaysian employees to reflect the composition of the various races in this country, at all levels of employment; and (iii) LBB must as far as possible appoint Malaysian owned companies to distribute its products within the country and must appoint Bumiputera agents to distribute at least 30% of the sales within the country. The selection and appointment of Bumiputera distributors must be done after consultation with MITI. The appointment of foreign firms as distributors must have the first prior approval of MITI.

**5. INFORMATION ON LBB (Cont'd)**

**5.3.6 Production Process**

The production processes of various LBB's products are illustrated in the diagrams below:-

**Production of Extruded Corn Snacks  
Process Flow Chart**

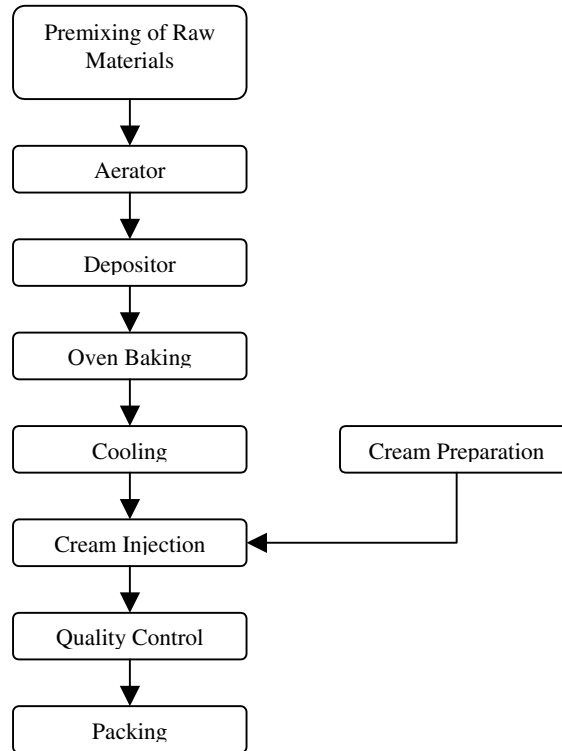


The process begins with the mixing of the raw materials such as corn grits, palm oil, emulsifier and water. For chocolate-coated corn snacks, cocoa powder is added at this stage as well. The mixture is then funneled into an extrusion machine. This is where the corn mixture is shaped into the desired tube chips or pellets and puffed up under heat and pressure. The chips are then baked in an oven to reduce its moisture content. Palm oil is sprayed and seasoning powder dusted in a large rotating machine to ensure even distribution onto the chips.

For cocoa-based corn snacks, after the chips are removed from the oven, they are passed through an enrobber where the chips are given a coating of either chocolate, milk, strawberry, coffee, durian, banana or pandan. The chips are then passed through a cooling tunnel to cool down the cocoa based coating. The tube chips pass through quality checking before packing. A horizontal packing machine packs the tube-shaped snacks whilst the pellets are funneled into packets by a vertical packing machine.

5. INFORMATION ON LBB (Cont'd)

**Production of Cup Cakes  
Process Flow Chart**

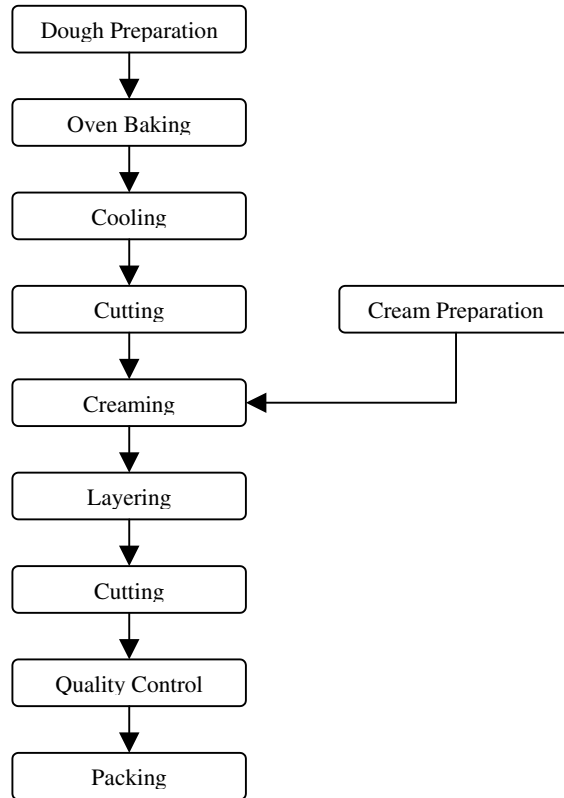


The ingredients for the production of cup cakes such as flour, eggs, palm oil, emulsifier, flavouring and food colouring are premixed into a batter and then funnelled into an aerator. The batter is then poured into the depositor, which fills up the cup cake baking moulds. The cakes are then baked in the oven for approximately 15 minutes. The freshly baked cakes are then passed through the cooling room to be cooled down before they are injected with prepared cream filling containing shortening, sugar, glycerine, milk fat, flavour and colouring. Quality checks are carried out before the cakes are sent for packing. The cup cakes are all individually flow packed by machine.

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5. INFORMATION ON LBB (Cont'd)

**Production of Layer Cakes  
Process Flow Chart**



The process begins with preparing the dough by premixing the ingredients for the layer cakes such as flour, eggs, sugar and water in the pre-mixer. The dough mixture is then transferred into the turbo-mixer to be further mixed. Subsequently, the dough mixture is poured into the depositor, which fills up the oven's flat baking trays. The cake mixture is baked as the trays go through a tunnel-like oven for approximately 7 minutes. Once baking is completed, the thin flat layer of sponge cake is passed through the cooling section to be cooled and then cut into rows. A layer of cream filling is then spread onto the cake before one row is lifted and flipped onto the other row to form a sandwich configuration, where the cream filling is between two layers of cake. The layer cake is next cut into smaller pieces before being packed by machine.

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**5. INFORMATION ON LBB** *(Cont'd)*

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**5.3.7 Market Size/Share Based On Production**

***Snack Products***

In 2000, the market size for snack products, which included extruded snacks, in Malaysia was estimated at RM275 million (*Source : Vital Factor Consulting*). Snack products under this category included all types of extruded snacks and other snack products such as Twisties, flips, etc.

LBB's market share in Malaysia for its extruded corn snacks was approximately 6% of the total snack product market in 2000. LBB's market share is based on its sales value of extruded corn snacks of RM15.8 million for year ended 30 June 2001 within a market size for snack products of RM275 million.

***Cakes***

In 2000, the market size of cakes in Malaysia was estimated at RM200 million (*Source : Vital Factor Consulting*).

LBB's market share in Malaysia for its cakes was approximately 10% of the total cake market in 2000. LBB's market share is based on its sales value of cakes of RM19.6 million for year ended 30 June 2001 within a market size for cakes of RM200 million.

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**5. INFORMATION ON LBB (Cont'd)**


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**5.3.8 Principal Markets**

LBB's principal markets are both local and global.

**Local Market**

Currently, LBB markets its products through 160 customers (wholesalers and distributors) throughout Malaysia:-

<b>Region</b>	<b>States</b>	<b>Towns</b>
North	Perlis Kedah Pulau Pinang Perak	Kangar, Padang Besar, Langkawi, Alor Star, Butterworth, Georgetown, Taiping, Ipoh
Central	Selangor Federal Territory	Petaling Jaya, Kuala Lumpur
South	Negeri Sembilan Melaka Johor	Seremban, Melaka, Johor Bahru, Batu Pahat, Muar, Segamat, Kluang
East Coast	Kelantan Terengganu Pahang	Kota Bahru, Rantau Panjang, Kuala Terengganu, Kuantan, Temerloh, Mentakab
East Malaysia	Sabah Sarawak	Kota Kinabalu, Kuching

**Export Market**

LBB's principal markets overseas are large and diverse, spanning 26 countries, including:-

<b>Region</b>	<b>Countries</b>
North-East Asia	Taiwan, China, Hong Kong, Macau, Japan
South East Asia	Singapore, Brunei, Indonesia, Cambodia, Vietnam, Myanmar, Thailand, the Philippines
Middle East	Oman, United Arab Emirates, Yemen, Kuwait, Bahrain, Lebanon, Saudi Arabia
South Asia	Bangladesh, Maldives, India
Africa	Mauritius, South Africa, Egypt
North America	USA, Canada

## 5. INFORMATION ON LBB (Cont'd)

The products are sold predominantly to distributors, wholesalers and import agents, who then distribute to retailers and consumers. Currently, LBB has a total of 45 export customers.

The proportion of LBB's total turnover and proportion of its total export turnover by country for the year ended 30 June 2001 is as follows:-

Principal Export Markets	Proportion of Total Turnover (%)	Proportion of Total Export Turnover (%)
Taiwan	25.7	35.8
Singapore	11.4	15.9
Oman	6.8	9.4
China/Hong Kong	5.2	7.2
Vietnam	1.6	2.2
Bangladesh	5.7	7.9
Yemen	3.6	5.0
Mauritius	0.6	0.8
United Arab Emirates/Bahrain/ Dubai/Damman	3.7	5.2
South Africa	0.4	0.6
Maldives	1.2	1.7
Lebanon	0.6	0.8
Thailand	0.5	0.7
Japan	0.4	0.6
Philippines	0.4	0.6
Others	4.0	5.6
<b>Total</b>	<b>71.8</b>	<b>100.0</b>

Currently, LBB has a total of 45 export customers. With such diversity in markets, the Company is in a strong position to weather any economic downturn in any one single market. Its largest principal export market is Taiwan, which represents about 25.7% of the Company's total turnover. The next 4 largest markets for LBB group's products are Singapore, Oman, Bangladesh and China/Hong Kong, accounting for approximately 29% of the Company's turnover.

Apart from the top 5 markets, approximately 14% of LBB's revenues are widely distributed over 12 countries. This significantly reduces the vulnerability of LBB's business. More importantly, this demonstrates the extensiveness of LBB's coverage in terms of distribution.

All LBB's products are distributed through appointed agents in the respective export countries. All export customers are equally distributed with no dependence on any one single major country.

### 5.3.9 Availability of Resources

There are three areas of resources that LBB is dependent on:-

- finance
- raw materials
- labour

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**5. INFORMATION ON LBB (Cont'd)**


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***Finance***

In terms of financial position, LBB has been profitable since its inception. Based on past performances, the Company has a strong financial standing and is not in any financial distress. In addition, LBB has a low debt to equity ratio. As such, LBB presently relies on its internally generated profits to fund its growth and operations. This reduces LBB's financing costs and enables it to increase its profitability.

The low debt to equity ratio also gives LBB the capacity to borrow significantly more if it requires. This 'extra' capacity provides it with significant leeway in the following manner:

- ability to sustain the business during poor operating and economic conditions;
- ability to expand significantly if so desired; and
- ability to capitalize on opportunities.

***Raw Materials***

The basic raw materials used in the production of extruded snacks and cakes include flour, eggs, palm oil, corn grits, sugar, shortening and seasoning. With the exception of corn grits, which are imported, all the raw materials used by the Company are locally sourced. Over the years of operation, LBB has always been able to easily source all of its raw materials through a combination of local manufacturers and suppliers. Corn grits are sourced directly from its suppliers in France. For the financial year ended 30 June 2001, purchase of raw materials for the production of extruded corn snack and cakes amounted to RM10.3 million, accounting for about 62.4% of the Company's total raw material purchases (inclusive of packaging materials) of RM16.5 million. On the average LBB uses around 10 tonnes of flour and 40,000 eggs daily for its current production. To-date, LBB has not encountered any major problems in sourcing raw materials as there is abundant supply locally, and corn grits are available from a number of overseas countries.

***Labour***

As with all industries that rely on labour, LBB will always face the potential threat of shortage of labour. However, to date, shortage of labour has not been an issue, neither has it impeded on LBB's business growth or forced it to miss its production schedules. The overall employee segmentation (as at 15 November 2001) is as follows:-

<b>Category</b>	<b>TOTAL</b>
Management and professional staff	11
Technical and supervisory	3
Clerical and related occupations	20
General workers	96
<b>TOTAL</b>	<b>130</b>

Foreign workers represent only 23% of LBB's total staff force. Most of these workers are involved in the packaging of the products. Management and technical staff represent around 10.8% of total staff.



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**5. INFORMATION ON LBB (Cont'd)**

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**5.3.10 Quality Control Procedure**

LBB places the upmost emphasis on the quality of its products as they are manufactured for human consumption. Therefore, to ensure that its range of products is of the highest quality, stringent internal quality controls are built into each and every stage of its manufacturing processes.

Some of the measures undertaken by LBB in ensuring its product quality include:

- stringent quality checks on raw materials to ensure quality and freshness of supplies;
- continuous laboratory testing with state-of-the-art equipment and research carried out to maintain product quality and further improve products where possible;
- timely packaging of the products in flow packs under guaranteed hygienic environment to avoid contamination. Its new plants for the cake products are installed with cleanroom facilities;
- quality packaging are used to ensure that the quality and freshness of the products is maintained before they reach the consumers;
- quality control checks are built into the manufacturing processes.

In addition, LBB's plants are subject to regular health checks by inspectors from the Ministry of Health. All food processing companies have to observe and comply with the Food Act 1983 and Food Regulation 1985. LBB must also adhere to the Code of Practice for Food Hygiene issued by the Food Quality Control Division, Ministry of Health.

LBB has a team of dedicated and experienced personnel to closely monitor production to ensure quality control. The Company has attained an ISO 9002 certification on January 2001. Currently the Company is also working towards attaining Hazard Analysis Critical Control Point ("HACCP") which is a programme that provides training to employees on hygienic and sanitary practices and pest-control programmes to prevent rodents and insects in order to achieve the best working environment. This demonstrates its commitment to constantly maintain and improve the quality of its products

**5.3.11 Research and Development**

The Company recognises the essential need to undertake research and development ("R&D") to provide it with competitive advantages, thus ensuring its business sustainability and success in the long term. LBB's research and development activities are focused on continually improving its existing products in terms of taste, freshness, flavours and packaging process time, and creating new products with the aim of satisfying its target customers.

Currently, the R&D of the Company is handled by Chia Yit Ting, LBB's R&D Executive, who has five (5) years experience in the food processing industry. She experiments and creates new flavours, tastes and modify existing products to create new products and improvements in taste and quality, assisted with constant feedback and input from other production executives of LBB. LBB do not allocate specific amounts for R&D as it is an on-the-job continuous improvement process which is incurred as and when required.

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**5. INFORMATION ON LBB (Cont'd)**

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The areas of research and development include:

***New Products***

To maintain a competitive advantage in the industry, LBB undertakes research and development for new products. This area of R&D focuses on expanding its existing product range by creating new flavours to cater to diverse consumer preferences, modifying shapes and sizes of products and creating new products. The focus of R&D for creating new products and modifying existing products is in the formulation or 'recipe' including the choice and quality of ingredients and establishing and improving all necessary processes including period of time for baking, cooling and others.

***Products Quality***

LBB is constantly undertaking R&D on improving the product quality of its existing product range aimed at meeting the discerning needs and tastes of customers. Some areas of R&D focuses on:

- improvement on texture of products, eg. crispy corn snacks, and soft and moist cakes;
- improvement on product characteristics including, among others tastes, colour, aroma and mouth-feel; and
- improvement on the freshness of the products and increasing shelf life.

