

## RESPONSIBILITY STATEMENTS

THIS PROSPECTUS HAS BEEN SEEN AND APPROVED BY THE DIRECTORS, PROMOTERS OF PIN-WEE GROUP BHD. ("PIN-WEE" OR "THE COMPANY") AND THE OFFERORS 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 STATEMENT OR OTHER FACTS THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT IN THIS PROSPECTUS FALSE AND/OR MISLEADING.

ASEAMBANKERS MALAYSIA BERHAD ("ASEAMBANKERS"), 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 AND OFFER FOR SALE AND IS SATISFIED THAT THE CONSOLIDATED PROFIT ESTIMATE AND FORECAST FOR THE FINANCIAL YEARS ENDED/ENDING 31 DECEMBER 2001 AND 2002 RESPECTIVELY (FOR WHICH THE DIRECTORS OF THE COMPANY 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 DULY REVIEWED BY MESSRS. JB LAU & ASSOCIATES, THE REPORTING ACCOUNTANTS.

## STATEMENTS OF DISCLAIMER

THE SECURITIES COMMISSION ("SC") HAS APPROVED THE PUBLIC ISSUE AND OFFER FOR SALE AND THE APPROVAL SHALL NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE PUBLIC ISSUE OF 8,131,000 NEW ORDINARY SHARES OF RM1.00 EACH IN PIN-WEE AND THE OFFER FOR SALE OF 3,700,000 ORDINARY SHARES OF RM1.00 EACH AT AN ISSUE/OFFER PRICE OF RM1.30 PER ORDINARY SHARE. THE SC SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF PIN-WEE AND ASSUMES NO RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENTS MADE OR OPINION OR REPORTS EXPRESSED IN THIS PROSPECTUS. **INVESTORS ARE ADVISED TO MAKE THEIR OWN INDEPENDENT ASSESSMENT ON PIN-WEE AND SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT.**

THE VALUATION APPROVED OR ACCEPTED BY THE SC SHALL ONLY BE UTILISED FOR THE PURPOSE OF THE CORPORATE PROPOSALS SUBMITTED TO AND APPROVED BY THE SC, AND SHALL NOT BE CONSTRUED AS AN ENDORSEMENT BY THE SC ON THE VALUE OF THE SUBJECT ASSETS FOR ANY OTHER PURPOSES.

THE KUALA LUMPUR STOCK EXCHANGE ASSUMES NO RESPONSIBILITY FOR THE CORRECTNESS OF ANY OF THE 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 PIN-WEE OR OF ITS ORDINARY SHARES.

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

Company No.: 420049-H

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**INDICATIVE TIMETABLE**

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| <b>Special Events</b>    | <b>Date</b>     |
|--------------------------|-----------------|
| Opening Date             | : 23 April 2002 |
| Closing Date             | : 7 May 2002    |
| Tentative Balloting Date | : 14 May 2002   |
| Tentative Allotment Date | : 28 May 2002   |
| Tentative Listing Date   | : 3 June 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:

|                             |   |  |
|-----------------------------|---|--|
| Act                         | : | Companies Act, 1965  |
| ADA Code                    | : | ADA (Broker) Code  |
| ADA                         | : | Authorised Depository Agent  |
| Aseambankers                | : | Aseambankers Malaysia Berhad (15938-H)   |
| Acquisitions                | : | Acquisitions of PW Feedmills and PW Farming, collectively  |
| Acquisition of PW Feedmills | : | Acquisition by Pin-Wee of the entire issued and paid-up share capital of PW Feedmills comprising 2,445,882 ordinary shares of RM1.00 each for a purchase consideration of RM31,042,201 to be satisfied by the issuance of 25,412,829 new ordinary shares of RM1.00 each in Pin-Wee at approximately RM1.22 per share |
| Acquisition of PW Farming   | : | Acquisition by Pin-Wee of the entire issued and paid-up share capital of PW Farming comprising 815,290 ordinary shares of RM1.00 each for a purchase consideration of RM13,175,025 to be satisfied by the issuance of 10,785,790 new ordinary shares of RM1.00 each in Pin-Wee at approximately RM1.22 per share     |
| ATM                         | : | Automated Teller Machine   |
| CDS                         | : | Central Depository System  |
| CCM                         | : | Companies Commission of Malaysia ( <i>formerly known as Registrar of Companies, Malaysia</i> )   |
| EBIDTA                      | : | Earnings before interests, depreciation, taxation and amortisation   |
| EPS                         | : | Earnings per share   |
| FIC                         | : | Foreign Investment Committee   |
| FY                          | : | Financial year   |
| KLSE or the Exchange        | : | Kuala Lumpur Stock Exchange (30632-P)  |
| Listing Scheme              | : | Acquisitions of PW Feedmills and PW Farming by Pin-Wee, Rights Issue, Public Issue and Offer for Sale, collectively  |
| MCD                         | : | Malaysian Central Depository Sdn. Bhd. (165570-W), a subsidiary of KLSE  |
| MI                          | : | Minority Interest  |
| MITI                        | : | Ministry of International Trade and Industry   |
| MIDF                        | : | MIDF Consultancy and Corporate Services Sdn. Bhd. (11324-H)  |
| NTA/NTL                     | : | Net tangible assets/ Net tangible liabilities  |
| Offerors                    | : | Mr. Siah Gim Eng, Madam Law Hooi Lean and TCC, collectively  |

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**DEFINITIONS (Cont'd)**


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| Offer for Sale             | :  | Offer for sale by the Offerors of the Offer Shares, representing approximately 7.59% of the enlarged issued and paid-up share capital of Pin-Wee, at an offer price of RM1.30 per ordinary share payable in full upon application, subject to the terms and conditions of this Prospectus  |                 |  |              |           |               |           |     |         |  |       |  |           |
|----------------------------|--|--|-----------------|--|--------------|-----------|---------------|-----------|-----|---------|--|-------|--|-----------|
| Offer Shares               | :  | The 3,700,000 ordinary shares of RM1.00 each in Pin-Wee to be offered by the Offerors pursuant to the Offer for Sale as follows:   |                 |  |              |           |               |           |     |         |  |       |  |           |
|                            |  | <table> <thead> <tr> <th style="text-align: left;"><b>Offerors</b></th> <th style="text-align: right;"><b>No of Pin-Wee Shares Offered For Sale</b></th> </tr> </thead> <tbody> <tr> <td>Siah Gim Eng</td> <td style="text-align: right;">1,613,153</td> </tr> <tr> <td>Law Hooi Lean</td> <td style="text-align: right;">1,408,437</td> </tr> <tr> <td>TCC</td> <td style="text-align: right;">678,410</td> </tr> <tr> <td></td> <td style="text-align: right;"><hr/></td> </tr> <tr> <td></td> <td style="text-align: right;">3,700,000</td> </tr> </tbody> </table> | <b>Offerors</b> | <b>No of Pin-Wee Shares Offered For Sale</b> | Siah Gim Eng | 1,613,153 | Law Hooi Lean | 1,408,437 | TCC | 678,410 |  | <hr/> |  | 3,700,000 |
| <b>Offerors</b>            | <b>No of Pin-Wee Shares Offered For Sale</b> |  |                 |  |              |           |               |           |     |         |  |       |  |           |
| Siah Gim Eng               | 1,613,153                                    |  |                 |  |              |           |               |           |     |         |  |       |  |           |
| Law Hooi Lean              | 1,408,437                                    |  |                 |  |              |           |               |           |     |         |  |       |  |           |
| TCC                        | 678,410                                      |  |                 |  |              |           |               |           |     |         |  |       |  |           |
|                            | <hr/>  |  |                 |  |              |           |               |           |     |         |  |       |  |           |
|                            | 3,700,000                                    |  |                 |  |              |           |               |           |     |         |  |       |  |           |
|                            | :  |  |                 |  |              |           |               |           |     |         |  |       |  |           |
| PAT                        | :  | Profit after taxation  |                 |  |              |           |               |           |     |         |  |       |  |           |
| PBT                        | :  | Profit before taxation   |                 |  |              |           |               |           |     |         |  |       |  |           |
| PE Multiple                | :  | Price earnings multiple  |                 |  |              |           |               |           |     |         |  |       |  |           |
| Pin-Wee Group or the Group | :  | Pin-Wee and its subsidiary companies   |                 |  |              |           |               |           |     |         |  |       |  |           |
| Pin-Wee or the Company     | :  | Pin-Wee Group Bhd. (420049-H)  |                 |  |              |           |               |           |     |         |  |       |  |           |
| Pin-Wee Shares             | :  | The number of ordinary shares at RM1.00 each in the share capital of Pin-Wee   |                 |  |              |           |               |           |     |         |  |       |  |           |
| Public Issue               | :  | The public issue of 8,131,000 new ordinary shares of RM1.00 each representing approximately 16.69% of the enlarged issued and paid-up share capital of Pin-Wee at an issue price of RM1.30 per share payable in full upon application, subject to the terms and conditions of the Prospectus   |                 |  |              |           |               |           |     |         |  |       |  |           |
| Public Issue Shares        | :  | The public issue of 8,131,000 new ordinary shares of RM1.00 each in Pin-Wee being the subject of the Public Issue  |                 |  |              |           |               |           |     |         |  |       |  |           |
| PW Feedmills               | :  | Pin-Wee Feedmills Sdn. Bhd. (37629-M), a wholly owned subsidiary of Pin-Wee  |                 |  |              |           |               |           |     |         |  |       |  |           |
| PW Farming                 | :  | Pin-Wee Farming Sdn. Bhd. (149054-P), a wholly owned subsidiary of Pin-Wee   |                 |  |              |           |               |           |     |         |  |       |  |           |
| Rights Issue               | :  | The rights issue of 4,399,379 new ordinary shares of RM1.00 each representing approximately 9.03% of the enlarged issued and paid-up share capital of Pin-Wee at the issue price of RM1.00 each per ordinary share payable in full upon application  |                 |  |              |           |               |           |     |         |  |       |  |           |
| RM and sen                 | :  | Ringgit Malaysia and sen, respectively   |                 |  |              |           |               |           |     |         |  |       |  |           |

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

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|                      |   |   |
|----------------------|---|---|
| SC or the Commission | : | Securities Commission                                 |
| TCC                  | : | Tropical Consolidated Corporation Sdn. Bhd. (41983-D) |
| TSY                  | : | TSY Asset Management Sdn. Bhd. (8190-V)               |

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**PIN-WEE GROUP BHD.**  
(Company No: 420049-H)  
(Incorporated in Malaysia under the Companies Act, 1965)

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**1. CORPORATE INFORMATION**