***Product Packaging, Design and Branding***

R&D carried out in this area include the following:

- specifying and designing the physical aspects of product packaging including external packaging and individual product packing;
- choice of packaging material that best fits the products characteristics;
- creating pack design to attract the attention and appeal to the target consumers; and
- creating strong brand names that has appeal and easily recalled by the target consumers.

***Alternative Ingredients***

LBB also undertakes R&D in the areas of sourcing for cost-competitive and quality alternative ingredients for its existing and new products. There are three main objectives of researching for new or alternative ingredients to develop new products or to modify existing and new products:-

- to reduce the cost of production while minimizing impact on product characteristics;
- to improve the quality and appeal of products while minimizing increase in cost; and
- to create competitive advantages through better and alternative ingredients.

**5.3.12 Significant Interruption of Business During The Past 12 Months**

The Company did not experience any disruption in business having significant effect on its operations for the twelve (12) months prior to the date of this Prospectus.

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**5. INFORMATION ON LBB (Cont'd)**


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**5.3.13 Employees As At 15 November 2001**

LBB currently has the following number of employees:

Category	Bumiputera	Chinese	Indian	Other Malaysian	Foreigner	Total
1. Management and Professional	5	6	-	-	-	11
2. Technical and Supervision	2	1	-	-	-	3
3. Clerical	11	9	-	-	-	20
4. General Workers	38	16	9	-	33	96
5. Other Workers	-	-	-	-	-	-
- skilled						
- unskilled						
<b>TOTAL</b>	<b>56</b>	<b>32</b>	<b>9</b>	<b>-</b>	<b>33</b>	<b>130</b>

Some of the training and development programmes undertaken by the Company for the employees include the following:-

*(a) In-House Training*

- ISO procedure and implementation;
- HACCP procedure and implementation; and
- Basic English language communication course for all clerical staff.

*(b) External Training*

- Application of accounting software namely User Business System ("UBS");
- Supervisory skills for managerial level.

The employees of the Company do not belong to any union. The management of the Company enjoys a cordial relationship with its employees. There has been no industrial dispute in the past between the management and the employees of the Company. The average number of years of service for LBB's employees is approximately 2.4 years.

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**5. INFORMATION ON LBB (Cont'd)**


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**5.3.14 Key achievement/Milestones**

Last year, LBB's custard cake was awarded the Silver Medal for the 39<sup>th</sup> Worldwide Selection of Chocolates, Confectionery and Biscuits by the Belgian International Institute for Quality Selection. (*Source: 39<sup>th</sup> Worldwide Selection of Chocolates, Confectionery and Biscuits, 2000.*)

On 10 May 2001, LBB's custard and black forest cakes were awarded the Silver Medal, while the snow pie and Swiss roll were awarded the Bronze Medal by the Belgian International Institute for Quality Selection.

On 29 October 2001, LBB was awarded the Enterprise 50 Award 2001 and ranked 18<sup>th</sup> among the 50 recipients of the Enterprise 50 Award 2001.

**Milestones**

The following table indicates the timing to implement the future plans milestone:-

<b>Business Activities for Year ending 30 June</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
New Production Line – Swiss Roll	√		
New Production Line – Croissants			√
Corporate Head Office in Kuala Lumpur		√	
Expand Variety of Cup Cakes	√		
Expand Variety of Layer Cakes	√		
Launch New Product – Lamingtons		√	
Launch New Product – Extruded Cereals		√	
Launch New Product – Non-extruded Cereals			√
Expand distributorship in USA/Canada	√		
Establish distributorship in Europe	√		
Establish distributorship in Russia	√		
Establish distributorship in China	√		
Establish distributorship in Vietnam	√		

To realise its future plans, LBB will obtain resources from the following areas:-

<b>Business Activities</b>	<b>Sources of Resources</b>
Financing for New Production Line–Swiss Rolls	Internal Funds and Equity Market
Financing for New Production Line–Croissants	Internal Funds and Equity Market
Financing for Corporate Head Office	Internal Funds and Equity Market

**5. INFORMATION ON LBB (Cont'd)**

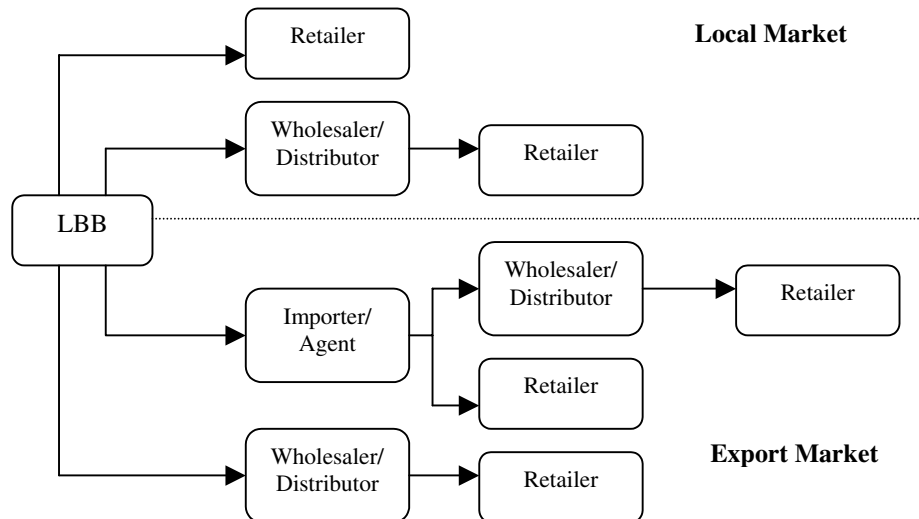
**5.3.15 Distribution Network and Marketing Strategies**

*Distribution Network*

LBB's distribution channel strategy is mainly focused on appointing distributors in the major towns and cities in Malaysia and every country of export. This strategy is based on the following rationales:

- The need for market diversification requires LBB to be in many towns locally and in many countries. As such, to conserve human and financial resources as well as to achieve a fast market penetration rate, using distributors provide the optimum solution;
- Extruded snacks and cakes is a volume business. This is mainly predicated by the extremely low price and margin per packet of corn snack or cake. As such, to attain sufficient volume to be financially viable and at the same time obtain economies of scale in production, LBB must have continuous volume orders virtually from day one. This can only be achieved through volume sales via distributors and wholesalers;
- LBB's core competency is in the manufacture of quality extruded snacks and cakes. As such, it needs to focus on manufacturing and leave the distribution to others.

LBB's distribution channel strategy is focused on developing business partnerships with major distributors who specialise in specific sectors, e.g. snack food sector, in specific countries. By tying-up with these business partners, LBB can leverage on their existing distribution strengths. The distribution channels of the Company are as follows:-



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**5. INFORMATION ON LBB (Cont'd)**

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***Marketing Strategies***

In as much as LBB's core competencies are in manufacturing, its critical success factor is in the marketing of its products.

As such, LBB has adopted the following Marketing strategies:

- Development of '**Brand Names**' for all its products. Branding is the cornerstone of LBB's marketing. The creation and development of its own trade names will enable LBB to be in charge of its own destiny and with the vehicle for differentiation in a competitive environment. To this end, LBB's brand names of '**London**', '**Gega**', '**Caca**', '**Top Top**' and '**Big Foot**' are synonymous with quality.
- Currently, LBB has applied for registration of Lonbisco and Bin Bin as trademarks which are still pending.

In addition, by building trade names, LBB can diversify into different market segments. With the combination of product development and a new brand name, LBB can easily create a new range of products for a specific group of consumers, e.g, health conscious consumers.

- **proactive marketing** is LBB's second marketing strategy to ensure continuous growth. In this situation, LBB intends to implement a two-pronged approach to market its products as well as to recruit distributors:
  - . participate in overseas trade exhibitions;
  - . embark on selling missions overseas.

The success of LBB's marketing strategies is demonstrated by the following:-

- It currently has 160 distributors and wholesalers throughout Malaysia and 45 distributors, wholesalers and import agents in 26 countries in North East Asia, South-East Asia, Middle East, South Asia, Africa, North America and Oceania
- Its turnover grew by an average annual rate of approximately 24.8% between 1997 and 2001. This basically translates to a growth rate which more than doubled over the last five years.

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**5. INFORMATION ON LBB (Cont'd)**

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**5.3.16 Production Capacities and Output**

Details of the Company's production capacities are as follows:-

<b>Product</b>	<b>Maximum Capacity Per Day</b>	<b>Production Line</b>	<b>Production Shift</b>	<b>Hours/Shift</b>	<b>Utilised Capacity *</b>
Corn extruded snack	7.5 tonnes	2	1	8 hours	50%
Cup cake	5 tonnes	1	2	12 hours	91%
Layer cake	7.5 tonnes	1	2	8 hours	65%
Dip cups product and toys	45,000 pieces	1	1	12 hours	50%

\* *Production capacity utilised for the financial year ended 30 June 2001 vis-à-vis the maximum capacity per annum.*

**5.3.17 Principal Assets**

The list of landed properties of the Company is set out in Section 9.1.

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## 5. INFORMATION ON LBB (Cont'd)

### 5.4 Changes In Share Capital

The authorised share capital of LBB is RM50,000,000 divided into 50,000,000 ordinary shares of RM1.00 each. The present issued and paid-up share capital is RM29,502,000 comprising 29,502,000 ordinary shares of RM1.00 each. Details of the changes in the issued and paid-up share capital of the Company since its incorporation are as follows:

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Resultant Issued and Paid-Up Share Capital RM
23.06.81	2	1.00	Cash (Subscribers' shares)	2
20.06.84	239,998	1.00	Cash	240,000
03.01.94	85,000	1.00	Cash	325,000
25.02.94	280,000	1.00	Cash	605,000
18.04.94	100,000	1.00	Cash	705,000
15.06.94	295,000	1.00	Cash	1,000,000
31.12.94	700,000	1.00	Cash	1,700,000
31.03.95	300,000	1.00	Cash	2,000,000
30.06.95	450,000	1.00	Cash	2,450,000
02.05.97	2,095,000	1.00	Cash	4,545,000
30.06.98	2,205,000	1.00	Cash	6,750,000
30.06.99	750,000	1.00	Cash	7,500,000
06.09.01	19,109,513	1.00	Bonus issue of 19,109,513 new ordinary shares of RM1.00 each	26,609,513
15.09.01	392,487	1.00	Rights issue of 392,487 new ordinary shares of RM1.00 each at par per ordinary share for cash	27,002,000
17.09.01	2,500,000	1.00	Restricted issue of 2,500,000 new ordinary shares of RM1.00 each at par per ordinary share	29,502,000

### 5.5 Restructuring and Listing Scheme

In conjunction with the listing of LBB's shares on the Second Board of the KLSE, the Company undertook a restructuring exercise which was approved by the FIC, MITI and SC on 19 February 2001, 17 May 2001 and 8 May 2001 respectively. The details of the restructuring exercise are as follows:

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## 5. INFORMATION ON LBB (Cont'd)

### 5.5.1 Revaluation of Landed Properties

Revaluation of landed properties of LBB by Messrs. Colliers, Jordan Lee & Jaafar (JH) Sdn Bhd, a firm of independent professional valuers, gave rise to a revaluation surplus of approximately RM2,952,487.

The revaluation surplus as approved by the SC, vide its letter dated 8 May 2001, amounting to approximately RM1,402,000 was incorporated into the accounts of LBB.

Description of Property	Location	Land Area And Tenure	Net Book Value @ 30.06.2000 RM'000	Market Value As Approved By the SC RM'000	Revaluation Surplus RM'000
Industrial land with office and factory building for warehouse and manufacturing of bakery products	H.S.(D) No. 237253 PTD No. 115209; H.S.(D) No. 237254 PTD No. 115210; H.S.(D) No. 237255 PTD No. 115211; and H.S.(D) No. 237256 PTD No. 115212, Mukim of Plentong District of Johor Bahru State of Johor	5,351.21 sq.m Freehold	5,767	6,600	833
Double storey semi-detached house	H.S.(D) No. 22041 Lot MLO 2485, Mukim of Plentong District of Johor Bahru State of Johor	371.61 sq.m Freehold	530	450	(80)
Office lot within Megan Phileo Avenue	Unit No. B-06-09, Megan Phileo Avenue, 12 Jalan Yap Kwan Seng, 50450 Kuala Lumpur *	222.32 sq.m Freehold	756	600	(156)
Industrial land with office and factory building for manufacturing of corn extruded products	H.S.(D) No. 191719 PTD No. 91908 and H.S.(D) No. 191720 PTD No. 91909 Mukim of Pelentung District of Johor Bahru State of Johor	2,378.32 sq.m Freehold	1,573	2,300	727
Two units of adjoining one and a half storey terrace factory (a corner unit and an intermediate unit) for the manufacturing of bakery products	H.S.(D) No. 191403 PTD 89457 and H.S.(D) No. 191404 PTD No. 89458, Mukim of Pelentung District of Johor Bahru State of Johor	1,401.26 sq.m Freehold	1,222	1,300	78
			9,848	11,250	1,402

\* Held under Geran 25957 Lot 138 (formerly H.S.(D) 75549) and Geran 26594 Lot 88 (formerly Geran 1650), both in Seksyen 44, Bandar Kuala Lumpur, Wilayah Persekutuan.

## 5. INFORMATION ON LBB (Cont'd)

### 5.5.2 Acquisition By MSB

MSB entered into a Conditional Sale and Purchase Agreement on 12 December 2000 and Supplementary Agreement dated 14 September 2001 for the acquisition of 3,827,765 ordinary shares of RM1.00 each representing 51.04% of the then existing equity interest in LBB from the Vendors for a consideration of RM3,827,765 to be satisfied by the issuance of 3,827,765 new ordinary shares of RM1.00 each in MSB.

Details of the Acquisition by MSB are as follows:-

Vendors	No. Of LBB Shares To Be Acquired By MSB	Purchase Consideration RM	No. Of Shares In MSB To Be Issued At Par Per Share
Dato' Liew Kuek Hin	1,172,572	1,172,572	1,172,572
Datin Lim Yook Lan	786,207	786,207	786,207
Liew Yew Chung	786,207	786,207	786,207
Liew Yew Cheng	593,129	593,129	593,129
Liew Yet Lee	244,825	244,825	244,825
Liew Yet Mei	244,825	244,825	244,825
	<u>3,827,765</u>	<u>3,827,765</u>	<u>3,827,765</u>

The said 3,827,765 new ordinary shares of RM1.00 each in LBB have been transferred to MSB on 4 September 2001.

### 5.5.3 Bonus Issue

Bonus issue of 19,109,513 new ordinary shares of RM1.00 each on the basis of approximately 2,548 new ordinary shares for every 1,000 ordinary shares held in LBB after the Acquisition by MSB. The entire bonus issue was issued by capitalizing RM19,109,513 from the Revenue Reserves account of LBB. The Bonus Issue was completed on 6 September 2001.

The new ordinary shares issued pursuant to the Bonus Issue rank pari-passu in all respects with the then existing issued and paid-up share capital of LBB. On completion of the Bonus Issue, the issued and paid-up share capital of LBB was increased from RM7,500,000 to RM26,609,513 comprising 26,609,513 ordinary shares of RM1.00 each.

### 5.5.4 Rights Issue

Rights issue of 392,487 new ordinary shares of RM1.00 each at par to the existing shareholders of LBB on the basis of approximately 15 new ordinary shares for every existing 1,000 ordinary shares held in LBB after the Bonus Issue.

The new ordinary shares issued pursuant to the Rights Issue rank pari-passu in all respects with the issued and paid-up share capital of LBB. On completion of the Rights Issue, the issued and paid-up share capital of LBB was increased from RM26,609,513 to RM27,002,000 comprising 27,002,000 ordinary shares of RM1.00 each. The Rights Issue was completed on 15 September 2001.

### 5.5.5 Restricted Issue

Upon completion of the Rights Issue, LBB undertook a Restricted Issue of 2,500,000 new ordinary shares of RM1.00 each at par per share to certain existing shareholders of LBB. The allocation of 2,500,000 new ordinary shares of RM1.00 each to certain existing shareholders pursuant to the Restricted Issue are as follows:-

## 5. INFORMATION ON LBB (Cont'd)

Shareholders	No. Of New Ordinary Shares Of RM1.00 Each Issued Pursuant To The Restricted Issue	%
MSB	1,000,000	40.0
Dato' Mohammed Salleh Bin Bajuri	1,500,000	60.0
	2,500,000	100.0

The new ordinary shares of RM 1.00 each in LBB issued pursuant to the Restricted Issue rank pari-passu in all respect with the existing issued and paid-up share capital of LBB. On completion of the Restricted Issue, the issued and paid-up share capital of LBB was increased from RM27,002,000 to RM29,502,000 comprising 29,502,000 ordinary shares of RM1.00 each.

### 5.5.6 Public Issue and Placement

In conjunction with the listing of LBB, the Company will undertake the Public Issue of 9,698,000 new ordinary shares of RM1.00 each and Placement of 800,000 new ordinary shares of RM1.00 each at an Issue/Placement Price of RM1.50 per new ordinary share, which will be allocated in the following manner:

**(i) Bumiputera Investors Allocated by MITI**

4,478,000 Issue Shares will be allocated to Bumiputera investors approved by MITI;

**(ii) Eligible Employees, Suppliers and Customers**

1,200,000 Issue Shares will be reserved for eligible employees, suppliers and customers of the Company;

**(iii) Nominated Places By LBB**

800,000 Placement Shares will be reserved for approved places nominated by the Company; and

**(iv) Malaysian Public**

4,020,000 Issue Shares will be made available for application by Malaysian citizens, companies, societies, co-operatives and institutions of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions.

The Issue and Placement Shares represent approximately 26.25% of the entire issued and paid-up share capital of LBB comprising 40,000,000 ordinary shares of RM1.00 each.

Details on the particulars of the Public Issue and Placement are stated in Section 6 of this Prospectus.

## 5.6 Subsidiaries and Associated Companies

Currently, LBB does not have any subsidiary or associated company.

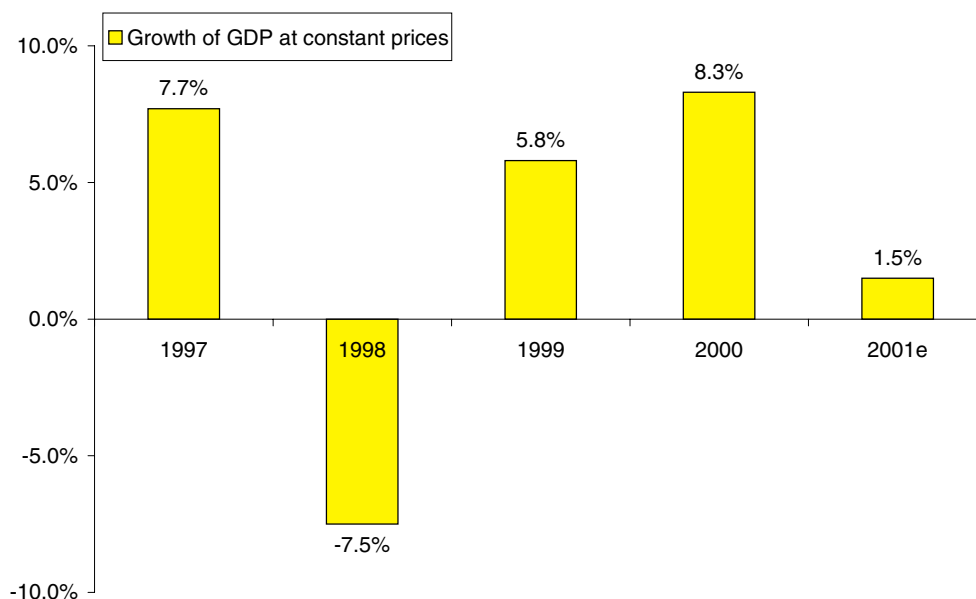
## 5. INFORMATION ON LBB (Cont'd)

### 5.7 Industry Overview

#### 5.7.1 Overview Of The Malaysian Economy

Since July 1997, the financial crisis in the economies of the East Asian region, caused by amongst others, the depreciation of currencies, including the Ringgit, had adversely affected the business confidence and economic performance of Malaysia.

#### Gross Domestic Product (“GDP”) Growth



e = estimated. The figure is based on Bank Negara's estimate of between 1% and 2% on the 24 November 2001

Source: *Economic Report 1998/1999 to 2001/2002, Ministry of Finance and Bank Negara Malaysia*

The Malaysian economy experienced its sharpest decline in 1998 reflecting the effects of the East Asian financial crisis, which began in July 1997. In 1998, Gross Domestic Product (GDP) registered negative growth of 7.5%.

To promote economic recovery, a comprehensive set of policies consisting of expansionary fiscal and accommodative monetary policies, a fixed exchange rate, selective exchange controls and a longer-term programme of restructuring for the corporate and financial sector, was implemented.

The Malaysian economy expanded by 8.5% for the year 2000, surpassing the earlier Government forecast of 7.5%. While the better performance was supported by strong external demand, the main contributor to economic growth was the increase in private consumption and the strong revival in domestic investment. Continued prudent macroeconomic policies and restructuring efforts to diversify the country's economic structure significantly improved economic and financial fundamentals (Source: *Bank Negara Malaysia, The 2000 BNM Annual Report, Statement by the Governor, dated 28 March 2001*).

However, in 2001, the outlook of the global economy became uncertain largely due to the economic slowdown in the United States.

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## 5. INFORMATION ON LBB (Cont'd)

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As a result, the Government announced a package of pre-emptive measures worth RM3 billion on 27 March 2001. This was to counter the effects of a global economic slowdown and to sustain the country's growth momentum built over the past 2 years. Supported by prevailing strong economic fundamentals, the new pre-emptive measures directed at stimulating domestic demand, were expected to raise GDP growth closer to 6% for 2001 (*Source: Bank Negara Malaysia, The 2000 Bank Negara Malaysia Annual Report, Statement by the Bank Negara Malaysia Governor, dated 28 March 2001*).

Following the terrorist attacks on the United States on 11 September 2001, the outlook of the global economy became increasingly uncertain. The contagion effects of the United States' economy on the rest of the world are significant.

On 25 September 2001, as part of the 2002 Budget, the Government announced another RM4.3 billion stimulus package, to be implemented swiftly to further cushion the impact of a slowdown in Malaysia. The additional package focuses on encouraging domestic consumption and reducing reliance on exports in the face of a global economic slowdown (*Source: Budget 2002*).

According to Bank Negara Malaysia, the growth of the Malaysian economy is expected to moderate to approximately between 1% and 2% in 2001 (*Source: Bank Negara 24 November 2001*).

### 5.7.2 Overview Of The Food Industry In Malaysia

#### *Importance Of The Food Processing Industry*

The Food Processing Industry is an important industry affecting the characteristics and quality of the nation's diet. Under the Second Industrial Master Plan, 1996 - 2005, the Food Processing Industry under Agro-based and Food Products Industry has been identified as an important sector for strategic industrial development. The Food Processing Industry was selected based on its potential for manufacturing development covering employment generation, foreign exchange savings, value-added creation and income generation (*Source: Second Industrial Master Plan 1996-2005, Ministry of International Trade and Industry*). In most developing countries, the Food Processing Industry is normally one of the largest sub-sectors within the Manufacturing Industry (*Source: Investment Opportunities in the Food Processing & Beverages Industry, - Industry Brief, May 2000, Malaysian Industrial Development Authority*).

Malaysia is no exception. In 2000, the output of the Food Processing Industry, which comprises the manufacture of food, beverages and tobacco, amounted to RM13.7 billion (ex-factory), contributing about 4.1% of the Manufacturing Industry's overall output of RM333.3 billion (*Source: Monthly Manufacturing Statistics Malaysia, Department of Statistics, Malaysia June 2001*). These sub-sectors employed a total of 37,776 persons in 2000, which contributed 3.6% of the total number of employees in the Manufacturing Industry (*Source: Monthly Manufacturing Statistics Malaysia, Department of Statistics, Malaysia June 2001*).

In 1998, the Food Processing Industry was the 3rd largest contributor to total manufacturing output at 7.7%. It contributed 3.4% to added value of the Manufacturing Industry. Its significant contribution signifies the importance of its role in the overall expansion of the Manufacturing Industry (*Source: Productivity Report 1999, National Productivity Corporation*). As the Food Processing Industry plays a key role in the economy, government support will continue to encourage and nurture operators with the aim of increasing export, import replacement and value-adding.

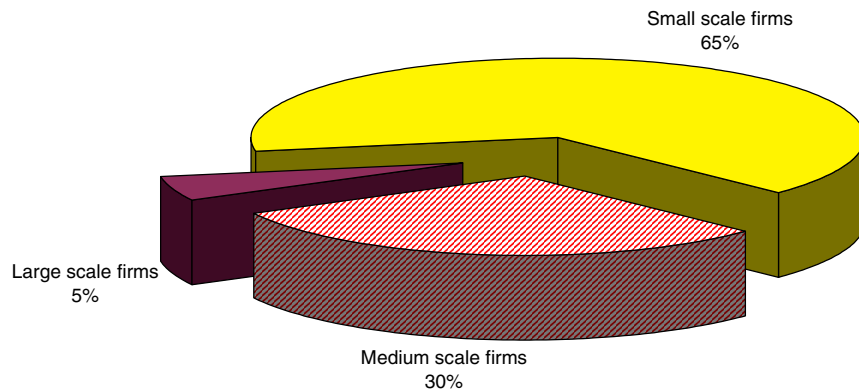
**5. INFORMATION ON LBB (Cont'd)**

***Structure of the Food Processing Industry***

The Food Processing Industry in Malaysia covers a wide range of products, from very simple processing to complicated ones.

The structure of the Food Processing Industry is relatively fragmented with 95% of companies are within the small and medium scale firms with less than 30 workers (Source: *Investment Opportunities in the Food Processing and Beverages Industry, Industry Brief February 2001, Malaysian Industrial Development Authority*).

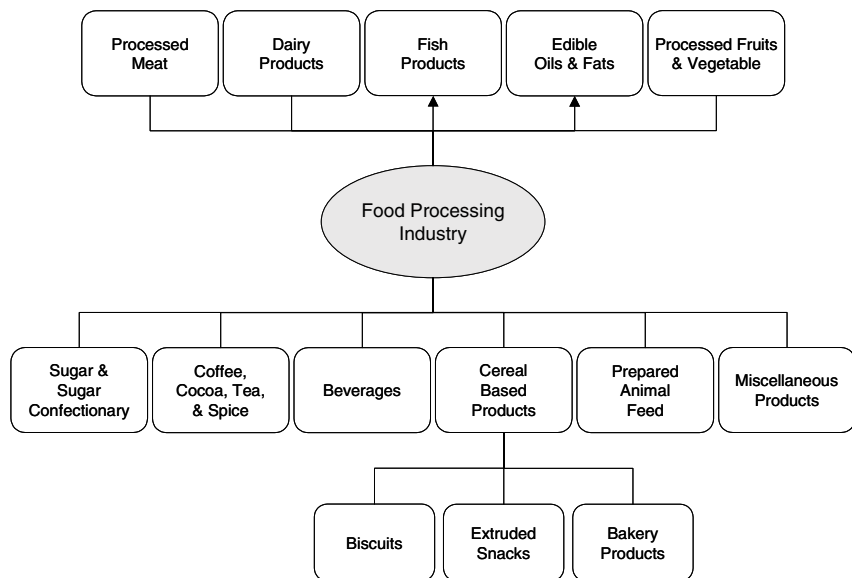
**Breakdown Of Food Industry Establishment By Size**



Source: *Investment Opportunities in the Food Processing Industry, Industry Brief February 2001, Malaysian Industrial Development Authority*

The Food Processing Industry in Malaysia is broadly classified into 11 major sub-sectors:

**Structure of the Food Processing Industry**



Source : *Investment Opportunities in the Food Processing & Beverages Industry- Industry Brief, May 2000, Malaysian Industrial Development Authority*

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**5. INFORMATION ON LBB (Cont'd)**

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Under the Malaysian Industrial Classification (MIC), extruded snacks and cakes fall under the total umbrella of Cereal-based Products. Cereal-based Products include bakery products, extruded snacks and biscuits. Some products manufactured under bakery products are cup cakes, layer cakes, swiss rolls. Extruded snacks are produced from either corn or rice. LBB operates under the cereal-based products sub-sector of the food processing industry.

The food processing industry is viewed as a critical part of the overall manufacturing industry in the country as Malaysia has high potential to be a leading food producer and exporter in Asia because of its strong agriculture foundation. It is now the world's leading producer for palm oil, coconut and cocoa products. The country's natural resources support the needs of the food processing industry although certain commodities are still imported (*Source: Food Chain Asia, June 2000*). Exports of food, in total increased at an average growth rate of 8.2% from RM4.7 billion in 1996 to RM6.5 billion in 2000 (*Source: Monthly External Trade Statistics, December 1997 and 2000, Department of Statistics*)

As Malaysia continues to be a net importer of food products, the potential to replace imports is tremendous. Imports increased from RM4.6 billion in 1989 to RM11.4 billion in 2000, growing at an average annual rate of 9.5% between 1989 and 2000 (*Source: Investment Opportunities in the Food Processing Industry, Industry Brief August 1999, Malaysian Industrial Development Authority and Monthly External Trade Statistics, December 2001*). The continued increase in the demand for food products is in line with the continued growth of the domestic economy and the expected increase in private consumer spending. As a result, the government continues to provide incentives to facilitate growth in this industry and assists operators to compete both locally and globally.

**5.7.3 Industry Life-Cycle**

The food processing industry in Malaysia is in the growth phase of its life-cycle. This is supported by the observations in local and international trends that the GDP growth in the overall manufacturing industry grew by 21.0% in 2000 (*Source: Bank Negara Malaysia Annual Report 2000*). Sales value of the production of the food processing industry, which includes both extruded snacks and cakes grew at an average annual growth rate of 3.7% between 1996 and 2000 (*Source: Monthly Manufacturing Statistics, June 2001, Department of Statistics*). Food Manufacturing Production Index also grew at an average annual rate of 5.7% between 1996 and 2000 (*Source: Monthly Statistical Bulletin June 2001, Bank Negara Malaysia*). As at 30 June 2000, children and teenagers, the main targets of manufacturers of snack foods, accounted for nearly 43% of the population in Malaysia (*Source: Yearbook of Statistics Malaysia 2000, Department of Statistics*).

The growth within the food processing industry will continue to be fuelled by the following factors:

- increasing automation thus increasing production and reducing long term cost;
- increasing innovation within the local industry as well as overseas;
- the ever changing taste of the consumers contributed by increasing affluence and exposure to global cultures and taste will continue to create a more cosmopolitan acceptance of variety and diversity of food.