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**BOARD OF DIRECTORS**

| <b>Name</b>                          | <b>Address</b>   | <b>Occupation</b>     | <b>Designation</b>   | <b>Nationality</b> |
|--------------------------------------|--|-----------------------|--|--------------------|
| Siah Gim Eng                         | 165, Jalan Cempaka<br>Taman Jaya<br>14000 Bukit Mertajam<br>Seberang Prai Tengah<br>Penang | Executive<br>Director | Executive<br>Chairman and<br>Managing<br>Director  | Malaysian          |
| Law Hooi Lean                        | 165, Jalan Cempaka<br>Taman Jaya<br>14000 Bukit Mertajam<br>Seberang Prai Tengah<br>Penang | Executive<br>Director | Deputy<br>Managing<br>Director   | Malaysian          |
| Chee Wai Hong                        | 101-21-05 Gambier Heights<br>Persiaran Gambier Satu<br>11700 Gelugur<br>Penang             | Accountant            | Executive<br>Director  | Malaysian          |
| Tan Seow Phor                        | 14, Danby Street<br>14000 Bukit Mertajam<br>Pulau Pinang                                   | Director              | Non-Executive<br>Director  | Malaysian          |
| Dato' Ahmad bin<br>Haji Ibnihajar    | 2408, Lengkok Sg. Gelugor 3<br>11700 Gelugor, Penang                                       | Director              | Independent<br>Non-Executive<br>Director   | Malaysian          |
| Haji Abdul Wahid<br>bin Haji Azahari | 69, Jalan Athinahapan Dua<br>Taman Tun Dr. Ismail<br>60000 Kuala Lumpur                    | Director              | Non-Executive<br>Director  | Malaysian          |
| Ong Kim Nam                          | 5 Jalan Chengai<br>11200 Tanjung Bungah<br>Penang  | Accountant            | Independent<br>Non-Executive<br>Director   | Malaysian          |
| Shamsuddin bin<br>Mohd Salleh        | C605, Sri Alam Condominium<br>Kg. Saas<br>Jalan Kelab Golf 13/1<br>40000, Shah Alam        | Director              | Independent<br>Non-Executive<br>Director   | Malaysian          |
| Shaik Taufik Hj.<br>Shaik Yusoff     | 63 Jalan BK 4/2<br>Bandar Kinrara<br>58200 Kuala Lumpur                                    | Director              | Non-Executive<br>Director<br>(Alternate<br>Director to<br>Haji Abdul<br>Wahid bin Haji<br>Azahari) | Malaysian          |



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

**AUDIT COMMITTEE**

| <b>Name</b>                | <b>Designation</b> | <b>Directorship</b>                |
|----------------------------|--------------------|------------------------------------|
| Ong Kim Nam                | Chairman           | Independent Non-Executive Director |
| Shamsuddin bin Mohd Salleh | Member             | Independent Non-Executive Director |
| Chee Wai Hong              | Member             | Executive Director                 |

**COMPANY SECRETARIES** : Ch'ng Lay Hoon  
(MAICSA No: 0818580)  
46-4-8, Jalan Besi  
Cangkat Green Lane  
11600 Penang

Tan Choong Khiang  
(MAICSA No: 7018448)  
45 Lorong Kurau 19  
13700 Chai Leng Park  
Penang

**REGISTERED OFFICE** : Suite 12-A, Level 12  
Menara Northam  
No. 55 Jalan Sultan Ahmad Shah  
10050 Penang  
Tel No: 04-228-0511 Fax No: 04-228-0518

**HEAD OFFICE** : Plot 31, Lorong Perindustrian Bukit Minyak 9  
Taman Perindustrian Bukit Minyak  
14100, Bukit Mertajam  
Seberang Perai Tengah  
Penang  
Email address: pinwee@tm.net.my  
Tel No: 04-508-1088 Fax No: 04-508-1300

**PRINCIPAL BANKERS** : Alliance Bank Berhad  
(Company No:88103-W)  
4105-4107, Jalan Bagan Luar  
12000, Butterworth  
Penang

: Bumiputra-Commerce Bank Berhad  
(Company No: 13491-P)  
2<sup>nd</sup> Floor, No 1 Jalan Todak 5  
Pusat Bandar Seberang Jaya  
13700 Seberang Jaya  
Pulau Pinang

Citibank Berhad  
(Company No:297089-M)  
Menara Citibank  
165, Jalan Ampang  
P.O. Box 10112  
50904 Kuala Lumpur

**AUDITORS AND REPORTING ACCOUNTANTS** : Messrs. JB Lau & Associates (AF0042)  
Chartered Accountants  
51-8-A, Menara BHL Bank  
Jalan Sultan Ahmad Shah  
10050 Penang

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

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- SOLICITORS FOR THE PUBLIC ISSUE AND OFFER FOR SALE** : Messrs. Salina, Lim Kim Chuan & Co.  
Advocates & Solicitors  
Corporate Division  
51-15-C2, Menara BHL  
Jalan Sultan Ahmad Shah  
10050 Penang
- TAX CONSULTANTS** : Messrs. JB Lau Tax Services Sdn Bhd  
51-8-A Menara BHL Bank  
Jalan Sultan Ahmad  
10050 Penang
- ISSUING HOUSE** : MIDF Consultancy and Corporate Services Sdn. Bhd.  
(Company No:11324-H)  
12<sup>th</sup> Floor, Bangunan MIDF  
195A Jalan Tun Razak  
50400 Kuala Lumpur
- REGISTRARS** : Malaysian Share Registration Services Sdn Bhd  
(Company No. 378993-D)  
7<sup>th</sup> Floor, Exchange Square  
Bukit Kewangan  
50200 Kuala Lumpur
- PROFESSIONAL AND INDEPENDENT REGISTERED VALUERS** : Messrs. Azami & Co  
Registered Valuer  
Lot 330, 2<sup>nd</sup> Floor  
Section 14, Wakaf Siku  
Jalan Sultan Yahya Petra  
15050 Kota Bharu
- INDEPENDENT MARKET RESEARCH CONSULTANTS** : Vital Factor Consulting Sdn. Bhd. (Company No: 266797-T)  
75C & 77C, Jalan SS22/19 Damansara Jaya  
47400 Petaling Jaya, Selangor
- ADVISER AND JOINT MANAGING UNDERWRITER** : Aseambankers Malaysia Berhad (Company No. 15938-H)  
33rd Floor, Menara Maybank  
100, Jalan Tun Perak  
50050 Kuala Lumpur
- JOINT MANAGING UNDERWRITER** : Mercury Securities Sdn Bhd (Company No. 113193-W)  
Ground, 1<sup>st</sup>, 2<sup>nd</sup> & 3<sup>rd</sup> Floor  
Wisma UMNO  
Lorong Bagan Luar Dua  
12000 Butterworth  
Seberang Prai, Pulau Pinang
- UNDERWRITERS** : Thong & Kay Hian Securities Sdn Bhd  
(Company No. 14592-P)  
Wisma Sri Pinang  
Level 5 & 6  
60, Green Hall  
10200 Pulau Pinang
- Kuala Lumpur City Securities Sdn Bhd  
(Company No. 126994-W)  
No.8, Jalan Binjai  
Off Jalan Ampang  
50450 Kuala Lumpur

Company No.: 420049-H

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

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K & N Kenanga Bhd (Company No.15678-H)  
801, 8th Floor  
Pernas International  
Jalan Sultan Ismail  
50250 Kuala Lumpur

**LISTING SOUGHT** : Second Board of the Kuala Lumpur Stock Exchange

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## 2. SUMMARY INFORMATION

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

The information set out below is derived from this Prospectus and should be read in conjunction with the full text of the Prospectus.

### 2.1 History And Business

Pin-Wee was incorporated in Malaysia under the Act on 19 February 1997 as a private limited company under the name Pin-Wee (Malaysia) Sdn. Bhd. It subsequently changed its name to Pin-Wee Group Sdn. Bhd. on 26 September 1997 and was converted to a public limited company under its present name on 18 November 1997.

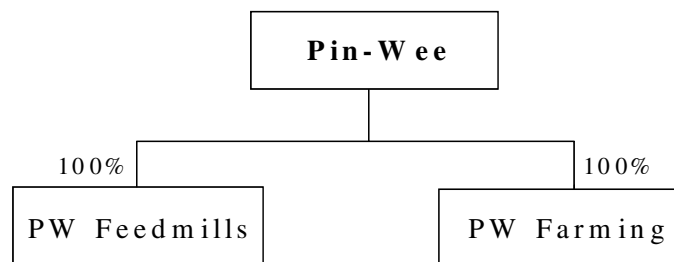
The Company is principally an investment holding company while the principal activities of its subsidiary companies are as follows:

| Subsidiary Companies | Equity Interest Held (%) | Principal Activities                       |
|----------------------|--------------------------|--|
| PW Feedmills         | 100.0                    | Manufacturing and selling of broiler feeds |
| PW Farming           | 100.0                    | Farming of broiler chicks                  |

Pin-Wee currently does not have any associated company.

Detailed information on the history and principal activities of the Pin-Wee Group is further set out in Section 5 of this Prospectus.

As at the date of this Prospectus the Pin-Wee Group structure is as follows: -



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## 2. SUMMARY INFORMATION (Cont'd)

### 2.2 Promoters, Major Shareholders, Directors, Key Management /Technical Personnel

#### Promoters

| Name          | Nationality / Designation                          | <-----After Listing Scheme-----> |       |                           |       |
|---------------|--|----------------------------------|-------|---------------------------|-------|
|               |  | Direct                           |       | Indirect                  |       |
|               |  | No. of Shares Held               | %     | No. of Shares Held        | %     |
| Siah Gim Eng  | Malaysian/Executive Chairman and Managing Director | 11,409,370                       | 23.41 | 10,380,438 <sup>(1)</sup> | 21.30 |
| Law Hooi Lean | Malaysian/Deputy Managing Director                 | 10,380,438                       | 21.30 | 11,409,370 <sup>(2)</sup> | 23.41 |

Notes:

- 1 Deemed interested by virtue of the shareholdings held by his wife, Madam Law Hooi Lean
- 2 Deemed interested by virtue of the shareholdings held by her husband, Mr Siah Gim Eng

#### Major Shareholders

| Name   | Nationality / Place of Incorporation | <-----After Listing Scheme-----> |       |                           |       |
|--|--------------------------------------|----------------------------------|-------|---------------------------|-------|
|  |                                      | Direct                           |       | Indirect                  |       |
|  |                                      | No. of Shares Held               | %     | No. of Shares Held        | %     |
| Siah Gim Eng   | Malaysian                            | 11,409,370                       | 23.41 | 10,380,438 <sup>(1)</sup> | 21.30 |
| Law Hooi Lean  | Malaysian                            | 10,380,438                       | 21.30 | 11,409,370 <sup>(2)</sup> | 23.41 |
| TCC  | Malaysia                             | 4,872,027                        | 10.00 | -                         | -     |
| Malaysian Technology Venture Two (Agriculture) Sdn. Bhd. | Malaysia                             | 4,060,019                        | 8.33  | -                         | -     |
| TSY  | Malaysia                             | -                                | -     | 4,872,027 <sup>(3)</sup>  | 10.00 |
| Bank Pertanian Malaysia                                  | Malaysia                             | -                                | -     | 4,060,019 <sup>(4)</sup>  | 8.33  |
| Perbadanan Pembangunan Pertanian Negeri Perak            | Malaysia                             | -                                | -     | 4,060,019 <sup>(4)</sup>  | 8.33  |
| Dato' Tan Ah Bah @ Tan Boon Pin                          | Malaysian                            | -                                | -     | 4,872,027 <sup>(5)</sup>  | 10.00 |

Notes:

- 1 Deemed interested by virtue of the shareholdings held by his wife, Madam Law Hooi Lean
- 2 Deemed interested by virtue of the shareholdings held by her husband, Mr Siah Gim Eng
- 3 Deemed interested by virtue of its major shareholdings in TCC
- 4 Deemed interested by virtue of their major shareholdings in Malaysian Technology Venture Two (Agriculture) Sdn. Bhd.
- 5 Deemed interested by virtue of his major shareholdings in TSY, a major shareholder in TCC and the shareholdings of his son and siblings in TCC

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

| Name   | Date of Appointment | Nationality | <-----After Listing Scheme-----> |       |                           |       |
|--|---------------------|-------------|----------------------------------|-------|---------------------------|-------|
|  |                     |             | Direct                           |       | Indirect                  |       |
|  |                     |             | No. of Shares Held               | %     | No. of Shares Held        | %     |
| Siah Gim Eng   | 12.05.2001          | Malaysian   | 11,409,370                       | 23.41 | 10,380,438 <sup>(1)</sup> | 21.30 |
| Law Hooi Lean  | 12.05.2001          | Malaysian   | 10,380,438                       | 21.30 | 11,409,370 <sup>(2)</sup> | 23.41 |
| Chee Wai Hong  | 12.05.2001          | Malaysian   | 106,003                          | 0.22  | -                         | -     |
| Tan Seow Phor <sup>(3)</sup>   | 12.05.2001          | Malaysian   | 6,000                            | 0.01  | -                         | -     |
| Dato' Ahmad bin Haji Ibnihajar <sup>(4)</sup>  | 12.05.2001          | Malaysian   | 6,000                            | 0.01  | -                         | -     |
| Haji Abdul Wahid bin Haji Azahari <sup>(5)</sup>   | 12.05.2001          | Malaysian   | 6,000                            | 0.01  | -                         | -     |
| Shaik Taufik Hj. Shaik Yusoff <sup>(5)</sup><br>(Alternate Director to<br>Haji Abdul Wahid bin Haji Azahari) | 22.03.2002          | Malaysian   | -                                | -     | -                         | -     |
| Ong Kim Nam  | 12.05.2001          | Malaysian   | 6,000                            | 0.01  | -                         | -     |
| Shamsuddin bin Mohd Salleh   | 12.05.2001          | Malaysian   | 6,000                            | 0.01  | -                         | -     |

## Notes:

- 1 Deemed interested by virtue of the shareholdings held by his wife, Madam Law Hooi Lean
- 2 Deemed interested by virtue of the shareholdings held by her husband, Mr Siah Gim Eng
- 3 Tan Seow Phor is the son of Dato' Tan Ah Bah @ Tan Boon Pin who has a major indirect interest in Pin-Wee
- 4 Corporate representative of Bumiputera and Technology Venture Capital Sdn. Bhd.
- 5 Corporate representative of Malaysian Technology Venture Two (Agriculture) Sdn. Bhd.

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**2. SUMMARY INFORMATION (Cont'd)****Key Management/Technical Personnel**

| Name                        | Designation                               | Nationality | <-----After Listing Scheme <sup>(1)</sup> -----> |      |                       |   |
|-----------------------------|---|-------------|--|------|-----------------------|---|
|                             |   |             | Direct   |      | Indirect              |   |
|                             |   |             | No. of<br>Shares Held                            | %    | No. of<br>Shares Held | % |
| Raymond Tan<br>Chwee Leng   | General Manager                           | Malaysian   | 5,000  | 0.01 | -                     | - |
| Chai Siong Nyit             | Plant Manager                             | Malaysian   | 5,000  | 0.01 | -                     | - |
| Ng Lean Hor                 | Farm Manager<br>and Control<br>Manager    | Malaysian   | 5,000  | 0.01 | -                     | - |
| Foo Siew Foon               | Human Resource<br>Manager                 | Malaysian   | 5,000  | 0.01 | -                     | - |
| Boay Goey<br>Gnoh           | Finance Manager                           | Malaysian   | 5,000  | 0.01 | -                     | - |
| Lee Ah Ying                 | Procurement<br>Manager                    | Malaysian   | 5,000  | 0.01 | -                     | - |
| Lim Ean Nee                 | Accounting<br>Manager                     | Malaysian   | 5,000  | 0.01 | -                     | - |
| Muniandy A/L<br>Govindasamy | Maintenance and<br>Engineering<br>Manager | Malaysian   | 5,000  | 0.01 | -                     | - |
| Dr. Lim Weng<br>Futt        | Veterinarian                              | Malaysian   | 3,000  | 0.01 | -                     | - |

Note:

(1) Based on their respective entitlement under the employees allocation pursuant to the Public Issue.

Detailed information on the Promoters, Major Shareholders, Directors and Management Team is set out in Sections 6.1 to 6.7 of this Prospectus respectively.

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


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**2.3 Licences**

| <b>No.</b> | <b>Description</b>  | <b>Purpose</b>   |
|------------|---|--|
| 1.         | Manufacturing Licence – PW Feedmills  | To act as a licensed manufacturer of animal feeds.   |
| 2.         | Majlis Perbandaran Seberang Perai Licence – PW Feedmills' old factory in Permatang Pauh | For manufacturing of animal feeds.   |
| 3.         | Wholesale Licence – PW Farming  | To act as chicken wholesaler.  |
| 4.         | Palm Oil Licence – PW Feedmills   | To involve in selling and shipping of palm oil.<br>To involve in buying and selling of palm oil.<br>To involve in storing of palm oil. |
| 5.         | Chicken Farming Licence / Permit – PW Farming   | For chicken farming.   |
| 6.         | Permit from the Department of Environment – PW Feedmills                                | To manufacture poultry feeds.  |

Detailed information on the licences of Pin-Wee Group is set out in Section 7 of this Prospectus.

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## 2. SUMMARY INFORMATION (Cont'd)

### 2.4 Financial Highlights

The following table sets out a summary of the proforma Pin-Wee Group's financial performance for the past five (5) FYs ended 31 December 2000 and ten (10) months financial period ended 31 October 2001 on the assumption that the Group structure has been in existence throughout the period under review. The proforma consolidated profit and dividend records should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 11 of this Prospectus:

|  | <-----Audited----->              |         |         |         |         | 10 Months<br>Period Ended<br>31 October<br>2001 |
|--|----------------------------------|---------|---------|---------|---------|---|
|  | <-----FY Ended 31 December-----> |         |         |         |         |   |
|  | 1996                             | 1997    | 1998    | 1999    | 2000    |   |
| Turnover                               | 62,761                           | 81,899  | 91,639  | 97,405  | 113,303 | 117,781   |
| EBIDTA                                 | 7,419                            | 9,759   | 11,286  | 11,875  | 13,553  | 13,384  |
| Interest Expense                       | (1,043)                          | (1,469) | (2,161) | (1,412) | (1,893) | (1,625)   |
| Operating Profit                       | 6,376                            | 8,290   | 9,125   | 10,463  | 11,660  | 11,759  |
| Depreciation                           | (691)                            | (1,443) | (2,862) | (2,953) | (3,219) | (3,235)   |
| Research and Development Expenses#     | -                                | -       | -       | -       | -       | -   |
| PBT                                    | 5,685                            | 6,847   | 6,263   | 7,510   | 8,441   | 8,524   |
| Taxation                               | (1,649)                          | (1,511) | (807)   | 27      | (835)   | (2,424)   |
| PAT after extraordinary items and MI   | 4,036                            | 5,336   | 5,456   | 7,537   | 7,606   | 6,100   |
| No. of ordinary shares in issue ('000) | 36,199                           | 36,199  | 36,199  | 36,199  | 36,199  | 36,199  |
| Basic net EPS (sen)                    | 11.15                            | 14.74   | 15.07   | 20.82   | 21.01   | 20.22*  |
| Gross Dividend (%)                     | -                                | -       | -       | -       | -       | -   |

Notes:-

- # The research and development expenses are not segregated and these expenses have been absorbed into the cost of production, thus constituting part of cost of sales.
- \* Annualised
- (i) The proforma consolidated results are presented for illustrative purposes only and are based on the audited financial statements of Pin-Wee and its subsidiaries.
- (ii) The substantial increase in turnover and profit in 1997 was due to the increase in the production capacity of PW Feedmills arising from the completion of the new factory at the Bukit Minyak Industrial Park.
- (iii) Turnover increased in 1998 due to the increased capacity of broiler farming arising from the acquisition of additional freehold land. However, profits declined due to the high interest charges for the year.
- (iv) The increase in the turnover in 1999 was due to the increase in demand for animal feeds and broiler meat as a result of the recovering economy which directly translated to an increase in profit.
- (v) The increase in turnover in 2000 was due to the increase in market share in the Northern Region over the previous financial year which led to an increase in profits.
- (vi) The increase in turnover for the period ended 31 October 2001 was attributed to the higher market share of PW Feedmills' products in Penang and Perak. In addition, the expanded farming capacity to cater for the increasing market share in Perak, Kuala Lumpur and Selangor also contributed to the higher turnover of PW Farming. Accordingly, the PAT for Pin-Wee has increased for the period ended 31 October 2001.
- (vii) During the financial years under review, there were no preliminary expenses, exceptional items, share of profits/(losses) of associated company, extraordinary items or MI except as disclosed above.

## 2. SUMMARY INFORMATION (Cont'd)

Detailed information on the financial performance of the Company is set out in Section 10 of this Prospectus.

### 2.5 Proforma Consolidated Balance Sheets As At 31 October 2001

The summarised proforma consolidated balance sheets of the Pin-Wee Group as at 31 October 2001 which have been prepared for illustrative purposes only on the assumption that the following events had been completed on that date, is set out below:-

|                             | <b>Audited<br/>Balance Sheet<br/>as at 31<br/>October 2001<br/>RM'000</b> | <b>(1)<br/>After<br/>Rights<br/>Issue<br/>RM'000</b> | <b>(2)<br/>After (1) and<br/>Public Issue<br/>and Offer for<br/>Sale<br/>RM'000</b> |
|-----------------------------|---|--|---|
| PROPERTY, PLANT & EQUIPMENT | 58,149  | 58,149   | 58,149  |
| INVESTMENT                  | -   | -  | -   |
| CURRENT ASSETS              | 51,195  | 55,594   | 52,763  |
| CURRENT LIABILITIES         | 41,476  | 41,476   | 29,007  |
| NET CURRENT ASSETS          | 9,719   | 14,118   | 23,756  |
| EXPENDITURE CARRIED FORWARD | 68  | 68   | -   |
|                             | <u>67,936</u>   | <u>72,335</u>  | <u>81,905</u>   |
| SHARE CAPITAL               | 36,199  | 40,598   | 48,729  |
| SHARE PREMIUM               | -   | -  | 1,439   |
| RETAINED PROFITS            | 28,757  | 28,757   | 28,757  |
| SHAREHOLDERS' FUNDS         | <u>64,956</u>   | <u>69,355</u>  | <u>78,925</u>   |
| DEFERRED TAXATION           | 2,980   | 2,980  | 2,980   |
|                             | <u>67,936</u>   | <u>72,335</u>  | <u>81,905</u>   |
| NTA Per Share (RM)          | <u>1.79</u>   | <u>1.71</u>  | <u>1.62</u>   |

Notes to the proforma Consolidated Balance Sheet are set out in Section 11 of this Prospectus.

### 2.6 Qualification of Audited Financial Statements

None of the audited financial statements of Pin-Wee and its subsidiary companies for the past five (5) FYs ended 31 December 2000 and ten (10) months financial period ended 31 October 2001 have been subjected to any auditors' qualification.

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

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**2.7 Summary of Material Risk Factors**

In addition to the general risks associated with any investment in the stock market, there are additional risks in investing in the Company and the Group, especially risks specific to investment in the manufacturing of broiler feeds and farming of broiler chicks industry.