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**5. INFORMATION ON LBB (Cont'd)**

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The extruded snacks and cakes sectors are in their growth phases. Between 1996 and 2000, the sales value of the biscuit factories sector, which includes extruded snacks and cakes, grew at an average rate of 7.9% per annum (*Source: Monthly Manufacturing Statistics June 2001, Department of Statistics*). Between 1996 and 2000, sales value of the production of snack products, which includes extruded snacks, grew at an average growth rate of 11.4%, whilst sales value of the production of cakes grew at an average of 18.7% per annum between 1992 and 1996 (*Source: Unpublished Data, Department of Statistics*).

The export value of other bakers' wares not elsewhere specified, which includes extruded snacks and cakes, grew at an average annual rate of 15.2% from 1996 to 2000. In 2000, export value of other bakers' wares amounted to RM149.5 million, recording a growth of 27.1% over the previous year (*Source: Unpublished Data, Department of Statistics*). The import value of other bakers' wares grew at an average annual rate of 14.5% from 1996 to 2000. In 2000, sales value of imports of other bakers' wares grew by 32.3% to RM14.4 million compared to RM10.9 million in 1999 (*Source: Unpublished Data, Department of Statistics*).

Even though there are numerous brands on the market, there are around 10 major extruded snack manufacturers and 7 major cake manufacturers in Malaysia. New product innovations will keep up with changes in consumer taste sustaining the growth of the sectors. Demand for extruded snacks and cakes will continue to sustain by the children and teenagers accounting for nearly 43% of the population (*Source: Yearbook of Statistics Malaysia 2000, Department of Statistics*).

Growth of processed foods like extruded snacks and cakes will continue to be fuelled by increasing affluence and the growing popularity of snack foods. In addition, export markets in particular will help counter any impact of either a slow down in demand or a maturing industry. In many less developed countries, these items will become more affordable and popular as these markets become more open to global influences in commerce, taste and outlook.

**5.7.4 Future Growth**

Areas of growth and opportunities will mainly be predicated by:

- changing consumer trends and preferences
- export markets
- halal food manufacturing

***Changing Consumer Trends and Preferences***

Changing consumer trends and preferences will see the increasing popularity of new snack products and the demise of others creating totally new opportunities for extruded snacks and cake manufacturers.

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## 5. INFORMATION ON LBB (Cont'd)

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- Healthy Snack Foods

In recent years, the swing towards a healthy eating culture may present opportunities for extruded snacks and cake manufacturers through product innovation and improvement. Manufacturers, in their manufacturing process of extruded snacks and cakes, can adopt the following product characteristics in order to attract health conscious consumers:

- low fat, low cholesterol and low calorie
- low sugar
- low salt
- no preservatives and colouring
- natural ingredients and no artificial flavourings
- high fibre

- Eatertainment

The 'eatertainment' trend has developed – a concept that refers to the combination of entertainment and food. This has been brought about as children are demanding more entertainment for their food these days. Fast food companies like McDonald's and Kentucky where they have incorporated toy give-aways have successfully used this concept.

Food manufacturers can cater to this growing trend by aiming to give their products an entertainment value and gaining credibility with children through methods such as interactive packaging, use of licensed characters and humour. At the same time, manufacturers could gain parental endorsement by also promoting health aspects to overcome their concerns regarding their children's food intake.

The key to success lies in the ability to create a product for children, which combines healthy, convenience and fun elements. Extruded snacks and cake manufacturers have enormous opportunities for product innovation to meet the needs of consumers locally as well as overseas.

### ***Export Markets***

Opportunities for local extruded snacks and cakes manufacturers in the export markets are significant. Export value of extruded snacks and cakes grew at an average annual rate of 15.2% between 1996 and 2000. In 2000, export value of this group of products grew by 27.1% (*Source: Unpublished Data, Department of Statistics*). The strong growth rate of export for extruded snacks and cakes indicates that Malaysian extruded snacks and cakes is very much in demand and presents good prospects for local manufacturers.

The growing affluence of neighbouring Asian countries such as Taiwan, China, Singapore and India also provide great potential as export markets. Similarly exports to emerging economies including Vietnam and Russia also present good opportunities.

### ***Halal Food Manufacturing***

Malaysian manufacturers can capitalize on the ability to manufacture halal extruded snacks and cakes, which can be marketed to other Muslim countries. Manufacturers are able to leverage from Malaysia's Muslim status to appeal to other Muslim countries especially in the Middle East.

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## 5. INFORMATION ON LBB (Cont'd)

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### *Implications of Growth and Opportunities*

Growth and opportunities are very significant for processed food manufacturers. This is mainly predicated by the universal basic need to eat combined with the increasing affluence of consumers that demand more processed and different varieties of foods.

The universal need for food also means that export markets will provide incremental growth for manufacturers to ensure financial success.

#### **5.7.5 Key Players And Competition**

All manufacturers of extruded corn snacks and cakes operate under normal competitive conditions. There are two (2) forms of competition i.e. local production and imports. Local production has a slight advantage over imported extruded snacks and cakes, which are subject to import duty of 6% (*Source: The Malaysian Trade Classification and Customs Duties Order, 2001*). There is no undue monopolistic pressure either from the sourcing of raw materials or in the sales of products. As with most free enterprise environments, competition is based on numbers of factors, including cost, quality, service and reliability.

#### *Extruded Snack Manufacturers*

Competition amongst the manufacturers of extruded snacks in Malaysia is intense based on the following observations:-

- Some of the major manufacturers of extruded snacks in Malaysia are as follows:
  - . Oriental Food Industries Holdings Berhad
  - . Mamee-Double Decker Malaysia Berhad
  - . London Biscuits Berhad
  - . LB Food Sdn Bhd
  - . Kinross Food Industries (M) Sdn Bhd
  - . Sedap Food Industries Sdn Bhd
  - . Useful Snack & Confectionery Sdn Bhd, formerly known as Mally Jaya Sdn Bhd
  - . Central Vista (M) Sdn Bhd
  - . URC Snack Food Sdn Bhd, formerly known as Pacific World Sdn Bhd
  - . Evercrisp Manufacturing Malaysia Sdn Bhd, formerly known as Keebler Company (Malaysia) Sdn Bhd
- The availability of a diverse range of extruded snacks other than corn, includes other bases i.e. rice, potato, wheat, soy and et cetera;
- The range of snack food available is also very diverse and includes non – extruded snacks like potato chips, Asian-type snacks like muruku, dried fish, cuttlefish and others, Western-type snacks like biscuits, cookies and wafer and also sweet and savoury snacks;
- Besides the price factor, there is also some degree of products differentiation and brand loyalty, where consumers are concerned when purchasing snacks foods;
- Competition from other product categories such as chocolate, nuts and candy confectionery; and

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## 5. INFORMATION ON LBB *(Cont'd)*

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- Barriers to entry for extruded snacks manufacturers are low to medium, for example, capital and set-up costs for a small-sized company can be minimal. Thus, proliferation of cottage industries at the lower end of the market also exerts higher competitive pressure.

*(Source : Primary Market Research undertaken by Vital Factor Consulting).*

### ***Cake Manufacturers***

Competition amongst the manufacturers of cakes in Malaysia is medium based on the following observations:-

- Major manufacturers of cakes in Malaysia are as follows:
  - . Apollo Food Holdings Berhad
  - . London Biscuits Berhad
  - . Gardenia Bakeries (KL) Sdn Bhd
  - . Standard Confectionery Sdn Bhd
  - . Superb Food Industries Sdn Bhd
  - . CAF Food Products Sdn Bhd
  - . Michigan Pastries Sdn Bhd
- High capital outlay involved in setting up a fully automated medium-sized operation is a major barrier to entry;
- The sector faces some competition from:-
  - local bakeries and cottage industries producing fresh cakes; and
  - some imports of cup cakes and frozen cakes.

*(Source: Primary Market Research undertaken by Vital Factor Consulting).*

### ***Foreign Manufacturers***

Competition for imported cakes is from major foreign manufacturers, some of which includes:

- Tong Yang Confectionery Corporation, Korea
- Lotte Trading Co Ltd, South Korea
- Sara Lee Bakery (Australia) Pty Ltd, Australia

There is very little competition from imported extruded snacks at present *(Source: Primary Market Research undertaken by Vital Factor Consulting).*

### **5.7.6 Government Legislation, Policies and Incentives**

Apart from the normal manufacturing licence, there are no material government laws, regulations and policies that may impede on operators' performance and growth within a free enterprise environment. All food manufacturing companies are required to observe and comply with the Food Act 1983 and Food Regulations 1985 *(Source: Investment Opportunities in the Food Processing & Beverages Industry, Industry Brief, February 2001, Malaysian Industrial Development Authority)*. Manufacturers producing 'halal' food products are required to obtain a certificate from the Islamic Affairs Division, Prime Minister's Department *(Source: Investment Opportunities in the Food Processing & Beverages Industry, Industry Brief, February 2001, Malaysian Industrial Development Authority)*.

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## 5. INFORMATION ON LBB (Cont'd)

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Previously, manufacturers of extruded snacks and cakes were provided with some protection from imports with the 20% duty on such imports. However, to curb inflationary pressures, which may arise from the Government's measures to encourage private consumption, the import duties on extruded snacks and cakes were reduced to 6% in October 1999 (*Source: The 2000 Budget Speech*)

In the 2001 Budget Speech, it was announced on 27 October 2000, the Government proposed additional tax incentives to be given to companies, which invest in a subsidiary company engaged in food production. The subsidiary company will also be entitled to incentives. This is part of the Government's continuous effort to encourage food production.

Some of the incentives include:

- Granting of tax deduction equivalent to amount of investment to company investing in its wholly-owned subsidiary for food production;
- Income tax exemption of 100% on the company's statutory income for 10 years starting from the first year the company registers a profit (*Source: The 2001 Budget Speech*).

Accelerated Capital Allowances for continuous reinvestment for production of promoted products by food producing companies were also proposed (*Source: The 2001 Budget Speech*).

To further accelerate food production activity, the 2002 Budget proposed that the tax incentives announced in 2001 Budget for companies that invest and the companies that undertake food production of approved food products be extended to any companies which reinvest in the production of the same food products. The incentive is given for a period of five years subject to the same conditions as announced in the 2001 Budget (*Source: 2002 Budget*)

### 5.7.7 Demand/Supply Conditions

#### *Demand*

Generally, the elasticity of demand for extruded snacks and cakes is **moderate to high**. This is mainly due to the following factors:-

- Intense competition in the extruded snacks sector and medium competition in the cake sector. Both sectors face competition from a wide and diverse range of other snack food products and in-between meals, especially at the lower and unbranded end of the market.
- Competition arising from both local manufacturers, as well as imports, also places continuous pressure on LBB.
- In general, imports do not compete as strongly against local manufacturers due to their higher pricing. The weaker Ringgit and import duties provide some form of protection from imports.

However, over the years, LBB has managed to build key advantages over other manufacturers of extruded snacks and cakes. To-date, it has the following marketing and distribution network:

- Its own extensive network of 160 local and 45 overseas distributors, wholesalers and import agents covering 27 countries.
- Its own brands of extruded snacks and cakes;
- Strong market reputation associated with consistency in quality and reliability.

## 5. INFORMATION ON LBB (Cont'd)

These key advantages have enabled LBB to significantly reduce the level of elasticity of demand for its products, especially compared with other manufacturers of extruded snacks and cakes.

As such, LBB's business will continue to be viable in the long term.

### *Supply*

The basic raw materials used in the production of extruded corn snacks and cakes include flour, eggs, palm oil, corn grits, sugar, shortening and seasoning. The approximate combination of raw materials for Extruded Snacks and Cakes is as follows:

Raw Materials	Combination based on Ringgit Value (%)		
	Extruded Snacks		Cakes
	Uncoated	Coated	
Flour	-	-	55.0
Eggs	-	-	26.0
Palm Oil	27.9	-	7.5
Corn Grits	64.5	64.5	-
Sugar	-	7.0	7.0
Shortening	-	-	1.5
Coating fat	-	13.0	-
Cocoa Powder	-	7.0	-
Seasoning	5.0	-	-
Others	2.6	8.5	3.0
Total	100.0	100.0	100.0

(Source :LBB)

Except for corn grits used in the production of corn-based extruded snacks, all of the basic raw material required for the production of extruded snacks and cakes are currently produced locally. To date, LBB has not encountered any major problems in the supply of raw materials as there is abundant supply locally and corn grits are available from a number of overseas countries. All suppliers are selected based on merits and major suppliers are selected based on cost-competitiveness, assurance of quality and ability to deliver on time.

### 5.7.8 Threat of Substitute Products

The range of extruded snacks and cakes in the market is very wide. There are many types of extruded snacks using different raw materials. Likewise, there are also other bakery products, which compete with LBB's cake products. However, LBB has over the years built a wide range of extruded corn snacks and in 1998, diversified to include a selection of cake products in its product range.

LBB can, with minor modifications to existing machinery, use alternative raw materials for its extruded snacks or venture into the manufacturing of other bakery products, when there is a business case to justify it. As such, this perspective of substitute products does not threaten LBB's business. Additionally, one of the strongest counter measure to any 'substitute products' is LBB's own trade name. With its own branding, LBB is able to create brand equity and loyalty to sustain against competition.

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**5. INFORMATION ON LBB (Cont'd)**

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**5.7.9 Summary of Outlook and Prospects of The Industry***Outlook and Growth Forecast*

The outlook for the extruded snacks and cakes sector of the food processing industry are favourable. The industry is forecasted to grow at approximately **8%** per annum for the next five years.

This forecast also takes into consideration the current economic slowdown in Malaysia as well as in many other parts of the world. However, it is envisaged that overall 2002 is likely to see signs of a turnaround, especially from the third quarter onwards.

Once conditions are back to normal, it is expected that the extruded snacks and cakes sector of the food processing industry would experience positive growth rate similar to those experienced between 1996 and 2000.

*Supporting Factors for Positive Growth*

The following factors and observations provide support for the growth forecast:

- Sales value of the production of snack products, which includes extruded snacks, grew at an average annual rate of 11.4% from 1996 to 2000. In 2000, sales value of the production of snack products reflected an increase of 10.2% (*Source: Unpublished Data, Department of Statistics*);
- Production volume of snack products, which includes extruded snacks, grew at an average annual rate of 11.0% from 1996 to 2000 (*Source: Unpublished Data, Department of Statistics*);
- Sales value of the production of cakes grew at an average annual rate of nearly 18.7% from 1992 to 1996 whilst production volume grew at an average annual rate of 10.7% over the same period (*Source: Unpublished Data – Department of Statistics*);
- Sales value of the production of the food processing industry, which includes both extruded snacks and cakes, grew at average annual rate of 3.7% between 1996 and 2000 (*Source: Monthly Manufacturing Statistics, June 2001, Department of Statistics*);
- Sales value of production of the food processing industry grew by 0.8% for the first six months of 2001 compared with the same period last year (*Source: Monthly Manufacturing Statistics, June 2001, Department of Statistics*).
- The sales value of the production of the Biscuit Factories Sector including both Extruded Snacks and Cakes, grew at an average annual rate of 7.9% between 1996 and 2000 (*Source: Monthly Manufacturing Statistics, June 2001, Department of Statistics*).