Prospective investors should consider carefully all the relevant information contained in this Prospectus. Some of the material risk factors, which are discussed in detail in Section 4 of this Prospectus are as follows:

- (i) Prior to the Public Issue and Offer for Sale, there has been no public market for Pin-Wee Shares and, as such there can be no assurance that an active market will be developed upon the Company's listing on the Second Board of the KLSE or if developed, that such market will be sustained;
- (ii) Upon completion of the Public Issue and Offer for Sale, Mr. Siah Gim Eng and Madam Law Hooi Lean would have a combined equity interest of 44.71% and will be able to control the outcome of certain matters requiring the vote of the Company's shareholders unless they are required to abstain from voting by law and/or the relevant authorities;
- (iii) Pin-Wee is susceptible to certain risks inherent in the poultry industry, such as, dependency on imported raw materials, labour shortages, slowdown in demand, price control on chicken meat and indirect exposure to foreign exchange risk;
- (iv) The continued success of the Group is dependent on the abilities and continued efforts of the existing Executive Directors and senior management and the Group's ability to attract and retain skilled personnel;
- (v) Competition in the industry. As at March 2002, there are 42 commercial poultry feedmills in the country;
- (vi) The poultry industry is also subject to the risk of diseases and adverse changes in the weather conditions;
- (vii) Pin-Wee Group finances its operations using internally generated funds and bank borrowings;
- (viii) Pin-Wee Group sources its raw materials for the production of broiler feeds from selected renowned suppliers, overseas and locally;
- (ix) Possible disruption in business;
- (x) Adequacy of insurance coverage of the Group's assets;
- (xi) Political and economic considerations in Malaysia and other countries such as risk of war, expropriation, nationalization, changes in interest rates, changes in foreign exchange rates, trade restrictions and methods of taxation;
- (xii) Regulatory approvals to carry out poultry farming on certain pieces of land;
- (xiii) Fluctuations in poultry demand due to seasonality;
- (xiv) Dependence on particular markets and geographical location; and
- (xv) No assurance that the forward-looking statements included in this Prospectus will prove to be correct.

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

Details of the risk factors are set out in Section 4 of this Prospectus. Investors are advised to carefully consider the investment considerations, together with other information contained in this Prospectus before subscribing to any of the Pin-Wee Shares, which are the subject of this Prospectus.

### 2.8 Profit And Dividend Estimate and Forecast

#### 2.8.1 Consolidated Profit Estimate and Forecast

| FY Ended/Ending 31 December   | Estimate<br>2001<br>RM'000 | Forecast<br>2002<br>RM'000 |
|---|----------------------------|----------------------------|
| Turnover  | 118,833                    | 130,718                    |
| PBT   | 9,887                      | 12,601                     |
| Taxation  | (2,771)                    | (3,582)                    |
| PAT before MI   | 7,116                      | 9,019                      |
| MI  | -                          | -                          |
| PAT after MI before pre-acquisition profit                                      | 7,116                      | 9,019                      |
| Pre-acquisition profit  | -                          | -                          |
| PAT after MI and pre-acquisition profit   | 7,116                      | 9,019                      |
| Number of ordinary shares assumed in issue ('000)                               | 36,199                     | 48,729                     |
| Weighted average number of shares in issue ('000)                               | 36,199                     | 46,330                     |
| Gross EPS (sen)   | 27.31*                     | 27.20^                     |
| Net EPS (sen)   | 19.66*                     | 19.47^                     |
| Diluted EPS (sen)   | -                          | -                          |
| Gross PE multiple based on the issue price of RM1.30 per ordinary share (times) | 4.76                       | 4.78                       |
| Net PE Multiple based on the issue price of RM1.30 per ordinary share (times)   | 6.61                       | 6.68                       |

\* Based on the number of issued and paid up share capital of 36,198,619 ordinary shares after Acquisitions.

^ Based on the weighted average number of shares of issued and paid up share capital of 46,329,633 ordinary shares after the Acquisitions, Rights and the Public Issue.

Commentary on the consolidated profit estimate and forecast is set out in Section 10.7 of this Prospectus.

## 2. SUMMARY INFORMATION (Cont'd)

### 2.8.2 Dividend Estimate and Forecast

| <b>FY Ending 31 December</b>   | <b>2002</b> |
|--|-------------|
| Gross dividend per ordinary share (sen)  | 5.00        |
| Gross dividend yield based on the issue price of RM1.30 per ordinary share (%) | 3.85        |
| Net dividend yield based on the issue price of RM1.30 per ordinary share (%)   | 2.77        |
| Gross dividend rate (sen)  | 5.00        |
| Net dividend rate (sen)  | 3.60        |
| Net dividend cover (times)   | 5.41        |

There are no dividends declared for FY ended 2001. Details of the dividend forecast are set out in Section 10.8 of this Prospectus.

### 2.9 Proforma Consolidated NTA As At 31 October 2001

|  | <b>RM'000</b>         | <b>NTA Per Ordinary Share RM</b> |
|--|-----------------------|----------------------------------|
| Proforma Consolidated NTA <sup>1</sup> | 78,925 <sup>(1)</sup> | 1.62 <sup>(2)</sup>              |

Notes:

- 1 Net of estimated listing expenses of RM1,000,000
- 2 Based on the enlarged issued and paid-up share capital of 48,729,000 ordinary shares of RM1.00 each.

### 2.10 Principal Statistics Relating To The Public Issue and Offer for Sale

#### 2.10.1 Share Capital

| <i>Authorised</i>  | <b>RM</b>  |
|--|------------|
| 50,000,000 ordinary shares of RM1.00 each  | 50,000,000 |
| <i>Issued and fully paid-up</i>  |            |
| Existing ordinary shares of RM1.00 each  | 2          |
| Issued pursuant to:  |            |
| - Acquisitions of PW Feedmills and PW Farming by way of issuance of 36,198,619 new ordinary shares of RM1.00 each at an issue price of approximately RM1.22 each | 36,198,619 |
| - Rights Issue of 4,399,379 new ordinary shares of RM1.00 each at issue price of RM1.00 each   | 4,399,379  |
| <i>To be issued pursuant to:</i>   |            |
| - Public Issue of 8,131,000 new ordinary shares of RM1.00 each at issue price of RM1.30 each   | 8,131,000  |
| Total  | 48,729,000 |

**2.10.2 Issue/Offer Price Per Ordinary Share** **RM1.30**

## 2. SUMMARY INFORMATION (Cont'd)

### 2.10.3 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/Offer Shares will rank pari passu in all respects with the then 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.

### 2.10.4 Offer for Sale

The Offer for Sale comprises 3,700,000 ordinary shares of RM1.00 each at an offer price of RM1.30 each by the following offerors:

| Offerors      | Number of Shares Offered For Sale | % to the Enlarged Paid-up Capital |
|---------------|-----------------------------------|-----------------------------------|
| Siah Gim Eng  | 1,613,153                         | 3.31                              |
| Law Hooi Lean | 1,408,437                         | 2.89                              |
| TCC           | 678,410                           | 1.39                              |
| <b>Total</b>  | <b>3,700,000</b>                  | <b>7.59</b>                       |

Details of the Public Issue and Offer for Sale are set out in Section 3 of this Prospectus.

### 2.11 Proposed Utilisation of Proceeds

The Offer for Sale is expected to raise gross proceeds of RM4,810,000. No part of the proceeds of the Offer Shares is receivable by Pin-Wee. The gross proceeds from the Offer for Sale shall accrue entirely to the Offerors.

The Rights Issue and Public Issue which are expected to raise gross proceeds of RM4,399,379 and RM10,570,300 respectively shall be accrued to the Company. The estimated RM1.0 million in respect of expenses and fees incidental to the listing of and quotation for the entire issued and paid-up share capital of Pin-Wee on the Second Board of the KLSE shall be borne by the Company.

The total gross proceeds of RM14,969,679 arising from the Rights Issue and Public Issue shall be accrued entirely to Pin-Wee and proposed to be utilised as follows :-

|                               |                   |
|-------------------------------|-------------------|
|                               | <b>RM</b>         |
| 1. Bank Borrowings            | 12,469,679        |
| 2. Contingency Fund           | 1,500,000         |
| 3. Estimated Listing Expenses | 1,000,000         |
| <b>Total</b>                  | <b>14,969,679</b> |

The bank borrowings to be repaid are mainly trade lines which were utilised to purchase raw materials from local and overseas suppliers and overdraft facilities for working capital purposes.

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

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Pursuant to the SC's letter dated 25 April 2001, Pin-Wee is to set aside RM1.5 million as a contingent for relocation of its farming activities expenses in the event that the necessary approvals from the land offices to the application of PW Farming to change the express conditions on the land titles described in Section 4(1) of this Prospectus to carry out poultry farming have not been obtained within a period of twelve (12) months from the date of this Prospectus. However, in the event all the necessary approvals from the relevant land offices are obtained within the stipulated period mentioned above, the said RM1.5 million will be utilised to repay Pin-Wee's bank borrowings.

Save for the contingency fund which will be set aside for at least twelve (12) months from the date of this Prospectus, the remaining proceeds are expected to be fully utilised within six (6) months from the date of listing.

Details of proposed utilisation of the proceeds is set out in Section 3.8 of this Prospectus.

**2.12 Material Litigations, Capital Commitments and Contingent Liabilities****(a) Material Litigations**

Save as disclosed below, as at 11 April 2002 (being the latest practicable date at which such amounts could be calculated prior to the printing of this Prospectus), neither the Company nor its subsidiary companies are engaged in any material litigation, either as plaintiff or defendant, which has a material effect on the financial position of Pin-Wee or its subsidiary companies and the Directors have no knowledge of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the financial position or business of Pin-Wee or its subsidiary companies.

- (i) PW Farming vs Ayam Taiping Suppliers Sdn. Bhd. ("ATSSB"), Basharuddin bin Omar, Mohd Yusof bin Basharuddin and Ahmad Fauzi bin Basharuddin. ("Defendants")  
(Taiping Sessions Court Summons No. 52-165-1998)

This is a claim by PW Farming against the Defendants for the sum of RM100,000 being payment due for goods sold and delivered. A consent judgment dated 10 March 1999 was recorded whereby the Defendants agreed to pay PW Farming the sum of RM100,000 by monthly instalment of RM5,113.05 to be made upon completion of the restructuring of ATSSB. The Defendants have paid six (6) instalments to date.

- (ii) PW Farming vs Abdul Nasir bin Abdul Gaffar and Zuraini binti Zakaria ("Defendants")  
(Georgetown, Penang Sessions Court Summons No. 52-1583-2000)

A judgment in default dated 20 October 2000 was recorded whereby the Defendants will pay to PW Farming the sum of RM177,962.09 being payment due for goods sold and delivered together with interest at the rate of 8% p.a. calculated from the date of the summons until full settlement of the debt and costs amounting to the sum of RM1,662. A judgment debtor summons was filed against both Defendants on 20 December 2000 and a consent order for the judgment debtor summons was recorded on 16 May 2001. According to the consent order for the judgement debtor summons, the Defendants shall pay 87 monthly instalments of RM3,000 each and the last instalment amounting to RM488.37 to PW Farming. The instalment payments shall commence from 7 July 2001 and thereafter on or before the 7th day of every month. The Defendants have to date paid seven (7) instalments.

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

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**(b) Capital Commitments**

As at 11 April 2002, being the latest practicable date at which such amounts could be calculated prior to the printing of this Prospectus, the Group has capital commitments of RM1.70 million.

**(c) Contingent Liabilities**

As at 11 April 2002 (being the latest practicable date prior to the printing of this Prospectus), save for a corporate guarantee of RM17.4 million to be provided to Bumiputra-Commerce Bank Berhad within three (3) months from the date of listing of Pin-Wee on the Second Board of the KLSE, neither the Company nor its subsidiary companies have any other contingent liabilities to be contracted for which might materially and adversely affect the financial position or business of Pin-Wee or its subsidiary companies.

Details of the material litigations, capital commitments and contingent liabilities are set out in Section 10.5 of this Prospectus.

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### 3. DETAILS OF THE PUBLIC ISSUE AND OFFER FOR SALE

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#### 3.1 Application For Listing Of And Quotation On The Second Board of KLSE

This Prospectus is dated 23 April 2002. A copy of this Prospectus has been registered with the SC and lodged with the CCM both of whom take no responsibility for its contents.

Approvals have been obtained from the SC in respect of the flotation of Pin-Wee on the Second Board of the KLSE on 5 July 2000, 10 January 2001, 25 April 2001, 17 July 2001, 2 January 2002 and 11 April 2002 respectively. The approval of the SC shall not be taken to indicate that the SC recommends the initial public offering and/or the flotation of Pin-Wee on the KLSE. Investors should rely on their own evaluation to assess the merits and risks of any investments in the Company.

**Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, the KLSE has prescribed Pin-Wee as a prescribed security. In consequence thereof, the shares offered through this Prospectus will be deposited directly with MCD and any dealings in these Pin-Wee Shares will be carried out in accordance with the aforesaid Acts and the Rules of MCD.**

An application will be made to the KLSE within three (3) market days from the date of this Prospectus for admission to the Official List of the Second Board of the KLSE and for permission to deal in and quotation for the entire issued and fully paid-up ordinary shares of RM1.00 each in Pin-Wee including the Public Issue Shares and Offer Shares which are the subject of this Prospectus on the Second Board of the KLSE. 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 dispatched to all successful applicants.

Acceptance of the applications will be conditional upon permission being granted by the KLSE to deal in and for the quotation of the entire enlarged issued and fully paid-up ordinary shares of Pin-Wee on the Second Board of the KLSE. Accordingly, monies paid in respect of any application accepted from the Public Issue and Offer for Sale will be returned without interest if the said permission for listing is not granted within 6 weeks from the date of issue of this Prospectus (or such longer period as may be specified by the SC) provided that the Company is notified by or on behalf of the KLSE within the aforesaid timeframe.

Pursuant to the SC Guidelines, at least 25% of the issued and paid-up share capital of the Company must be held by a minimum number of 750 public shareholders holding not less than 1,000 shares each, of which at least 500 shareholders are members of the public who are not employees of the Company or its subsidiaries, upon completion of the Public Issue and Offer for Sale and at the point of listing. In the event that the above requirement is not met pursuant to the Public Issue, the Company may not be allowed to proceed with its listing on the Second Board of the KLSE. In the event thereof, monies paid in respect of all applications will be returned without interest if the said permission is not granted.

In the case of an application by way of Application Form, an applicant should state his CDS account number in the space provided in the Application Form if he presently has such an account. Where an applicant does not presently have a CDS account, he should state in the application form his preferred ADA Code. Where an applicant has a CDS account, he should not complete the preferred ADA Code. In the case of electronic applications at ATMs, only an applicant with a CDS account is eligible to utilise such a facility.

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**3. DETAILS OF THE PUBLIC ISSUE AND OFFER FOR SALE (Cont'd)**

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No person is authorised to give any information or to make any representation not contained herein in connection with the initial public offering and if given or made, such information or representation must not be relied upon as having been authorised by Pin-Wee. Neither the delivery of this Prospectus nor any initial public offering made in connection with this Prospectus shall, under any circumstances, and at any time constitute a representation or create any implication that there has been no change in the affairs of Pin-Wee since the date thereof.

The distribution of this Prospectus and the making of the Public Issue Shares and Offer Shares are subject to Malaysian laws and the Company and its Adviser take no responsibility for the distribution of this Prospectus and the sale of the Public Issue Shares and Offer Shares outside Malaysia. This Prospectus does not constitute and may not be used for the purpose of an invitation to subscribe for the Public Issue Shares / Offer Shares in any jurisdiction in which such invitation is not authorised or lawful, or to any person to whom it is unlawful to make such an invitation. Persons into whose possession this Prospectus may come are required to inform themselves of and to observe such restriction.

The SC and KLSE assume 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 KLSE is not to be taken as an indication of the merits of Pin-Wee or any of its subsidiaries.

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

**3.2 Opening And Closing Dates Of The Application**

The Application Lists will open at 10.00 a.m. on 7 May 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 Pin-Wee in their absolute discretion may decide.

**3.3 Date Of Special Events**

|                          |   |               |
|--------------------------|---|---------------|
| Opening Date             | : | 23 April 2002 |
| Closing Date             | : | 7 May 2002    |
| Tentative Balloting Date | : | 14 May 2002   |
| Tentative Allotment Date | : | 28 May 2002   |
| Tentative Listing Date   | : | 3 June 2002   |

**3.4 Purposes Of The Public Issue And Offer For Sale**

The purposes of the Public Issue and Offer for Sale are as follows:

- (i) to grant Pin-Wee access to the capital market to raise funds to finance future expansion, diversification, modernisation and continued growth;
- (ii) to provide an opportunity for the Directors, eligible employees, customers, suppliers and the Malaysian investing public to participate in the equity and continuing growth of the Group;
- (iii) to provide additional funds to meet the present and future working capital requirements of the Pin-Wee Group; and
- (iv) to obtain listing of and quotation for the entire issued and paid-up share capital of the Company on the Second Board of the KLSE.

### 3. DETAILS OF THE PUBLIC ISSUE AND OFFER FOR SALE (Cont'd)

#### 3.5 Number And Class Of Securities To Be Issued

|   |                          |
|---|--------------------------|
| Authorised 50,000,000 ordinary shares of RM1.00 each  | <u>50,000,000</u>        |
| Issued and fully paid-up:-  | <b>RM</b>                |
| Existing ordinary shares of RM1.00 each   | 2                        |
| Acquisition of PW Feedmills and PW Farming by way of issuance of 36,198,619 new ordinary shares of RM1.00 each at an issue price of approximately RM1.22 each | 36,198,619               |
| Rights Issue of 4,399,379 new ordinary shares of RM1.00 each at an issue price of RM1.00 each   | 4,399,379                |
| To be issued pursuant to the:-  |                          |
| Public Issue of 8,131,000 new ordinary shares of RM1.00 each at an issue price of RM1.30 each   | <u>8,131,000</u>         |
| <b>Total</b>  | <b><u>48,729,000</u></b> |
| Offer for Sale pursuant to this Prospectus:-  |                          |
| 3,700,000 ordinary shares of RM1.00 each at an offer price of RM1.30 each   | <b><u>3,700,000</u></b>  |

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 Shares and Offer Shares will rank pari passu in all respects with the then 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. A proxy may but need not be a member of the Company.

#### 3.6 Details of the Public Issue and Offer For Sale

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

(i) **Eligible Directors, Employees, Customers and Suppliers**

2,430,000 ordinary shares will be reserved for eligible Directors, employees, customers and suppliers of the Pin-Wee Group;

### 3. DETAILS OF THE PUBLIC ISSUE AND OFFER FOR SALE (*Cont'd*)

#### (ii) **Approved Bumiputera Investors And Institutions**

6,500,000 ordinary shares will be reserved for Bumiputera Investors and Institutions approved by MITI;

#### (iii) **Malaysian Public**

2,901,000 ordinary 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 (ii) above are not required to be underwritten and are therefore not underwritten. However, in the event that any of the shares under paragraph (i) above are not taken up by the eligible Directors, employees, entitled suppliers and customers of the Pin-Wee Group, such shares will be made available for application by members of the Malaysian investing public. All the shares under paragraph (i) and (iii) above have been fully underwritten.

#### 3.7 **Basis Of Arriving At The Issue Price/Offer Price**

The issue/offer price of RM1.30 per share was determined and agreed upon by the Company, Aseambankers as Adviser and the Joint Managing Underwriter and the Offerors based on various factors after taking into account the following :-

- (i) The Group's financial and operating history and conditions as outlined in Sections 5, 10 and 11 of this Prospectus;
- (ii) The proforma estimate and forecast net PE multiple of 6.61 times and 6.68 times respectively, based on the proforma estimate and forecast net EPS of 19.66 sen per share and 19.47 sen per share respectively;
- (iii) The future plans and prospects of the Pin-Wee Group as mentioned in Sections 5.7 and 5.8 of this Prospectus; and
- (iv) The proforma consolidated NTA per share of Pin-Wee as at 31 October 2001 of RM1.62.

#### 3.8 **Proposed Utilisation of Proceeds**

The total gross proceeds of RM14,969,679 arising from the Rights Issue and Public Issue shall be accrued entirely to Pin-Wee and to be utilised as follows :-

|  | RM         | <b>Expected Time Frame for Utilisation of Proceeds</b>           |
|--|------------|--|
| Repayment of Group borrowings<br>(refer to note (a) below) | 12,469,679 | Within 6 months from listing date                                |
| Contingency Fund<br>(refer to note (b) below)              | 1,500,000  | Within 12 months from date of Prospectus                         |
| Estimated listing expenses<br>(refer to note (c) below)    | 1,000,000  | Immediately upon completion of the flotation exercise of Pin-Wee |
|  | 14,969,679 |  |

**3. DETAILS OF THE PUBLIC ISSUE AND OFFER FOR SALE (Cont'd)****Notes: -****(a) Repayment of Group Borrowings**

The Directors of the Pin-Wee Group intend to repay the group borrowings with part of the gross proceeds from the Rights Issue and Public Issue. The repayment of Group borrowings is expected to contribute positively towards reducing the overall interest cost of the Group and thus improve earnings in the future. Brief details of the Group repayment of borrowings are as follows:-

| <b>Name Of Borrower</b> | <b>Lender</b>   | <b>Facility</b>                 | <b>Audited Amount Outstanding as at 31 October 2001 (RM)</b> | <b>Proposed Repayment (RM)</b> |
|-------------------------|---|---------------------------------|--|--------------------------------|
| PW Feedmills            | Financial Institutions approved by Bank Negara Malaysia | Overdrafts and Trade Facilities | 24,466,107   | 12,469,679                     |

Based on SC's letter dated 10 January 2001, the gross proceeds arising from the Rights Issue and Public Issue amounting to RM12,469,679 (net after deducting contingency funds of RM1.5 million) shall be utilised for repayment of bank borrowings on core-business with priority for repayment to banks with the highest interest charges in a year.

As at 31 October 2001, total bank borrowings of the Group amounted to approximately RM24.47 million. Assuming an average interest rate of 9.30% per annum, the repayment of bank borrowings is expected to result in an interest savings of approximately RM0.87 million for the FY ending 31 December 2002.

The interest rates ranges from 1.0% to 2.0% per annum above the respective lenders' base lending rates.

**(b) Contingency Fund**

Pursuant to the SC's letter dated 25 April 2001, Pin-Wee is to set aside RM1.5 million as a contingent for relocation of its farming activities expenses in the event that the necessary approvals from the land offices to the application of PW Farming to change the express conditions on the land titles described in Section 4(1) of this Prospectus to carry out poultry farming have not been obtained within a period of twelve (12) months from the date of this Prospectus. However, in the event all the necessary approvals from the relevant land offices are obtained within the stipulated period mentioned above, the said RM1.5 million will be utilised to repay Pin-Wee's bank borrowings.

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**3. DETAILS OF THE PUBLIC ISSUE AND OFFER FOR SALE (Cont'd)****(c) Estimated Listing Expenses**

The estimated listing expenses for the proposed listing of and quotation for the enlarged share capital of 48,729,000 ordinary shares of RM1.00 each in the Company on the Second Board of KLSE are as follows:-

|   | <b>To be borne by<br/>Pin-Wee RM</b> |
|---|--------------------------------------|
| The KLSE  |                                      |
| - Initial Listing fee   | 12,250                               |
| Lodgment of Prospectus with CCM   | 300                                  |
| Registration fee of the Prospectus with the SC  | 5,000                                |
| SC processing fee   | 55,000                               |
| Issuing house fee and disbursement  | 50,000                               |
| Printing of application forms, share certificates and Prospectus and advertisement fees | 170,000                              |
| Professional fees   | 450,000                              |
| Underwriting commission   | 138,606                              |
| Brokerage fees  | 105,703                              |
| Estimated contingencies   | 13,141                               |
| <b>Total Estimated Listing Expenses</b>   | <b>1,000,000</b>                     |

There is no minimum subscription to be raised from the Public Issue as the Public Issue Shares are fully underwritten.