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**5. INFORMATION ON LBB (Cont'd)**


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*Strong Import Value Growth Trends*

Sales value of imports of other bakers' wares not elsewhere classified, which includes extruded snacks and cakes, grew at an average annual rate of 14.5% between 1996 and 2000. In 1996, sales value of imports of bakers' wares grew from RM8.4 million in 1996 to RM14.4 million in 2000 (Source: *Unpublished Data, Department of Statistics*). In 2000, the sales value of imports of other bakers' wares not elsewhere classified, which includes extruded snacks and cakes, increased by 32.3% (Source: *Unpublished Data, Department of Statistics*).

*Strong Export Value Growth Trends*

Generally, Malaysia's exports of food grew at an average annual rate of 8.2% between 1996 and 2000 (Source: *Monthly External Trade Statistics December 1997 and 2000, Department of Statistics*). Export value of other bakers' wares not elsewhere classified, which includes extruded snacks and cakes, grew at an average annual rate of 15.2% from 1996 to 2000 (Source: *Unpublished Data, Department of Statistics*).

In 2000, export value of other bakers' wares not elsewhere classified which includes extruded snacks and cakes, grew by 27.1% to reach RM149.5 million (Source: *Unpublished Data, Department of Statistics*).

*Growth in Private Consumption*

In 2001, private consumption grew by 4.1% and 1.6% respectively for the first and second quarters respectively (Source: *Economic and Financial Developments in the Malaysian Economy in the Second Quarter of 2001, dated 23 August 2001, Bank Negara Malaysia*).

For the year 2001, private consumption is forecasted to increase by 7.0% (Source: *Bank Negara Malaysia Annual Report 2000*).

*Drivers of Growth*

The main driver of growth for Extruded Snacks and Cakes will come from increased consumption of snacks foods and in-between meals. This implies increased in demand for such food products for the local as well as the global markets.

As such, the growth in demand for Extruded Snacks and Cakes, will depend on local and global performance in the following areas:

- Growing economies
- Growing population
- Increasing consumer spending
- Increasing consumer affluence.

*Growing Economies*

In 2000, Malaysia's GDP and GNP recorded strong positive growth of 8.5% and 6.3% respectively (Source: *Bank Negara Malaysia Annual Report 2000*);

However, GDP for 2001 is expected to be between 1% and 2% (Source: *Bank Negara on 24 November 2001*).

## 5. INFORMATION ON LBB (Cont'd)

The real GDP of some selected countries for 1999 and the forecast for 2000 and 2001 are as follows:

Country	1999	2000	2001
Taiwan	5.4	5.9	4.1
China	7.1	8.0	7.0
Saudi Arabia	-1.0	4.1	4.8
Bangladesh	5.2	4.9	4.5
South Africa	1.9	3.2	3.8

Source: *World Economic Outlook, May 2001, International Monetary Fund*

The above mentioned countries accounted for some of the major export markets for London Biscuits Berhad for the year ended 30 June 2000.

### *Growing Population*

Increasing population in general and specifically the age group below 20 will stimulate demand for food products particularly Snack Foods and Cakes:

- Population of Malaysia grew at an average annual rate of 2.4% per annum between 1996 and 2000, reaching 23.3 million in 2000 (Source: *Yearbook of Statistics Malaysia 2000, Department of Statistics*);
- Population in Malaysia is expected to reach 23.8 million by year 2001, a growth of 2.1% (Source: *Bank Negara Malaysia Annual Report 2000*);
- 43% of the population in Malaysia are below 20 years of age, representing the largest percentage of the total population (Source: *Yearbook of Statistics Malaysia 2000, Department of Statistics*).

### *Increasing Consumer Spending*

In 2001, private consumption for the first and second quarters grew by 4.1% and 1.6% respectively (Source: *Economic and Financial Developments in the Malaysia Economy in the Second Quarter of 2001, dated 23 August 2001, Bank Negara Malaysia*). For the year 2001, private consumption is forecasted to increase by 7% (Source: *Bank Negara Malaysia Annual Report 2000*).

### *Increasing Consumer Affluence*

Growth will also be attributed to increasing consumer affluence which will increase consumption of food products generated by:

- 22.6% of Malaysian household expenditure was spent on food, which constitutes the highest proportion of household expenditure according to a survey in 1998/99. (Source: *Unpublished Data – Report on Household Expenditure Survey, 1998/99, Department Statistics*);
- Between 1995 and 1999, the average annual growth rate of average monthly gross income grew by 5.2% to RM2,472 per household in 1999 (Source: *Eighth Malaysia Plan 2001-2005*);

In the longer term, higher growth will come from newly developed nations where the consumer markets are not as matured as the more advanced nations. These newly developed and developing countries include, among others, countries like China, Bangladesh, Vietnam, Saudi Arabia and South Africa.



## 5. INFORMATION ON LBB (Cont'd)

### 5.8 Major Customer

LBB's major customer (more than 10% of LBB's turnover) for the financial year ended 30 June 2001 is listed as follows:-

Customer	Country Of Origin	% Of Total Turnover	Length Of Relationship (years)
Enmaw Trading Co. Ltd	Taiwan	15.30	3

*Note: Proportion of sales is based on turnover of RM35.9 million for the financial year ended 30 June 2001.*

The Company has established a wide base of customers comprising a total of 205 customers (distributors, wholesalers, import agents) throughout Malaysia and 26 countries overseas. The diversity of its customer base is reflected by sales to its top 20 customers, which represent around 72% of its turnover for the year ended 30 June 2001. The balance 28% is distributed amongst 185 customers.

LBB's large and diverse customer base reduces its reliance on any single customer or country. LBB enjoys a close business relationship with its customers and places great emphasis on developing and maintaining its goodwill and rapport with them. More than 50% of its customers have been dealing with the Company for the past 5 years. LBB's customers' loyalty is an endorsement of the quality and reliability of its products.

There is no formal contract entered into between LBB and its major customer. In relation to its other customers, the normal course of dealings between the parties are that the respective customer will issue a purchase order to LBB and LBB will confirm the same by issuing a sales order and subsequently deliver the goods within the time stipulated in the respective invoice and payment terms are "cash on delivery" or within agreed credit periods. LBB has however three contracts with London Trading (S) Pte Ltd for a period effective between July 1999 and December 2002 to take up definite quantities of LBB's products.

### 5.9 Major Supplier

Name Of Supplier	Raw Material Supplied	Length Of Relationship (years)	Proportion Of Total Purchases Of Raw Materials
Bakels (Malaysia) Sdn Bhd	Flour	4	14%

*Note: Total purchases of raw materials, inclusive of packaging materials, totalled RM16.5 million for the financial year ended 30 June 2001.*

LBB has a wide supplier base. It is not dependent on any one or a small group of suppliers. Its largest supplier accounted for only 14% of the Company's total raw material purchases of RM16.5 million for the financial year ended 30 June 2001 (*Source: LBB*). LBB has forged a strong working relationship with its suppliers. This is indicated by the fact that many of the suppliers have been supplying the Company for three or more years. In line with best practices, LBB works in close partnership with its suppliers to ensure quality and cost effective supplies that are delivered in a timely manner.

However, there is no formal contract entered into between LBB and its major supplier. The normal course of dealings between the parties are such that LBB will issue a purchase order to its supplier and the supplier will deliver the goods within the time stipulated in the purchase order and payment terms are on 90 to 120 days credit.

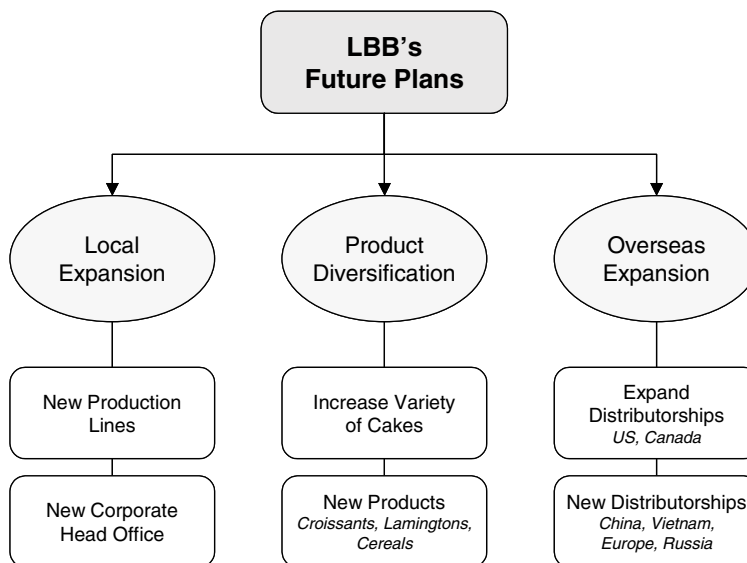
**5. INFORMATION ON LBB (Cont'd)**

**5.10 Future Plans, Strategies and Prospects of the Company**

LBB's future plans are based on a two-pronged strategy of expansion covering:-

- Supply : Production Facilities
- Demand : Products, Markets and Distribution

As such, LBB's future plans are focused on three areas of growth and expansion as depicted in the figure below:-



***Local Expansion***

*Swiss Rolls*

Due to the popularity of its range of cake products, LBB had launched its new swiss roll range in February 2001. The new product will give LBB an added advantage over its competitors, as it will be the first cake manufacturer to embark on large scale production of individually flow packed ready-to-eat swiss rolls with a long shelf life.

Initial production will be carried out using the existing layer cake line, which is currently operating at around 65% of installed capacity. LBB plans to acquire a new line similar to the current layer cake line by March 2002 to solely manufacture swiss rolls to accommodate future growth.

The introduction of swiss rolls would complement LBB's current range of cake products. The range will initially comprise 3 different types of cream filled flavours, vanilla, chocolate and strawberry. Basically, the swiss rolls can be sold to its existing base of customers. In addition, this is a strategic move as it is less competitive within the cake sector and will enable LBB to have a head start in this area as currently, swiss rolls are mainly produced by cottage-based industries and by small bakeries. Therefore, the new product will enhance LBB's competitive advantages and enable it to be the market leader in the manufacture of swiss rolls on a large-scale.

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**5. INFORMATION ON LBB** (*Cont'd*)

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Croissants

LBB plans to acquire new machinery from Italy for a new production line to manufacture fresh croissants with a longer shelf life than fresh croissants sold by some bakeries. The acquisition of the production line will include the technology transfer from the manufacturer. The introduction of its croissant line will enable LBB to further increase its competitive advantage.

*New Corporate Head Office*

LBB had shifted its corporate head office to Plant 3 on 22 October 2001, which is located at Desa Cemerlang Light Industrial Area, Ulu Tiram, Johor Darul Takzim.

*Product Diversification*

In line with its plans to expand its current range of products, LBB's plans for product diversification will be focused in increasing variety of existing cakes and the launching of new products.

*Increasing Variety of Existing Cakes*

In its continuing efforts to cater to its wide customer base, LBB plans to introduce more varieties to its existing range of cup cakes and layer cakes to offer its customers a wider range of choices. This is critical to the long term success of LBB as having a wide choice of cakes will enable it to cater its to customers' preferences better.

- Cup Cakes

At present, LBB has 8 varieties of cup cakes. LBB plans to introduce an additional 2 new varieties, mixed fruit and mango, to its current range later this year. As at 15 November 2001, the cup cake line is manufacturing at its full capacity. Instead of investing in a new line, which would require a substantial amount of capital investment, LBB is manufacturing higher value-added cup cakes with chocolate coating or topped with chocolate bits.

- Layer Cakes

LBB currently manufactures 4 varieties of layer cakes and is planning to expand its range to include another 2 new flavours, pandan and strawberry.

*Launch of New Products*

- Croissants

Currently, in the market, the alternative to fresh croissants produced by some bakeries and delicatessens, are frozen croissants available at supermarkets. The diversification into ready-to-eat individually flow packed croissants will further enhance LBB's competitive advantages and its continuous efforts to develop innovative products to cater to its widespread customer base. The range will comprise of croissants with several different flavoured cream fillings.

- Lamingtons

With some minor modifications, the existing cup cake line has the capability of manufacturing lamingtons. LBB plans to venture into the manufacture of lamingtons which will further increase its range of products.

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**5. INFORMATION ON LBB** *(Cont'd)*

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- Cereal Foods

LBB plans to venture into the manufacture of extruded cereal food products which are cocoa based or honey coated. Production of this new range of products can be carried out after some modifications to the existing extruded snacks line, which is currently operating at 50% of installed capacity. LBB also plans to further develop its cereal food range by acquiring some new machinery to manufacture cornflake-type products.

***Overseas Expansion***

LBB's overseas market expansion plan is focused on expanding its current marketing and distribution network spanning 26 countries by establishing additional and new distributorships to tap into the demand from strategic overseas countries. The expansion will focus on three strategic regions:

- USA and Canada

LBB currently has 2 distributors for USA and Canada. The Company plans to increase the number of distributors in North America as increasing its current access will contribute significantly to the future growth of LBB.

- Europe and Russia

These markets will increase in importance as the North Asia and Middle East markets mature and consolidate in the future. In addition, it enables LBB to diversify away from Asia.

- China and Vietnam.

LBB plans to establish distributorships for their cake products in China and Vietnam. Expansion into China will enable LBB the opportunity to tap into a market where one-third of the world's population is found whereas Vietnam represents an emerging market that has good potential for providing future growth.

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## 6. INFORMATION ON SHAREHOLDERS/DIRECTORS/SENIOR MANAGEMENT

### 6.1 Major Shareholders and Promoters

#### 6.1.1 Major Shareholders As At 15 November 2001

Shareholders	Nationality/ Place of Incorporation	No. of LBB Ordinary Shares Held After Public Issue And Placement			
		<-----Direct----->		<-----Indirect----->	
		No. of Shares Held	%	No. of Shares Held	%
MSB	Malaysia	20,500,000	51.25	-	-
Dato' Mohamed Salleh Bin Bajuri	Malaysian	4,848,248	12.12	-	-

#### Profile of MSB

MSB was incorporated in Malaysia under the Companies Act, 1965 on 23 February 1991. The company is principally an investment holding company.

MSB's directors, major shareholders and their respective shareholdings are as follows:

Name	Nationality/ Place of Incorporation	<-----Direct----->		<-----Indirect----->	
		No. of Shares Held	%	No. of Shares Held	%
<b>Directors</b>					
Dato' Liew Kuek Hin	Malaysian	1,207,572	30.0	2,820,193 <sup>(1)</sup>	70.0
Datin Lim Yook Lan	Malaysian	821,207	20.4	3,206,558 <sup>(2)</sup>	79.6
<b>Major Shareholders</b>					
Y.C. Meileelanusa Co. Ltd*	British Virgin Islands	60,000	1.5	-	-
Dato' Liew Kuek Hin	Malaysian	1,207,572	30.0	2,820,193 <sup>(1)</sup>	70.0
Datin Lim Yook Lan	Malaysian	821,207	20.4	3,206,558 <sup>(2)</sup>	79.6
Liew Yew Chung	Malaysian	816,207	20.3	3,211,558 <sup>(3)</sup>	79.8
Liew Yew Cheng	Malaysian	613,129	15.2	3,414,636 <sup>(3)</sup>	84.8
Liew Yet Mei	Malaysian	254,825	6.3	3,772,940 <sup>(3)</sup>	93.7
Liew Yet Lee	Malaysian	254,825	6.3	3,772,940 <sup>(3)</sup>	93.7

Notes:-

- \* Y.C. Meileelanusa Co. Ltd is a company incorporated in the British Virgin Islands. The holders of its bearer shares are Dato' Liew Kuek Hin and Datin Lim Yook Lan
- (1) Deemed interested by virtue of his substantial shareholdings in Y.C. Meileelanusa Co. Ltd and by virtue of his spouse, Datin Lim Yook Lan's and his children, Liew Yew Chung, Liew Yew Cheng, Liew Yet Mei and Liew Yet Lee's direct shareholdings in MSB.
- (2) Deemed interested by virtue of her substantial shareholdings in Y.C. Meileelanusa Co. Ltd and by virtue of her spouse, Dato' Liew Kuek Hin's and her children, Liew Yew Chung, Liew Yew Cheng, Liew Yet Mei and Liew Yet Lee's direct shareholdings in MSB.
- (3) Deemed interested by virtue of his/her parents, Dato' Liew Kuek Hin and Datin Lim Yook Lan's substantial shareholdings in Y.C. Meileelanusa Co. Ltd and by virtue of his/her parents and siblings' direct shareholdings in MSB.

## 6. INFORMATION ON SHAREHOLDERS/DIRECTORS/KEYMANAGEMENT (Cont'd)

### 6.1.2 Promoters As At 15 November 2001

Name	Nationality	No. of LBB Ordinary Shares Held After Public Issue And Placement			
		<-----Direct----->		<-----Indirect----->	
		No. of Shares Held	%	No. of Shares Held	%
Dato' Liew Kuek Hin	Malaysian	711,510	1.78	21,234,842 <sup>(1)</sup>	53.09
Datin Lim Yook Lan	Malaysian	219,591	0.55	21,726,761 <sup>(2)</sup>	54.32
Liew Yew Chung	Malaysian	219,591	0.55	21,726,761 <sup>(3)</sup>	54.32
Liew Yew Cheng	Malaysian	152,186	0.38	21,794,166 <sup>(3)</sup>	54.49
Liew Yet Mei	Malaysian	71,737	0.18	21,874,615 <sup>(3)</sup>	54.69
Liew Yet Lee	Malaysian	71,737	0.18	21,874,615 <sup>(3)</sup>	54.69

Notes :

- (1) Deemed interested by virtue of his substantial shareholdings in MSB and by virtue of his spouse, Datin Lim Yook Lan's and his children, Liew Yew Chung, Liew Yew Cheng, Liew Yet Mei and Liew Yet Lee's direct shareholdings in LBB.
- (2) Deemed interested by virtue of her substantial shareholdings in MSB and by virtue of her spouse, Dato' Liew Kuek Hin's and her children, Liew Yew Chung, Liew Yew Cheng, Liew Yet Mei and Liew Yet Lee's direct shareholdings in LBB.
- (3) Deemed interested by virtue of his/her substantial shareholdings in MSB, by virtue of his/her parents, Dato' Liew Kuek Hin and Datin Lim Yook Lan's and his/her siblings' direct shareholdings in LBB.

### 6.1.3 Directorships and Major Shareholding in All Other Public Corporation for the Past 2 Years

Save as disclosed below, none of the major shareholders or promoters has any directorships or major shareholdings in all other public corporations for the past 2 years:

Major Shareholder	Name of Company	<-----Major Shareholding----->				<-----Directorship----->		Principal Activities
		Direct	%	Indirect	%	Appointed	Resigned	
Dato' Mohamed Salleh Bin Bajuri	Seacera Tiles Bhd	-	-	-	-	28.03.00	-	Tiles manufacturer
	KP Keningau Bhd	-	-	-	-	31.03.00	-	Logging, timber processing and trading, property development, heavy machine reconditioning and integrated agriculture and aquaculture activities
	CRSC Holdings Bhd	2,507,400	15.0	2,508,000 <sup>(1)</sup>	15.0	30.12.95	-	Hotel, property and hospital operations
	Asian Pac Holdings Bhd	-	-	-	-	27.03.01	-	Property and Finance
	Tongkah Holdings Bhd	-	-	-	-	29.06.01	-	Investment holding

Notes:

- (1) Deemed interested by virtue of his substantial shareholdings in PAMS Holdings Sdn Bhd.

## 6. INFORMATION ON SHAREHOLDERS/DIRECTORS/KEYMANAGEMENT (*Cont'd*)

### 6.1.4 Changes in Major Shareholders/Promoters and Their Shareholdings for the Past 3 Years

Save as disclosed, there has been no change in the major shareholders/promoters of LBB and their respective shareholdings for the past three (3) years.

Major Shareholder/ Promoter	Date	Direct Shareholdings in LBB Before Changes	Addition/(Disposal)	Direct Shareholdings in LBB after Changes
Dato' Liew Kuek Hin	01.07.1998	2,932,200	-	2,932,200
	30.06.1999	2,932,200	120,000	3,052,200
	28.07.1999	3,052,200	(1,682,000)	1,370,200
	30.06.2000	1,370,200	-	1,370,200
	30.06.2001	1,370,200	-	1,370,200
	04.09.2001	1,370,200	(1,172,572)	197,628
	06.09.2001	197,628	503,541	701,169
	15.09.2001	701,169	10,341	711,510
	17.09.2001	711,510	-	711,510
Datin Lim Yook Lan	01.07.1998	727,200	-	727,200
	30.06.1999	727,200	120,000	847,200
	30.06.2000	847,200	-	847,200
	30.06.2001	847,200	-	847,200
	04.09.2001	847,200	(786,207)	60,993
	06.09.2001	60,993	155,406	216,399
	15.09.2001	216,399	3,192	219,591
	17.09.2001	219,591	-	219,591
	Liew Yew Chung	01.07.1998	727,200	-
30.06.1999		727,200	120,000	847,200
30.06.2000		847,200	-	847,200
30.06.2001		847,200	-	847,200
04.09.2001		847,200	(786,207)	60,993
06.09.2001		60,993	155,406	216,399
15.09.2001		216,399	3,192	219,591
17.09.2001		219,591	-	219,591
Liew Yew Cheng		01.07.1998	545,400	-
	30.06.1999	545,400	90,000	635,400
	30.06.2000	635,400	-	635,400
	30.06.2001	635,400	-	635,400
	04.09.2001	635,400	(539,129)	42,271
	06.09.2001	42,271	107,703	149,974
	15.09.2001	149,974	2,212	152,186
	17.09.2001	152,186	-	152,186
	Liew Yet Mei	01.07.1998	227,250	-
30.06.1999		227,250	37,500	264,750
30.06.2000		264,750	-	264,750
30.06.2001		264,750	-	264,750
04.09.2001		264,750	(244,825)	19,925
06.09.2001		19,925	50,769	70,694
15.09.2001		70,694	1,043	71,737
17.09.2001		71,737	-	71,737

**6. INFORMATION ON SHAREHOLDERS/DIRECTORS/KEYMANAGEMENT (Cont'd)**

Major Shareholder/ Promoter	Date	Direct Shareholdings in LBB Before Changes	Addition/(Disposal)	Direct Shareholdings in LBB after Changes
Liew Yet Lee	01.07.1998	227,250	-	227,250
	30.06.1999	227,250	37,500	264,750
	30.06.2000	264,750	-	264,750
	30.06.2001	264,750	-	264,750
	04.09.2001	264,750	(244,825)	19,925
	06.09.2001	19,925	50,769	70,694
	15.09.2001	70,694	1,043	71,737
	17.09.2001	71,737	-	71,737
Dato' Mohamed Salleh Bin Bajuri	28.07.1999	-	930,000	930,000
	30.06.2000	930,000	-	930,000
	30.06.2001	930,000	-	930,000
	06.09.2001	930,000	2,369,580	3,299,580
	15.09.2001	3,299,580	48,668	3,348,248
	17.09.2001	3,348,248	1,500,000	4,848,248
MSB	01.07.1998	1,363,500	-	1,363,500
	30.06.1999	1,363,500	225,000	1,588,500
	30.06.2000	1,588,500	-	1,588,500
	30.06.2001	1,588,500	-	1,588,500
	04.09.2001	1,588,500	3,827,765	5,416,265
	06.09.2001	5,416,265	13,800,293	19,216,558
	15.09.2001	19,216,558	283,442	19,500,000
	17.09.2001	19,500,000	1,000,000	20,500,000

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## 6. INFORMATION ON SHAREHOLDERS/DIRECTORS/KEYMANAGEMENT (*Cont'd*)

### 6.2 Directors

#### 6.2.1 Board of Directors

Name of Directors	Nationality	No. of LBB Ordinary Shares Held After Public Issue And Placement			
		<-----Direct----->		<-----Indirect----->	
		No. of Shares	%	No. of Shares	%
Dato' Liew Kuek Hin	Malaysian	711,510	1.78	21,234,842 <sup>(1)</sup>	53.09
Datin Lim Yook Lan	Malaysian	219,591	0.55	21,726,761 <sup>(2)</sup>	54.32
Liew Yew Chung	Malaysian	219,591	0.55	21,726,761 <sup>(3)</sup>	54.32
Liew Yew Cheng	Malaysian	152,186	0.38	21,794,166 <sup>(3)</sup>	54.49
Liew Yet Mei	Malaysian	71,737	0.18	21,874,615 <sup>(3)</sup>	54.69
Liew Yet Lee	Malaysian	71,737	0.18	21,874,615 <sup>(3)</sup>	54.69
Dato' Mohamed Salleh Bin Bajuri	Malaysian	4,848,248	12.12	-	-
Dato' Cheong Siew Kai	Malaysian	-	-	-	-
Huang Yan Teo	Malaysian	-	-	-	-
Tan Poay Teik	Malaysian	-	-	-	-

Notes :

- (1) Deemed interested by virtue of his substantial shareholdings in MSB and by virtue of his spouse, Datin Lim Yook Lan's and his children, Liew Yew Chung, Liew Yew Cheng, Liew Yet Mei and Liew Yet Lee's direct shareholdings in LBB.
- (2) Deemed interested by virtue of her substantial shareholdings in MSB and by virtue of her spouse, Dato' Liew Kuek Hin's and her children, Liew Yew Chung, Liew Yew Cheng, Liew Yet Mei and Liew Yet Lee's direct shareholdings in LBB.
- (3) Deemed interested by virtue of his/her substantial shareholdings in MSB, by virtue of his/her parents, Dato' Liew Kuek Hin and Datin Lim Yook Lan's and his/her siblings' direct shareholdings in LBB.

#### 6.2.2 Profile of Board of Directors

**Dato' Liew Kuek Hin**, aged 62, is the Executive Chairman of LBB and was appointed to the Board of Directors on 28 December 1993. He graduated from Nanyang University, Singapore in 1965 with a Bachelor of Commerce degree. After completing his studies, he joined his family-owned business, Low Nam Hui & Sons group of companies, which has major interests in logging, transportation, saw milling, plywood milling, plantations, manufacturing and contracting. Today, he is the Deputy Managing Director of the company. He acquired LBB in 1993 and with his vast experience in his family's diverse business concerns, he has been the driving force behind the Company's development, growth and expansion over the past 7 years. He also holds directorships in several private limited companies.

**Datin Lim Yook Lan**, aged 62, was appointed to the Board of LBB on 28 December 1993. At present, she assists in the overall supervision and management of the Company's operations. She taught Chinese at Pui Zheng Chinese Primary School, Johor between 1962 and 1967. She is also a director of several private limited companies.

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**6. INFORMATION ON SHAREHOLDERS/DIRECTORS/KEYMANAGEMENT** (*Cont'd*)

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**Liew Yew Chung**, aged 31, is the Managing Director/Chief Executive Officer of LBB. He was appointed to the Board of Directors on 28 December 1993. He graduated from Drexel University, Philadelphia in the United States of America in 1991 with a Bachelor of Science degree in Business Administration, majoring in Economics and Finance Accounting and in 1992 with a Masters of Business Administration, majoring in Accounting Control. Upon completion of his studies, he joined Drexel University as a lecturer in the Economics Department where he was responsible for conducting the International Business Studies course for undergraduates. He joined LBB in 1994 as General Manager. He is responsible for the day-to-day operations of the Company and the Company's business development. He holds directorships in several private limited companies.

**Liew Yew Cheng**, aged 28, has been a Director of LBB since 28 December 1993. He graduated from Drexel University, Philadelphia in the United States of America in 1994 with a Diploma in Business and Management. In 1996, he joined Chon Lian Supermarket Sdn Bhd and Harmoni Supermarket Sdn Bhd in Johor Bahru, belonging to Low Nam Hui & Sons group of companies, as Assistant Manager. Subsequently he left in 1997 to join LBB in his present capacity. He is responsible for the Company's public relations matters. He is also a director of several private limited companies.

**Liew Yet Mei**, aged 34, is a Director of LBB and was appointed to the Board of Directors on 28 December 1993. She graduated from Drexel University, Philadelphia in the United States of America in 1992 with a Bachelor of Accounting degree. In 1996, she started her own florist shop, Longwood Florist Sdn Bhd in Penang. She holds directorships in several private limited companies.

**Liew Yet Lee**, aged 27, is a Director of LBB. She was appointed to the Board of Directors on 28 December 1993. She graduated from the Edith Cowan University, Western Australia with a degree in Bachelor of Business, majoring in Hospitality Management in 1996. On her return to Malaysia, she joined LBB in January 1997 as an Executive Manager. She is principally responsible for the administration of the Human Resources Department and the overall production operations. She also holds directorships in several private limited companies.

**Dato' Mohamed Salleh Bin Bajuri**, aged 50, was appointed as a Executive Director of LBB on 20 November 2001. He was admitted as a member of the Institute of Chartered Accountants, Ireland in 1978 and obtained his fellowship in 1988. He was also admitted as a member of the Malaysian Institute of Accountants in 1980. He started his career in Malaysia in 1978 when he joined Peat Marwick & Co. as Senior Auditor. In 1979, he left to join Mayban Finance Berhad as Manager and was promoted to General Manager in 1982. Subsequently, in 1987, he was seconded to Malayan Banking Berhad as General Manager and he served the bank until 1992. Between 1992 to 1995, he was Managing Director of JB Securities Sdn Bhd. In December 1995, he joined CRSC Holdings Bhd, a company involved in hotel, property and hospital operations in his present capacity as Group Executive Director. He also holds directorships in Seacera Tiles Berhad, KP Keningau Berhad, Asian Pac Holdings Berhad and Tongkah Holdings Berhad.

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**6. INFORMATION ON SHAREHOLDERS/DIRECTORS/KEYMANAGEMENT (Cont'd)**

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**Dato' Cheong Siew Kai**, aged 63, was appointed as an Independent Director of LBB on 20 November 2001. He was admitted as a member of the Malaysian Institute of Accountants in 1993. In 1992 he became a member of the Malaysian Institute of Taxation and obtained his Fellowship in October 1997. He became a member of the Malaysian Association of Company Secretaries in September 1996. He was also admitted as a member of the British Institute of Management in January 1980 and became a Fellow in 1995. He obtained a Diploma in Accountancy from the Australian National Institute of Accountants in 1961. He obtained his training as an Accountant when he articulated for Messrs K K San, Liew & Hew, an accounting firm, prior to joining Euco Sdn Bhd as Group Accountant in 1961. He left in 1964 to start his own private accounting, secretarial and income tax consulting practice, Cheong Siew Kai & Co. Sdn Bhd. He is also a director in several private limited companies.