**3.9 Underwriting Commission And Brokerage**

The Joint Managing Underwriters and the Underwriters as mentioned in the Corporate Directory of this Prospectus have entered into an Underwriting Agreement for the underwriting of 5,331,000 Public Issue Shares (which includes the allocation for the eligible directors, employees, customers and suppliers). Underwriting commission relating to the Public Issue Shares to be underwritten is payable by the Company at the rate of 2.0% of the issue price of RM1.30 per ordinary share which amounts to RM138,606.

Brokerage relating to the Public Issue Shares of 8,131,000 new ordinary shares of Pin-Wee is payable by the Company at the rate of 1.0% of the issue price of RM1.30 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.

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### 3. DETAILS OF THE PUBLIC ISSUE AND OFFER FOR SALE (*Cont'd*)

#### 3.10 Force Majeure Clauses In The Underwriting Agreement

The Underwriting Agreement entered into between Pin-Wee and the Joint Managing Underwriters and the Underwriters on 8 March 2002 (“Underwriting Agreement”) contains the provisions set forth below. References to “the Underwriters” in this section shall include both the Joint Managing Underwriters and the Underwriters, unless the context otherwise required.

##### Clause 5 : Warranties and Undertaking

5.1 In consideration of each of the Underwriters severally agreeing at the request of the Company to underwrite the 5,331,000 Pin-Wee Shares, the Company hereby represents warrants and undertakes to the Underwriters and each of them as follows:-

5.1:1 that the Prospectus shall be registered and issued within one (1) month from the date hereof, unless the Joint Managing Underwriters and the Underwriters shall in their absolute discretion extend the time, and shall be in form and substance satisfactory and acceptable to and approved by the SC, the CCM and any other authority, and the Prospectus shall not contain any untrue, incomplete, inaccurate or misleading statement or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading;

5.1:2 that the Company shall comply with all the requirements and provisions of the Companies Act 1965, the Securities Commission Act 1993 and all such amendments and modification thereto and the listing requirements of the KLSE and such conditions (if any) imposed by the SC, KLSE, FIC, MITI or any other relevant authorities in relation to the Public Issue Shares and listing of the Pin-Wee Shares;

5.1:3 that the Company will make application to the KLSE for quotation thereon of all the Pin-Wee Shares on the Second Board and in connection with such application the Company shall at all times promptly furnish and deliver all documents, instruments, information, certificates and undertakings as may be necessary or advisable in order to obtain such permission and quotation;

5.1:4 that all consents, approvals, authorisations, or other orders required by the Company under the laws of Malaysia for or in connection with the Public Issue will (if not already obtained as at the date hereof) be obtained and be in force and all other actions will be taken by or on behalf of the Company to comply with all legal and other requirements necessary to ensure that the Public Issue will not infringe any existing laws or the terms of any such consent, approval or authorisation;

5.1:5 that the issue of the Prospectus and the compliance by the Company with its terms and the terms of the Underwriting Agreement:-

5.1:5.1 are in accordance with the Memorandum and Articles of Association of the Company; and

5.1:5.2 do not, up to and on the date of listing and quotation of the Pin-Wee Shares on the Second Board of the KLSE will not infringe the terms of, or constitute a default under any trust deed, agreement or other instrument or obligation to which the Company and/or any company within the Group is a party or by which it or any of its subsidiaries is bound;

and the execution and issue by the Company of the Underwriting Agreement and the Prospectus and performance of the obligations to be assumed thereunder have been duly authorised by Company so that upon due execution or issue thereof, the same will constitute valid and legally binding obligations of the Company in accordance with their respective terms;

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**3. DETAILS OF THE PUBLIC ISSUE AND OFFER FOR SALE (Cont'd)**

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- 5.1:6 that save as disclosed in the Prospectus, the Group is not in default under or in breach of any agreement to which it is bound or any licence, permit, directive, legislation or regulation or any relevant authority (including KLSE and SC) and no litigation, arbitration or administrative proceedings including investigations or inquiries by the KLSE or SC, are presently current or pending or to the knowledge of the Group threatened which default, litigation, arbitration or administrative proceedings, as the case may be might materially affect the condition of the Group, financial or otherwise and after making due and care inquiries, the Company is not aware of any facts or circumstances likely to give rise thereto and no circumstances have arisen under which any person is now or will with the lapse of time, giving notice, be entitled to require or demand payout of any indebtedness or guarantee of any company in the Group by reason of default by such company;
- 5.1:7 that no other circumstances or situations which have not been disclosed in the Prospectus have arisen which is or are likely to adversely affect the condition of the Group, financial or otherwise, or the earnings, affairs or business prospects of the Group or to so affect the success of the Public Issue and that no information has been withheld from the Underwriters by the Group which may in any way affect their decision to underwrite the Pin-Wee Shares which are to be underwritten;
- 5.1:8 that the Group has not entered into any contracts or commitments of any unusual and onerous nature;
- 5.1:9 that the statements contained in the Prospectus (including but not limited all statements of accounts) and in the Underwriting Agreement are true, complete and accurate and where such statements relate to opinions, expectations or intentions it must be honestly and reasonably made by the directors of the Company after having made all due and careful enquiries;
- 5.1:10 to do all other things and sign or execute such documents as may be required in order to complete the offer of the Public Issue Shares;
- 5.1:11 not to take any action to distribute the Prospectus or any relevant application forms for the Public Issue Shares or other material in any country or jurisdiction other than Malaysia;
- 5.1:12 to deliver to the Underwriters certified copies of all relevant board of directors' and shareholders' resolutions relating to the Public Issue and the Underwriting Agreement as the Underwriters may reasonably require;
- 5.1:13 that the Company and its subsidiaries are duly incorporated under the laws of Malaysia with full power and authority to conduct its business and no member of the Group is the subject of any winding up or judicial management proceedings receivership and/or management proceedings under Part X of the Companies Act 1965 whether voluntary or otherwise or is entering into any scheme of arrangement for the benefit of creditors or shareholders or any negotiations for the same; and that no step has been taken or threat of the same has been made nor are there any circumstances likely to give rise thereto;
- 5.1:14
- i) all taxes (whether income tax, property tax or otherwise) of the Group have been duly paid or materially provided for;
  - ii) each member of the Group has duly made all returns and given or delivered all notices accounts and information which on or before the date hereof ought to have given or delivered for the purposes of taxation;



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**3. DETAILS OF THE PUBLIC ISSUE AND OFFER FOR SALE (Cont'd)**

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- iii) all such returns notices accounts and information (and all other information supplied to the relevant revenue or other fiscal authority concerned for any such purpose) have been correct and made on a proper basis;
  - iv) none of such returns notices accounts or information is disputed in any substantial and/or material respect by the fiscal authority concerned;
  - v) there is no fact which might be the occasion of any such dispute or of any claim for taxation in respect of any financial period not provided for;
  - vi) each member of the Group has good marketable title to all assets and properties owned by it; and
  - vii) all the assets and properties of the Group of an insurable nature have at all material times been and are at the date hereof adequately insured against fire and other risks normally insured against by corporations carrying on business of a similar nature and that all of the policies being currently in force and enforceable.
- 5.2 The Group further severally undertakes with the Underwriters and each of them that the Group will:-
- 5.2:1 give to the Underwriters any or all information which the Underwriters may reasonably need or require affecting the Public Issue and the accounts or affairs of the Group and to do all other acts or things and sign or execute such documents as may be reasonably required by the Underwriters; and
  - 5.2:2 forthwith notify the Underwriters of any facts or information or situations or circumstances which may adversely affect the success of the Public Issue and in particular and without prejudice to the generality of the foregoing of any material change affecting any of the aforesaid representations, warranties or agreements at any time prior to the Closing Date and take such steps as may be reasonably requested by the Underwriters or any of them to remedy and/or publicise the same.

**Clause 6 : Discharge of Underwriters**

Upon any material breach of the warranties contained in the Underwriting Agreement, or any material failure to perform any of them or any change rendering any of the warranties inaccurate in a material respect coming to the notice of the Underwriters or any of them prior to the closing date of the application lists ("Closing Date"), the Underwriters or any of them shall be entitled (but not bound) by notice to the Company to elect to treat such breach, failure or change as releasing or discharging them or any of them from their obligations under the Underwriting Agreement PROVIDED THAT the Company shall remain liable for the payment of the costs and expenses referred to in clause 23 of the Underwriting Agreement which are incurred and such reimbursement of the costs and expenses incurred shall be paid to the Underwriters within seven (7) days from the date of notification to the Company to discharge themselves AND PROVIDED FURTHER THAT failure to make such election as aforesaid shall be without prejudice to the right of the Underwriters or Underwriter concerned to treat any further or other breach, failure or change as releasing and discharging the Underwriters or Underwriter concerned from their respective obligations as aforesaid.

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**3. DETAILS OF THE PUBLIC ISSUE AND OFFER FOR SALE (Cont'd)**

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**Clause 9 : Termination in the event approval of listing of Public Issue Shares is withheld by KLSE**

The Underwriters shall have the right to terminate the Underwriting Agreement upon the expiry of six (6) weeks from the date of the issuance of the Prospectus or in the event that the application made by the Company to the KLSE for the listing of and quotation for all the Pin-Wee Shares shall not have been approved or shall have been rejected as the case may be, whichever is earlier. Upon such termination, the Company shall return all monies as may have been paid by the Underwriters within forty-eight (48) hours of the receipt of the notice of termination.

**Clause 10 : Conditions Precedent**

If any of the conditions set out below is not satisfied on or before the Closing Date, the Underwriters shall be entitled subject as mentioned below, to terminate the Underwriting Agreement and in that event (except for the liability of the Company for the payment of costs and expenses as provided in clause 23 of the Underwriting Agreement incurred prior to or in connection with such termination) the parties to the Underwriting Agreement shall be released and discharged from their obligations PROVIDED THAT the Underwriters may at their discretion waive compliance with any of the provisions of this clause:

- (i) the KLSE having agreed in principle on or prior to the Closing Date to the listing and quotation thereon of all the Pin-Wee Shares or the Underwriters being reasonably satisfied that such listing and quotation on the Second Board of the KLSE will be granted three (3) Market Days after the receipt of confirmation from the MCD that the Pin-Wee Shares have been deposited with the MCD and that all the CDS accounts of the entitled holders have been credited and notices of allotment have been despatched to the entitled holders;
- (ii) there not having been on or prior to the Closing Date in the opinion of the Underwriters, any adverse change or any development reasonably likely to involve a prospective adverse change in the condition (financial or otherwise) of the Company, from that set forth in the Prospectus nor the occurrence of any event rendering untrue or incorrect to an extent which is material as aforesaid any warranties as though they had been given or made on such date;
- (iii) receipt of the approval from SC on the Prospectus and the delivery to the SC of the Prospectus for registration together with copies of all documents required by the Securities Commission Act, 1993 and the Act and the delivery to the CCM of the Prospectus for lodgment; and
- (iv) the Closing Date being the date failing no later than the expiry of three (3) months from the date of the Underwriting Agreement.