**Huang Yan Teo**, aged 54, was appointed as an Independent Director of LBB on 20 November 2001. In 1975, he became a member of Association of Chartered Certified Accountants (UK) and obtained his Fellowship in 1980. He has also been a member of the Malaysian Institute of Accountants since 1975 and an Associate member of the Malaysian Institute of Taxation since 1992. He started his career in 1966 with Coopers & Lybrand, Kuala Lumpur as an Audit Assistant. His last held position was Audit Senior when he left in 1974 to join Low Nam Hui & Sons Sdn Bhd as Group Financial Controller. In 1981, he left to start up his own accounting practice, Huang Yan Teo & Co., where he is currently the Managing Partner. He holds directorships in Pelangi Berhad and Selaco Aluminium Berhad.

**Tan Poay Teik**, aged 43, was appointed as an Independent Director of LBB on 20 November 2001. He started his career in 1981 with Top Commerce (M) Sdn Bhd, a subsidiary of a Japanese trading house, Toshioku Ltd as a Sales Executive. His last held position was Sales and Marketing Manager when he left in 1985. Between 1986 and 1999, he was a promoter for Ampang Tasty Ice Cream Manufacturing Sdn Bhd. He was also a promoter for Perusahaan Aiskrim Pelangi Sdn Bhd, a soft drink manufacturer between 1988 and 1998. Between 1996 and November 2000, he was a director and shareholder of Tasty Import and Export Trading Sdn Bhd, which is principally involved in exporting chocolates, snacks and confectionery to the Middle East and Europe. He has also been the Executive Director of Malaysia Hotel since 1991. He holds directorships in several private limited companies.

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## 6. INFORMATION ON SHAREHOLDERS/DIRECTORS/KEYMANAGEMENT (*Cont'd*)

### 6.2.3 Directorships and Major Shareholding in All Other Public Corporation for the Past 2 Years

Save as disclosed below, none of the director has any directorships or major shareholdings in all other public corporation for the past 2 years:

Director	Name of Company	<-----Major Shareholding----->				<-----Directorship----->		Principal Activities
		Direct	%	Indirect	%	Appointed	Resigned	
Dato' Mohamed Salleh Bin Bajuri	Seacera Tiles Bhd	-	-	-	-	28.03.00	-	Tiles manufacturer
	KP Keningau Bhd	-	-	-	-	31.03.00	-	Logging, timber processing and trading, property development, heavy machine reconditioning and integrated agriculture and aquaculture activities
	CRSC Holdings Bhd	2,507,400	15.0	2,508,000 <sup>(1)</sup>	15.0	30.12.95	-	Hotel, property and hospital operations
	Asian Pac Holdings Bhd	-	-	-	-	27.03.01	-	Property and Finance
	Tongkah Holdings Bhd	-	-	-	-	29.06.01	-	Investment holding
Dato' Liew Kuek Hin	Far East Plywood Berhad	1	-	992,236 <sup>(2)</sup>	20.0	20.02.70	01.12.00	Dormant
	Perdana Properties Bhd	-	-	21,900,000 <sup>(2)</sup>	20.0	20.11.76	-	Property owner
Huang Yan Teo	Selaco Aluminium Berhad	10,000	0.18	-	-	04.06.98	-	Aluminium and Construction
	Pelangi Berhad	-	-	-	-	06.06.01	-	Housing Developer

Notes:

(1) Deemed interested by virtue of his substantial shareholdings in PAMS Holdings Sdn Bhd.

(2) Deemed interested by virtue of his substantial shareholdings in Low Nam Hui & Sons Sdn Bhd.

### 6.2.4 Directors' Remuneration and Benefits

For financial year ended 30 June 2001, a total of RM282,559 was paid to the Directors of LBB for services rendered to the Company. For financial year ending 30 June 2002, the amount payable to the Directors for services rendered to the Company is estimated to be RM477,000.

## 6. INFORMATION ON SHAREHOLDERS/DIRECTORS/KEYMANAGEMENT (*Cont'd*)

### 6.3 Audit Committee

Name	Responsibility	Directorship
Dato' Cheong Siew Kai	Chairman	Independent Non-Executive Director
Tan Poay Teik	Member	Independent Non-Executive Director
Liew Yew Chung	Member	Managing Director/ Chief Executive Director

### 6.4 Senior Management

#### 6.4.1 Profile of the Senior Management

**Wah Keng Sen**, aged 31, is the General Manager, Operations Division of LBB. He graduated in 1993 from the Federal Institution of Technology, Kuala Lumpur with a Diploma in Mechanical Engineering. He joined the Company in 1994 after he graduated as Assistant Manager. He was promoted to his present position in 2001. Currently, he is responsible for all the day-to-day production operations of the manufacturing plants and supervision of inventory control and maintenance.

**Ahmad Faizal Bin Dato' Jaafar**, aged 34, is the General Manager, Corporate Division of LBB. He graduated from the Chartered Institute of Marketing, United Kingdom in 1992 with a Diploma in Marketing. He then started his career in 1992 as a Public Affairs Manager in Berjaya Group Berhad. In 1999, he left Berjaya Group Berhad and joined Daya Plastic Packaging Industries Sdn Bhd. In mid-2001, he joined LBB and he is currently responsible for project management and corporate planning which involve identifying projects and business prospects for LBB.

**Lim Heng Min**, aged 32, is the Assistant Factory Manager of LBB. He obtained his Post Graduate Diploma in Business Administration from Maju Commercial Institute, Johor Bahru in 1996. He was admitted as a member of Society of Business Practitioners, United Kingdom in 1993. He started his career in 1992 when he joined Red Box (M) Berhad as Supervisor. His last held position was Senior Supervisor when he left in 1996 to join Apollo Food Holdings Berhad as Production Superintendent. He was subsequently promoted to Assistant Production Manager before he left to join the Company in 1998. Currently, he is responsible for overall plant operations, manpower planning and the implementation of ISO 9002.

**Loh Chan Keow**, aged 46, is the Sales Manager of the Company. He has more than 20 years' sales and marketing experience in the confectionery and snack food industry. He started his career as Sales Executive with Cocol Enterprise (M) Sdn Bhd, a subsidiary of Khee San Berhad in 1980. During his 5-year tenure with the company, he was involved with the marketing of the company's confectionery products. In 1986, he left to join Pacific World Sdn Bhd as Marketing Development and Sales Executive where he was principally responsible for the sales and marketing of the company's potato chips and chocolate products. He was actively involved with the launching of the company's 'Jack 'n Jill' brand in the local market. In 1996, after 10 years with the company, he left to join LBB. Currently, he is responsible for the overall marketing, sales and distribution and promotion activities of the Company throughout Malaysia. He has close working relationships with the Company's distributors and wholesalers.

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**6. INFORMATION ON SHAREHOLDERS/DIRECTORS/KEYMANAGEMENT** (*Cont'd*)

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**Khairul Anwar Bin Khalil @ Bahari**, aged 36, is the Process Control Manager of LBB. He graduated with a Bachelor of Science degree in Urban Studies with a minor in Environmental Science from University of Wisconsin, Green Bay, the United States of America in August 1987. He started working in February 1989 as an Assistant Manager in Cathay Organisation (M) Sdn Bhd and was promoted to a managerial post in 1991. After 11 years in Cathay Organisation (M) Sdn Bhd, he left to join Mega Pavilion Sdn Bhd as Senior Manager in April 2000. Subsequently, he joined Roimax Business Consultants Sdn Bhd as a Business Development Manager in November 2000. He joined LBB in August 2001. His responsibilities include managing raw materials internal supply and delivery, material planning, stock inventory, warehousing and submission of daily production reports to the management and executive director.

**Wong Soo Len**, aged 30, is the Accounts Manager of LBB. She joined the Company since 25 June 1996 as an Accounts Officer. She obtained a Diploma in Accounting of the London Chamber of Commerce and Industry, United Kingdom in 1991. She was promoted to her present position in 2000. Currently she is responsible for the setting up of the Company's computer system and overall management of the Company's accounts and financial matters. Prior to joining LBB, she was with Hantong Metal Component Sdn Bhd, Johor Bahru, a metal stamping manufacturing company as an Accounts Assistant in 1992 and promoted to Accounts Officer in 1995 before she left the company in 1996.

**Zahari Bin Abdullah**, aged 35, is the Assistant Production Manager of LBB. He graduated with an Advanced Diploma in Electrical Engineering from Niihama National College of Technology Ehime, Japan in 1990. In 1998, he obtained a Diploma in Natural Science from International Students Institute in Tokyo. His career started in 1991 when he joined Mashushita Television Sdn Bhd in Shah Alam as a Maintenance Executive. Subsequently, in 1994, he left to join Hasu Industrials Sdn Bhd in Kuala Terengganu as a Production Planning and Control Executive. He joined LBB in June 2000 as a Production Executive and was promoted to Assistant Production Manager in October 2000. He is responsible for the production activities, to ensure timely delivery of products to customers and products quality is well maintained.

**Khairul Anuar Bin Sackani**, aged 30, is the Assistant Quality Assurance and Quality Control Manager of LBB. He was graduated from University Putra Malaysia with a Bachelor of Food Science and Technology degree. His career started in 1994 when he joined Song Cheng Food Industries Sdn Bhd as trainee. Subsequently, in 1996, he left to join LBB as a Quality Control Officer. He was promoted to his present position in 1999 and is responsible for planning and supervision of daily quality control standards in the production processes. Currently, he is also responsible for the implementation of HACCP/ISO 9002.

**Zaiton Bte Husin**, aged 28, is the Human Resources and Administration Assistant Manager. She graduated with a Diploma in Human Resources Management and Industrial Relation and a Diploma in Sales and Marketing Management from Cambridge College in 1997 and 1998 respectively. Her career started in 1991 when she joined Far East Levingston Ltd, Singapore as Procurement Executive. Subsequently, she joined New Century Ltd, Singapore in 1998 as Cost Controller. In 2001, she joined LBB and is responsible for human resource matters and ensuring compliance with ISO 9002 guidelines.

**Alicia Tang Li Seng**, aged 24, is the Assistant Purchasing Manager of LBB. She graduated in 1997 from Rima College, Johor Bahru with a Diploma in Private Secretarialship. She is also a Member of the Malaysian Institute of Purchasing & Material Management. She joined the company in 1999, as a purchasing coordinator. She was promoted to this present position in 2001. Currently, she is responsible for purchase of all raw materials and the implementation of ISO 9002 and IIACCP.

## 6. INFORMATION ON SHAREHOLDERS/DIRECTORS/KEYMANAGEMENT (Cont'd)

**Koh Lee Hua**, aged 33, is the Sales & Forwarding Assistant Manager of LBB. She joined the Company on 1<sup>st</sup> January 1996 as a sales clerk and was promoted to sales coordinator in 2000. She was promoted to her present position in 2001. Currently, she is responsible for all logistics arrangements.

### 6.4.2 Shareholdings of the Senior Management

Name	Nationality	No. of LBB Ordinary Shares Held After Public Issue And Placement			
		<-----Direct----->		<-----Indirect----->	
		No. of Shares	%	No. of Shares	%
Wah Keng Sen	Malaysian	30,000 <sup>(1)</sup>	0.075	-	-
Ahmad Faizal Bin Dato' Jaafar	Malaysian	-	-	-	-
Lim Heng Min	Malaysian	30,000 <sup>(1)</sup>	0.075	-	-
Loh Chan Keow	Malaysian	30,000 <sup>(1)</sup>	0.075	-	-
Khairul Anwar Bin Khalil @ Bahari	Malaysian	15,000 <sup>(1)</sup>	0.038	-	-
Wong Soo Len	Malaysian	30,000 <sup>(1)</sup>	0.075	-	-
Zahari Bin Abdullah	Malaysian	15,000 <sup>(1)</sup>	0.038	-	-
Khairul Anuar Bin Sackani	Malaysian	15,000 <sup>(1)</sup>	0.038	-	-
Zaiton Bte Husin	Malaysian	15,000 <sup>(1)</sup>	0.038	-	-
Alicia Tang Li Seng	Malaysian	15,000 <sup>(1)</sup>	0.038	-	-
Koh Lee Hua	Malaysian	15,000 <sup>(1)</sup>	0.038	-	-

Note: (1) Based on their respective allocation under the employee shares allocation

### 6.5 Declaration from the Directors and Senior Management

No Director, senior executive officer or person nominated to become a director or senior executive officer is or has been involved in any of the following events:-

- a petition under any bankruptcy or insolvency laws filed against such person or any partnership in which he was or is a partner or any corporation of which he was or is a director or senior executive officer;
- a conviction in a criminal proceeding or is a named subject of a pending criminal proceeding; or
- being the subject of any order, judgement or ruling of any court, tribunal or government body of competent jurisdiction permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

### 6.6 Relationship between Major Shareholders, Promoters, Directors and Senior Management

Save as disclosed below, none of the major shareholders, promoters, Directors and senior management of the Group are related to each other:-

Dato' Liew Kuek Hin and Datin Lim Yook Lan are the parents of Liew Yew Chung, Liew Yew Cheng, Liew Yet Mei and Liew Yet Lee.

**6. INFORMATION ON SHAREHOLDERS/DIRECTORS/KEYMANAGEMENT (Cont'd)****6.7 Service Contracts**

Save as disclosed below, none of the Directors or key management personnel of the Company has any existing or proposed service contracts with the Company which are not terminable by notice without payment of compensation:-

No	Date of Agreement	Parties	Effective Date
<b>Directors</b>			
1.	01.12.2000	Dato' Liew Kuek Hin	With effect from 01.12.2000
2.	01.12.2000	Liew Yew Chung	With effect from 01.12.2000
<b>Key Management</b>			
1.	01.09.2001	Wah Keng Sen	With effect from 01.09.2001
2.	01.07.2001	Ahmad Faizal Bin Dato' Jaafar	With effect from 01.07.2001
3.	01.09.2001	Lim Heng Min	With effect from 01.09.2001
4.	01.08.1995	Loh Chan Keow	With effect from 01.10.1995
5.	01.08.2001	Khairul Anwar Bin Khalil @ Bahari	With effect from 01.08.2001
6.	01.09.2001	Wong Soo Len	With effect from 01.09.2001
7.	28.11.2000	Zahari Bin Abdullah	With effect from 01.12.2000
8.	01.09.2001	Khairul Anuar Sackani	With effect from 01.09.2001
9.	01.09.2001	Zaiton Bte Husin	With effect from 01.09.2001
10.	01.09.2001	Alicia Tang Li Seng	With effect from 01.09.2001
11.	01.09.2001	Koh Lee Hua	With Effect from 01.09.2001

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## 7. APPROVALS, MORATORIUM AND CONDITIONS

### 7.1 Approvals

The FIC, MITI and the SC approved the Proposals on 19 February 2001, 17 May 2001, 8 May 2001 and 7 December 2001 respectively. The conditions imposed by all the authorities and the status of compliance are set out as follows:-