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**3. DETAILS OF THE PUBLIC ISSUE AND OFFER FOR SALE (Cont'd)**

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**Clause 11 : Termination**

The Joint Managing Underwriters and the Company may at any time before the Closing Date by mutual agreement terminate their obligations under this Agreement if in their reasonable opinion:

- (i) there shall have been such a change in national or international, monetary, financial, political or economic conditions or exchange control or currency exchange rates as would in its reasonable opinion of the Underwriters prejudice materially the success of the offering of the Underwritten Pin-Wee Shares its distribution or sale (whether in the primary market or in respect of dealings in the secondary market) or seriously affect the business of the Group and thereupon the parties hereto shall (except for the liability of the Company in the payment of costs and expenses referred to in clause 23 of the Underwriting Agreement incurred prior to or in connection with such termination) be released and discharged from their respective obligations; and
- (ii) there shall have been occurred, happened or come into effect any event or series of events beyond the reasonable control of the Underwriters or the Company by reason of force majeure which would have or can reasonably be expected to have a material adverse effect on the business or operations of the Group or the success of the Public Issue or which is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms. "Force Majeure" means 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 war, hostilities, riot, uprising, flood, fire, storm, epidemic, explosion, disease, earthquake, hijacking, sabotage crime and acts of God.

**Clause 35 : Failure to List**

If for any reason whatsoever the Pin-Wee Shares are not listed and quoted on the Second Board of the KLSE within two (2) month from the Closing Date, the Underwriters shall have the right to terminate, revoke or rescind the Underwriting Agreement or seek other recourse as they deem fit.

With reference to Clause 5.1:1 of the Underwriting Agreement, the Joint Managing Underwriters and all the Underwriters, have consented to extend the time for registration and issuance of the Prospectus to 30 April 2002.

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#### 4. RISK FACTORS

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Applicants for the Public Issue/Offer Shares should carefully consider the following in addition to all the other relevant information contained elsewhere in this Prospectus, before applying for the Public Issue Shares and Offer Shares:

**(a) Marketability Of Pin-Wee Shares**

Prior to this Public Issue, there has been no public market for Pin-Wee Shares. There can be no assurance that an active market for Pin-Wee Shares will develop upon its listing on the Second Board of the KLSE. The issue price of RM1.30 per ordinary share has been determined after taking into consideration a number of factors, including but not limited to, the Group's financial and operating history and standing, the future prospects of the Group and the industries in which the Group is involved, the NTA of the Group, the market prices for the shares of other companies engaged in businesses similar to that of the Group and the prevailing market condition at the time of application to the SC for the listing of Pin-Wee Shares.

There is no assurance that the issue price will correspond to the price at which Pin-Wee Shares will trade on the Second Board of the KLSE upon or subsequent to its listing or that an active market for Pin-Wee Shares will develop and continue upon or subsequent to its listing.

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

Upon completion of the Public Issue and Offer for Sale, Mr. Siah Gim Eng and Madam Law Hooi Lean will have a combined equity interest of 44.71% in the Company. As a result, it is likely that Madam Law Hooi Lean and Mr. Siah Gim Eng will be able to control the outcome of certain matters requiring the vote of the Company's shareholders unless they are required to abstain from voting by law and/or the relevant authorities.

**(c) Business Risks**

The Pin-Wee Group is principally involved in the manufacturing and sale of broiler feeds and farming of broiler chicks. Due to the nature of the industry in which Pin-Wee is involved, the Group is subject to certain risks inherent in the poultry industry. These include dependency on imported raw materials, labour shortages, slowdown in demand, price control on chicken meat and others. Pin-Wee has taken steps to minimise these risks by amongst others, implementing various cost reduction steps, sourcing alternative local raw materials, increasing automation in the production processes whilst expanding its current business activities and practising good farm management. However, there can be no assurance that these steps implemented by Pin-Wee will result in a reduction in the business risks of the Group.

In 1996, there was a Nitrofurans scare, which impacted on the demand for poultry meat. Such scare, rightly or wrongly, could reduce significantly on the consumption of poultry meat, thus impacting on the profitability of poultry farmers. (*Source: Vital Factor Consulting Sdn. Bhd.*) The Company does not use any banned anti-biotic.

In addition, Pin-Wee is indirectly exposed to foreign exchange risk in the event of fluctuation in US Dollars as Pin-Wee purchases raw materials from its suppliers whose purchases are made in US Dollars. However, with the introduction of selective exchange controls which has pegged the Malaysian Ringgit at RM3.80 to a US Dollar, the foreign exchange risk of the Group has been currently mitigated.

**(d) Risks Associated with Dependence Of Key Personnel**

The Company believes that its continued success will depend significantly upon the abilities and continued efforts of its existing Executive Directors and senior management. The Company's future success will also depend upon its ability to attract and retain skilled personnel. The loss of key personnel could affect the Company's continuing ability to compete in the industry. Recognising the importance of its human resource, efforts have been taken to groom younger members of the senior management team to ensure smooth transition in the management team.

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**4. RISK FACTORS (Cont'd)**

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**(e) Competition**

The poultry industry in Malaysia is competitive. Of the 42 commercial poultry feedmills manufacturers in the country as at March 2002, there are 8 large and integrated commercial poultry feedmills followed by approximately 20 medium sized poultry feed manufacturers. PW Feedmills by virtue of its long established and large network in the Northern region of Malaysia is undeterred by the competition from the other manufacturers as it has one of the biggest production capacity and marketing network amongst its competitors (*Source: Vital Factor Consulting Sdn. Bhd.*). In addition, PW Feedmills produces a range of broiler feeds that meet the requirements of its customers, thus minimizing their customers' need to secure supplies from other manufacturers.

**(i) Existing And New Operations**

Competition from existing operators and new entrants into the poultry feedmills and broiler farming industries will have a direct impact on Pin-Wee's business. However, this is somewhat mitigated by Pin-Wee's market reputation, track record and established customer base to help sustain its business. Nevertheless, competition is a normal feature of Malaysia as a free enterprise economy. Thus, this is no different for the poultry feedmills and broiler farming industries.

**(ii) Product Substitute for Broiler Meat**

The substitutes for broiler meat includes all types of food produce for human consumption. As such, the demand for broiler meat may drop if consumers switch from broiler meat to other alternatives. However, demand for poultry will continue to grow as it is considered an essential item and is most economical in terms of price. It is also the highest consumed meat in comparison to other livestock. Malaysia has one of the highest per capita poultry meat consumption in comparison to some of the industrialized countries. The management is of the view that the universal appeal of broiler meat will mitigate the risk of product substitution.

**(f) Risk of Diseases and Changes in Weather Condition**

The poultry industry is also subject to the risk of diseases and adverse changes in weather condition. In view of these, Pin-Wee uses quality breeds of broilers such as Ross, Arbor Acres, Avian and Lohmann, which are reputed for its quality and resilience to diseases and adverse weather conditions. Further, Pin-Wee's poultry farms are located at hilly areas with cool weather and good ventilation which provides a conducive environment for poultry farming. The farms are scattered in different locations in the Northern region so as to contain any spread of diseases. Pin-Wee also practices vaccination programmes that adheres to the generally recommended vaccination programmes recommended by veterinarians and vaccine producers. This helps boost up the immune system of the broilers. The vaccination programme is supervised by a team of well-qualified and experienced personnel who are well versed in disease prevention and control in broilers.

Pin-Wee is confident that it is able to minimise the risk of diseases outbreak. However, there is no assurance that any adverse change of these factors will not have a material and significant impact on the Group's performance.

PW Farming does not have insurance coverage for loss of revenue due to disease outbreak. However, the impact of any disease outbreak or adverse weather condition will be contained and mitigated due to the widespread locations of the farms.

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#### 4. RISK FACTORS *(Cont'd)*

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Further, Pin-Wee practices good farm management, which minimises the risk of disease. Good farm management entails, inter-alia, the maintenance of a hygienic environment in the farm and coops, so as to allow the broiler to grow in a clean environment. A clean environment will naturally induce better growth performance and a lower broiler mortality rate.

**(g) Risk Associated With Bank Borrowings**

Pin-Wee Group finances its operations using internally generated funds and bank borrowings. Excessive bank borrowings may result in an increase in interest expense which may subsequently erode the profitability of the Group. In addition, excessive bank borrowings may result in the assets of the Group being pledged with the financial institutions for the loans obtained. In the event the Group is not able to service the interest and principal repayment as scheduled, the financial institutions may force the Group to dispose the assets pledged in order to repay the outstanding borrowings.

As at 11 April 2002, being the latest practicable date prior to the printing of this Prospectus, the total bank facilities of the Group amounted to RM64.44 million, out of which only RM30.39 million has been utilised. As at 11 April 2002, the hire purchase commitment of Pin-Wee Group is RM0.27 million.

Save as disclosed above, Pin-Wee Group does not have any other bank borrowings, hire purchase or commitments on guarantees.

Restrictive covenants on borrowings

The Pin-Wee Group has banking facilities which have covenants that may limit Pin-Wee's operating and financial flexibilities. The salient restrictive covenants found in these facility agreements are, inter-alia, that the companies shall not, without prior consent in writing from the respective banks:

- (i) create or permit to subsist any security interest over any part of the properties, assets, business or undertaking of the Group or of any security party which has been charged or offered as security to the financial institution(s);
- (ii) effect or undertake or permit any form of merger, reconstruction, consolidation or amalgamation by way of a scheme or otherwise, or approve, permit any change of ownership or transfer of any part of its issued capital;
- (iii) make or permit to exist loan or lend or make advances to any of its shareholders or directors or any person or company or make an investment in other companies or guarantee any person or company (other than in the ordinary course of business) or enter into any transaction with any person, firm or company except in the ordinary course of business or ordinary commercial terms and on the basis of arm's length arrangement or establish any exclusive purchasing or sales agency or enter into or pay management fees to any director or shareholder of the Group or any other party;
- (iv) incur, assume, guarantee or permit to exist any indebtedness or liabilities;
- (v) grant any licence or otherwise howsoever assign, transfer, deal in or part with the possession of its properties;

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**4. RISK FACTORS (Cont'd)**

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- (vi) add to, delete, vary or amend its Memorandum and Articles of Association in any manner or change its FY or the nature of its business or sell, transfer or otherwise dispose of all or a substantial part of its capital assets other than in the ordinary course of business;
- (vii) decrease or in any way whatsoever alter the authorised or issued capital of the Group whether by varying the amount, structure or value thereof or the rights attached or convert any of its share capital into stock or by consolidating, dividing or subdividing all of its share provided always that the conversion of any transferable subscriptions into shares by their holders shall be permitted;
- (viii) declare or pay any dividends or make any distributions of share capital;
- (ix) provide debenture to other parties;
- (x) divest at least 44% of the original total equity in the share capital of the Group by the original shareholders which shall also be subject to the moratorium imposed by the SC;
- (xi) create or permit to exist any lien on any assets of the group except any tax or other statutory lien;
- (xii) sell, dispose, purchase or acquire any other material fixed assets, land or other investment other than in the normal course of business; and
- (xiii) repay any advances made by any of the Group's directors or any other person, firm or company until all monies and interest payable under the facilities agreement(s) have been settled in full.

In view of the restrictive covenants mentioned above, Pin-Wee has obtained written consent from the respective bankers that the covenants will not be enforced with regards to the Listing Scheme.