	Date of Approval	Details of Conditions Imposed	Status of Compliance
<b>FIC</b>	19 February 2001	<ol style="list-style-type: none"> <li>LBB to obtain the approval of the MITI</li> <li>LBB to allocate 50% of the proposed placement to be placed with Bumiputera placee(s)</li> </ol>	<p>LBB obtained the approval of MITI on 17 May 2001.</p> <p>LBB has allocated 50% of the Placement Shares amounting to 400,000 shares to a Bumiputera investor who was approved by MITI on 21 August 2001.</p>
<b>MITI</b>	17 May 2001	<ol style="list-style-type: none"> <li>The allocation of 4,478,000 Issue Shares to Bumiputera shall be determined by MITI separately after obtaining the approval of the SC</li> <li>LBB to obtain the approval of the SC and FIC</li> </ol>	<p>The approval of MITI was obtained on 1 October 2001 for the allocation of the 4,478,000 Issue Shares to Bumiputera investors.</p> <p>LBB obtained the approvals of the SC and FIC on 8 May 2001 and 19 February 2001 respectively.</p>
<b>SC</b>	8 May 2001	<ol style="list-style-type: none"> <li>Aseambankers/ LBB to inform the SC the final/actual issue/placement price and any changes to the utilisation of proceeds from the proposed floatation of LBB</li> <li>LBB to rectify building structures which have not been certified, in relation to landed properties H.S.(D) 191719 (PTD91908); H.S.(D) 191720 (PTD91909); H.S.(D) 191403 (PTD 89457); H.S.(D) 191404 (PTD89458) and H.S.(D) 237253 to H.S.(D) 237256 (PTD 115209 to PTD 115212) before the issuance of prospectus</li> </ol>	<p>Aseambankers on behalf of LBB has informed the SC on 26 November 2001.</p> <p>LBB had obtained the approval of the SC on 7 December 2001 for the following:</p> <p>(i) Six (6) months extension of time from 5 December 2001 (the date of the letters of undertaking from LBB and the Board of Directors of LBB) to seek the requisite approval and certification from the Majlis Perbandaran Johor Bahru Tengah ("MPJBT") on the extension /renovation done on H.S.(D) 191719 (PTD91908) and H.S.(D) 191720 (PTD91909); and H.S.(D) 191403 (PTD89457) and H.S.(D) 191404 (PTD89458)</p>

7. APPROVALS, MORATORIUM AND CONDITIONS (*Cont'd*)

	Date of Approval	Details of Conditions Imposed	Status of Compliance
		<p>(ii) Six (6) months extension of time upon completion of the extension/renovation done on H.S.(D) 237255 (PTD115211) and H.S.(D) 237256 (PTD115212) and before 30 June 2002 to seek the requisite approval and certification of MPJBT.</p> <p>In addition, SC had approved for LBB to issue its prospectus prior to the fulfillment of the condition in relation to the said properties subject to the conditions imposed by the SC on the approvals granted on 7 December 2001 as disclosed in Section 7.2.</p> <p>H.S.(D) 237253 (PTD 115209) to H.S.(D) 237254 (PTD 115210) - Landed properties were not renovated.</p> <p>3. In regard to landed property H.S.(D) 22041 (MLO 2485), LBB to ensure that the registered ownership of the said landed property is transferred to LBB in accordance to the sale and purchase agreement dated 16 July 1999, before the issuance of prospectus to the public</p> <p>4. In regard to landed properties H.S.(D) 237253 to H.S.(D) 237256 (PTD 115209 to PTD 115212), LBB to ensure that the registered ownership of the said landed properties is transferred to LBB in accordance to the sale and purchase agreement dated 17 May 2000 and 26 November 1999, before the issuance of prospectus to the public</p> <p>5. Moratorium is to be imposed on 18,000,000 ordinary shares of LBB held by the major shareholder and promoter of LBB, representing 45% of the enlarged issued and paid-up share capital of LBB, where they are not allowed to sell, transfer or assign their shares for a period of one (1) year from the date of listing of LBB on the KLSE, and thereafter, is only allowed to</p>	<p>The registered ownership of said property was transferred to LBB on 25 June 2001.</p> <p>The registered ownership of said properties were transferred to LBB on the respective dates:</p> <p>i) H.S.(D) 237253 was transferred on 27 June 2000</p> <p>ii) H.S.(D) 237254 was transferred on 24 February 2000</p> <p>iii) H.S.(D) 237255 was transferred on 24 February 2000</p> <p>iv) H.S.(D) 237256 was transferred on 27 January 2000</p> <p>Undertaking letters from MSB and its shareholders dated 15 December 2000 and 28 November 2001 respectively agreeing to place their respective shares under moratorium have been obtained.</p>

7. APPROVALS, MORATORIUM AND CONDITIONS (*Cont'd*)

	Date of Approval	Details of Conditions Imposed	Status of Compliance
		<p>sell, transfer or assign up to a maximum of one third (1/3) per annum of their respective shareholdings in every subsequent year. The moratorium on sale of shares held by MSB is also imposed on the ultimate shareholders of MSB, namely Dato' Liew Kuek Hin, Datin Lim Yook Lan, Liew Yew Chung, Liew Yew Cheng, Liew Yet Mei and Liew Yet Lee, In this regard, all these shareholders of MSB are required to give a written undertaking that they will not sell, transfer or assign their shares in MSB within the moratorium period</p> <p>6. LBB to obtain approval from the MITI and other relevant parties and to comply all terms and conditions imposed to the approvals</p> <p>7. Aseambankers/ LBB to fully comply with all requirements stipulated in the SC' Policies and Guidelines on Issue/Offer of Securities</p> <p>8. The conditions to be complied for the utilisation of proceeds are as follows:-</p> <p>(i) SC's approval must be obtained for any changes to the original utilisation of proceeds if the utilisation involves any utilisation other than for the core business of LBB;</p> <p>(ii) The approval of shareholders must be obtained for any changes of 25% or above for the said utilisation of proceeds. If the change is less than 25%, the appropriate disclosure must be made to the shareholders of LBB;</p> <p>(iii) Any extension of time from the timing determined by LBB for the utilisation of proceeds must be approved by a final resolution of the Board of Directors of LBB and full disclosure must be made to the KLSE; and</p> <p>(iv) The appropriate disclosure on the status of the proceeds must be made on the annual reports and the quarterly reports of LBB until the utilisation is completed.</p>	<p>LBB obtained the approvals of MITI and FIC on 17 May 2001 and 19 February 2001 respectively. All terms and conditions imposed to the approvals have been complied.</p> <p>To be complied.</p> <p>Will be complied by LBB.</p>

## 7. APPROVALS, MORATORIUM AND CONDITIONS (*Cont'd*)

### 7.2 SC's Approval On Extension Of Time

On 13 November 2001, LBB made an application to the SC seeking its approval for six (6) months extension of time to seek the requisite approval and certification from the Majlis Perbandaran Johor Bahru Tengah ("MPJBT") on the extension /renovation done on H.S.(D) 191719 (PTD91908) and H.S.(D) 191720 (PTD91909); and H.S.(D) 191403 (PTD89457) and H.S.(D) 191404 (PTD89458); and upon completion of the extension/ renovation done on H.S.(D) 237255 (PTD115211) and H.S.(D) 237256 (PTD115212), failing which LBB undertakes to rectify the said building structures. In addition, LBB also sought SC's approval to allow the issuance of LBB's prospectus with its aforementioned undertaking prior to the fulfilment of SC's conditions on the said properties.

The SC's approval was received on 7 December 2001. The conditions imposed by the SC and the status of the compliance are set out as follows:

Details of Conditions Imposed	Status of Compliance
1. The approval for the extension of time for the abovesaid properties is subject to LBB immediately rectifying the building structures in the event that the Company does not receive the approval and certification from MPJBT upon expiry of the extension of time.	To be complied
2. LBB to fully disclose the following in the prospectus: <ul style="list-style-type: none"> <li>(a) The SC's approval for the extension of time to seek the requisite approval and certification from MPJBT on the extension/renovation done or to be completed on H.S.(D) 191719 (PTD 91908); H.S.(D) 191720 (PTD 91909); H.S.(D) 191403 (PTD 89457); H.S.(D) 191404 (PTD 89458); H.S.(D) 237255 and H.S.(D) 236256 (PTD 115211 and PTD 115212);</li> <li>(b) The undertakings given by LBB and the Board of Directors of LBB that the Company will rectify the building structures on H.S.(D) 191719 (PTD 91908); H.S.(D) 191720 (PTD 91909); H.S.(D) 191403 (PTD 89457); H.S.(D) 191404 (PTD 89458); H.S.(D) 237255 and H.S.(D) 236256 (PTD 115211 and PTD 115212), in the event that the Company does not receive the approval and certification from MPJBT within the specified six (6) months extension of time as disclosed in Section 7.1;</li> <li>(c) Confirmation from LBB and the Board of Directors of LBB that any rectification work that needs to be done on the abovesaid properties will not jeopardise the day-to-day operations of the Company;</li> <li>(d) An amount of RM1 million from the Company's internally generated funds has been allocated to rectify the said building structures, if needed.</li> </ul>	As disclosed herein.  Undertaking letters from LBB and the Board of Directors dated 5 December 2001 were furnished to the SC.  Confirmation letters from LBB and the Board of Directors dated 5 December 2001 were furnished to the SC.  As disclosed herein.
3. Aseambankers/LBB must furnish a monthly status progress report on the application to seek the requisite approval and certification from MPJBT on the extension/renovation done or to be completed on H.S.(D) 191719 (PTD 91908); H.S.(D) 191720 (PTD 91909); H.S.(D) 191403 (PTD 89457); H.S.(D) 191404 (PTD 89458); H.S.(D) 237255 and H.S.(D) 236256 (PTD 115211 and PTD 115212).	To be complied.

## 7. APPROVALS, MORATORIUM AND CONDITIONS *(Cont'd)*

### 7.3 Moratorium On Sale of Shares

It is a condition of the SC, in approving the floatation of LBB on the Second Board of the KLSE that the major shareholder and promoter of LBB is not allowed to sell, transfer or assign its shares in LBB amounting to 45% of the enlarged issued and paid-up share capital of LBB for a period of one (1) year from the date of admission of LBB to the Second Board of the KLSE. Thereafter, it is permitted to sell, transfer or assign its shares in LBB subject to a maximum of a third per annum on a straight line basis of its shareholdings in LBB.

The restriction, which is fully accepted by the major shareholder and promoter, is specifically endorsed on the notices of allotment and share certificates representing the shareholding of the major shareholder and promoter, which are under moratorium to ensure that trading of these shares, are not allowed in compliance with the restriction imposed by the SC.

The moratorium on sale of shares by the major shareholder and promoter is as follows:-

Shareholder	Shareholding After The Public Issue And Placement		Shares Placed Under Moratorium	
	No. Of Ordinary Shares Held	% of the issued and paid-up share capital	No. Of Ordinary Shares Held	% of the issued and paid-up share capital
MSB	20,500,000	51.25	18,000,000	45.00
	20,500,000	51.25	18,000,000	45.00

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## **8. RELATED-PARTY TRANSACTIONS/CONFLICT OF INTEREST**

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### **8.1 Related-party Transactions**

None of the Directors, major shareholders and /or persons connected with them (as defined under Section 122A of the Companies Act, 1965) are engaged in any existing and potential related-party transactions and there is no conflict of interest in relation to LBB and its related-parties. Related party transactions which may or may not result in conflicts of interest are transactions entered into by LBB which involve the interest, direct or indirect, of a related party.

Save as disclosed in Section 6.7, LBB has not entered into any transactions with its key management or key technical personnel.

### **8.2 Declaration by the Advisers**

Save as disclosed below, Aseambankers, acting in the capacity of Adviser to LBB is of the opinion that there are no circumstances which would constitute a conflict of interest for LBB's Public Issue and Placement.

- (a) LBB has hire-purchase facilities with Aseambankers' subsidiary, Aseam Credit Sdn Bhd of which as at 15 November 2001, the total amount outstanding is RM4.70 million; and
- (b) LBB has overdraft, term loan, short term revolving credit, bankers acceptance, bank guarantee and trade line facilities with Malayan Banking Berhad, Aseambankers' holding company for a total outstanding amount of RM10.62 million as at 15 November 2001.

Messrs Lee Choon Wan & Co has given its confirmation that there is no conflict of interest in its capacity as the Solicitors for the Public Issue and Placement.

Messrs. Wong Weng Foo & Co., have given their confirmation that there is no conflict of interest in their capacity as Reporting Accountants in relation to the Public Issue and Placement.

Messrs. Colliers, Jordan Lee & Jaafar Sdn Bhd has given its confirmation that there is no conflict of interest in its capacity as the Valuers in relation to the Public Issue and Placement.

Vital Factor Consulting Sdn Bhd has given its confirmation that there are no existing or potential conflicts of interest in its capacity as the Independent Business and Industry Consultant in relation to the Public Issue and Placement.

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Company No: (72057-H)

## 9. LANDED PROPERTIES

### 9.1 Landed Properties

Location	Existing Use and Built-up Area	Land Area and Tenure	Name and registered owner	Approximate age of the buildings	(A)	Market Value as Appraised by Valuer RM'000	Date of valuation	(B)	(B)-(A)
					Net Book Value/Cost @ 30 June 2000 RM'000			Market Value as Approved by SC RM'000	Revaluation Surplus RM'000
H.S.(D) No. 191719 PTD No. 91908 and H.S.(D) No. 191720 PTD No. 91909 Mukim of Pelentung District of Johor Bahru, State of Johor	Industrial land with office and factory building for manufacturing of corn extruded products  1,512.83 sq m	2,378.32 sq. m Freehold	London Biscuits Sdn Bhd	6 years	1,573	3,200	01.11.00	2,300	727
H.S.(D) No. 191403 PTD No. 89457 and H.S.(D) No. 191404 PTD No. 89458, Mukim of Pelentung District of Johor Bahru State of Johor	Industrial land with office and factory building for warehouse and manufacture of bakery products  1,165.52 sq m	1,401.26 sq. m Freehold	London Biscuits Sdn Bhd	6 years	1,222	1,800	01.11.00	1,300	78
H.S.(D) No. 237253 PTD No. 115209 and H.S.(D) No 237254 PTD No. 115210 and H.S.(D) No. 237255 PTD No. 115211 and H.S.(D) No. 237256 PTD No. 115212 Mukim of Plentong District of Johor Bahru State of Johor	Industrial land with office and factory building for warehouse and manufacturing of bakery product  3,456 sq m	5,351.21 sq. m Freehold	London Biscuits Sdn Bhd	2 years	5,767	6,600	01.11.00	6,600	833
H.S.(D) No. 22041 Lot MLO 2485 Mukim of Plentong District of Johor Bahru State of Johor	Double storey semi-detached house for investment	371.61 sq.m Freehold	London Biscuits Sdn Bhd	13 years	530	600	01.11.00	450	(80)
Unit No. B-06-09 Megan Phileo Avenue 12 Jalan Yap Kwan Seng 50450 Kuala Lumpur *	Office lot for investment	222.32 sq. m Freehold	**	5 years	756	600	01.11.00	600	(156)
<b>TOTAL</b>					<b>9,848</b>	<b>12,800</b>		<b>11,250</b>	<b>1,402</b>

\* Held under Geran 25957 Lot 138 (formerly H.S.(D) 75549) and Geran 26594 Lot 88 (formerly Geran 1650), both in Seksyen 44, Bandar Kuala Lumpur, Wilayah Persekutuan.

\*\* Pursuant to the Sale and Purchase Agreement dated 31 July 1995, upon the issuance of a separate issue document of title to the said unit, the said property will be registered in the name of LBB

**9. LANDED PROPERTIES** (*Cont'd*)

**9.2 Acquisition of Landed Properties During the Past Two (2) Years**

<b>Description</b>	<b>Date of Agreement</b>	<b>Purchase Price</b>
Semi-detached factory situated on land held under HS(D) 237255 PTD 115211 Mukim Plentong, Johor Bahru	18 December 1999	RM1,390,000
Semi-detached factory situated on land held under HS(D) 237254 PTD 115210 Mukim Plentong, Johor Bahru	18 December 1999	RM1,390,000
Semi-detached factory situated on land held under HS(D) 237253 PTD 115209 Mukim Plentong, Johor Bahru	17 May 2000	RM1,390,000

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