**(h) Risk On Dependencies On Suppliers**

(i) Broiler feeds

Pin-Wee Group sources its raw materials for the production of broiler feeds from selected renowned suppliers, overseas and locally. Raw materials such as soya bean meal, corn, calcium phosphate, corn gluten meal, groundnut meal, rapeseed meal and wheat grain are imported from countries such as United States of America, Argentina, India, Indonesia, China, Myanmar and Thailand. The dependencies on these foreign suppliers without alternative local suppliers may disrupt the operations of the Group in the event any of these suppliers decide to increase the prices of the raw materials or varies the quantity to be sold to Pin-Wee Group. As such, Pin-Wee has taken steps to diversify the sourcing of these essential raw materials from as many foreign suppliers as practicable in order to ensure continuous supply of these raw materials at a reasonable price range. The number of suppliers of raw materials for the broiler feeds are as follows:

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**4. RISK FACTORS (Cont'd)**


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| <b>Raw Materials</b> | <b>No. of Suppliers<br/>as at 31 October 2001</b> |
|----------------------|---|
| Corn                 | 12  |
| Soya Bean Meal       | 10  |
| Corn Clutten Meal    | 8   |
| Wheat Pollard        | 5   |
| Crude Palm Oil       | 4   |
| Fishmeal             | 7   |
| Rice Bran            | 10  |
| Limestone Powder     | 4   |
| Aliphos Dicalphos    | 6   |

(ii) Farming of broiler chicks

The principal raw materials used in the farming of live broilers are day old chicks (“DOC”) and broiler feeds of different grade. As Pin-Wee is an integrated broiler farmer, the dependency on broiler feeds is somewhat mitigated as Pin-Wee is also a manufacturer of broiler feeds for its own use as well as for sales to other broiler farmers. As for DOC, there are many suppliers of DOC for broiler farming. As such, the threat to the business resulting from dependency on DOC suppliers are minimised.

(i) **Risks of Business Disruption**

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

Any problems with the automated batching system of the control panel can be overcome by switching to manual operation, which is less efficient, but would ensure continuous production.

(j) **Risks Associated with Insurance Coverage on Assets**

For PW Feedmills, the assets, inter-alia, building, plant and machinery, electrical installation and the stock-in-trade, are adequately insured under fire and other perils policy. In addition, PW Feedmills is also insured for consequential losses in gross profit, salaries and wages and public liability.

PW Farming’s assets which predominantly cover land, chicken coops and stock-in-trade are not insured. This is because PW Farming is of the opinion that the chicken coops are located at least 50 feet from each other which reduces and isolates the risk of any fire hazards or other perils. The farms are also far from each other and thus any occurrence of natural disaster will be isolated and contained. In addition, PW Farming adheres to strict farm management measures especially on precautionary maintenance of machines and coops thereby reducing the risk of perils. Each farm is also equipped with fire fighting equipment and most of the farms are located by the main road which enables easy access for the fire or other authorities in the event of disaster or perils. With regards to the stock-in-trade, there are not many insurance companies that provide poultry insurance coverage and the cost to insure the stocks is too high and thus affecting the costing structure. However, the impact of any disaster or perils will be contained and mitigated due to the widespread locations of the farms as mentioned above.



#### 4. RISK FACTORS (Cont'd)

##### (k) Political, Economic and Regulatory Considerations

Changes in political and economic conditions in Malaysia and other countries could materially affect the Group's financial prospects. These includes, inter-alia, the risk of war, expropriation, nationalization, changes in interest rates, changes in foreign exchange rates, trade restrictions and method of taxation.

Due to close link between the poultry industry and the consumer industry, the financial prospects of the Group may similarly be affected by any legislation or regulation imposed on the poultry industry.

##### (l) Regulatory Compliance

PW Farming has applied to the respective land offices to seek their consent to carry out poultry farming on certain pieces of land. As at the date of this Prospectus, these land offices are currently processing PW Farming's applications. There is no certainty as to whether the land offices would grant their consent in relation to PW Farming's application to carry out poultry farming on these affected land.

| Land Offices   | Location   | Remarks   |
|--|--|---|
| (i) Pejabat Tanah Bandar Baharu Kerajaan Negeri Kedah Darul Aman | Lot 58 GM 233, Lot 1099 GK 212 and Lot 1106 GM 225, Mukim of Kuala Selama, Daerah Bandar Baharu<br><br>Beneficial Owner:<br><i>PW Farming</i>  | Express conditions on these land titles restrict the use of these lands to the planting of rubber, palm oil and coconut. Application to the land office was made on 19 March 2000 to convert the use of the said land for poultry farming. Currently, the land office is processing PW Farming's application and is awaiting reports from other local authorities.  |
| (ii) Pejabat Tanah Kuala Muda Kerajaan Negeri Kedah Darul Aman   | Lot 1172 GRN 1738, Mukim of Semeling, Daerah of Kuala Muda<br><br>Beneficial Owner:<br><i>PW Farming</i>   | Express conditions on these land titles restrict the use of these land to the planting of rubber. Application to the land office was made on 1 February 2000 to convert the use of the said land for poultry farming. Currently, the land office is processing PW Farming's application and awaiting reports from other local authorities.  |
| (iii) Pejabat Tanah Kulim Kerajaan Negeri Kedah Darul Aman       | Lot 389 SP 30863, Lot 892 SP 29868, Lot 537 SP 35326, Mukim of Junjung Daerah of Kulim<br><br>Lot 1505 GM 292, Lot 110 GM 903, Lot 1504 GM 290, Mukim of Karangan, Daerah of Kulim<br><br>Beneficial Owner:<br><i>PW Farming</i> | Express conditions on these land titles restrict the use of these land to the planting of rubber (Lot 389, Lot 110 and Lot 892), orchard (Lot 537, Lot 1504 and Lot 1505), respectively.<br><br>Application to the land office were made on 17 February 2000 (Lot 1504, Lot 1505 and Lot 110), 4 July 1994 (Lot 389), 23 February 1995 (Lot 537) and 4 July 1994 (Lot 892), respectively to convert the use of the said land for poultry farming. Currently, the land office is processing PW Farming's application and awaiting reports from other local authorities. The Majlis Daerah Kulim has stated that the delay is due to the implementation of the change of status of Majlis Daerah Kulim to Majlis Perbandaran Kulim. |

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**4. RISK FACTORS (Cont'd)**


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|   |  |   |
|---|--|---|
| (iv) Pejabat Daerah dan Tanah Larut, Matang dan Selama 34000 Taiping, Perak | G.M. 815 dan G.M. 816 Mukim Sungai Tinggi.<br><br>Beneficial Owner:<br><i>PW Farming</i> | Express conditions on these land titles restrict the use of these land to the planting of cocoa. Application to land office was made on 30 October 2000 to convert the use of the said land for poultry farming. Currently, the land office is processing PW Farming's application and awaiting reports from other local authorities. |
|---|--|---|

Pursuant to the SC's letter dated 25 April 2001, Pin-Wee is to set aside RM1.5 million as a contingent for relocation of its farming activities expenses in the event that the necessary approvals from the land offices to the application of PW Farming to change the express conditions on the land titles described in Section 4(1) of this Prospectus to carry out poultry farming have not been obtained within a period of twelve (12) months from the date of this Prospectus. However, in the event all the necessary approvals from the relevant land offices are obtained within the stipulated period mentioned above, the said RM1.5 million will be utilised to repay Pin-Wee's bank borrowings.

On the breach of an express condition on the title of land, the land is liable to be forfeited to the State Authority or the Land Administrator may issue a notice to the proprietor to show cause why a fine should not be imposed and upon the failure by the proprietor to show cause to the satisfaction of the Land Administrator, then the proprietor shall be liable to a fine of not less than five hundred ringgit and in the case of a continuing breach, a further fine of not less than one hundred ringgit for each day during which the breach continues. Where the proprietor continues to persist in breaching the condition the Land Administrator may serve a notice on the proprietor informing him of the State Authority's intention to resume the process of forfeiture upon expiry of a period of six months from the date of service of the notice or at any time thereafter.

**(m) Seasonality**

As poultry is a commodity item, it does not have any distinguishable cycle. However, as it is consumed by the various races in Malaysia, it is subject to seasonal peaks during festivities such as Chinese New Year, Hari Raya and Deepavali celebrations.

During these festive periods, broiler farmers commonly increase their production of broilers in advance in anticipation of large orders. Indirectly, this will only bode well for PW Feedmills as the increased consumption of poultry meat will result in a greater demand for its poultry feeds.

**(n) Dependence On Particular Markets And Geographical Locations**

Pin-Wee's market for broiler feeds and broilers are focused within the Northern region of Peninsular Malaysia. This is predicated by the need to minimise logistic and transportation costs. As such, should there be any adverse market conditions in the Northern region, Pin-Wee's business may be affected.

**(o) Disclosure Regarding Forward-Looking Statements**

This Prospectus contains forward-looking statements, i.e. those other than statements of historical facts. Although the Group believes that the expectations reflected in such future statements are reasonable at this time, there can be no assurance that such expectations will prove to be correct. Any differences in the expectations of the Group from its actual performance may result in the Group's financial and business performance and plans to be materially different from those anticipated.

## 5. INFORMATION ON THE PIN-WEE GROUP

### 5.1 History and Principal Activities

Pin-Wee was incorporated in Malaysia on 19 February 1997 under the Act as a private limited company under the name of Pin-Wee (Malaysia) Sdn. Bhd. It changed its name to Pin-Wee Group Sdn. Bhd. on 26 September 1997 and was converted into a public limited company under its present name on 18 November 1997.

Pin-Wee is principally an investment holding company whilst its subsidiary companies, PW Feedmills and PW Farming are principally involved in the manufacture and sale of broiler feeds and in the farming of broiler chicks, respectively.

PW Feedmills is currently involved in the business of manufacturing and sale of broiler feeds under the brand name of “Prosperous” and “Gold Medal”. PW Feedmills was incorporated on 9 February 1978. PW Feedmills initially operated from a factory located in Permatang Pauh, Penang on a small-scale basis with an initial production capacity of 1,000 metric tonnes (“m.t.”) per month. PW Feedmills increased its production capacity with the construction of a modern automated factory located at the Bukit Minyak Industrial Park, Penang in 1997. The factory is equipped with sophisticated feed milling machineries from California Pellet Mill of the United States of America and Buhler of Switzerland, increasing the production capacity to 16,500 m.t. per month. Presently, broiler feeds are produced at the Bukit Minyak plant whereas ruminant feed, such as cattle feed is produced at the Permatang Pauh plant.

PW Farming was incorporated on 30 December 1985. PW Farming handles the broiler farming operations of the Group. The broiler farming operations of the Group is further segregated into broiler farmers employed by PW Farming and contract farmers. Contract farming is part of the poultry integration industry through the concept of contracting, to buy back live broilers (for resale) at a pre-determined price, from contract farmers who in return use poultry feeds and medication supplied by PW Feedmills and DOC supplied by the local breeders amongst whom are Leong Hup Holdings Bhd., Goldkist Breeding Farms Sdn. Bhd., Federal Flour Mills Berhad and Linggi Poultry Farm (M) Sdn. Bhd.

### 5.2 Changes In Share Capital

The present authorized share capital of Pin-Wee is RM50,000,000 divided into 50,000,000 ordinary shares of RM1.00 each. The present issued and paid-up share capital is RM40,598,000 comprising 40,598,000 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:

| <b>Date of Allotment</b> | <b>No. of Ordinary Shares Allotted</b> | <b>Par Value RM</b> | <b>Consideration</b>   | <b>Resultant Issued and Paid-Up Share Capital RM</b> |
|--------------------------|--|---------------------|--|--|
| 19.02.1997               | 2                                      | 1.00                | Subscribers' shares  | 2  |
| 06.04.2001               | 25,412,829                             | 1.00                | Shares issued in consideration for the acquisition of PW Feedmills at an issue price of approximately RM1.22 per share | 25,412,831   |
| 06.04.2001               | 10,785,790                             | 1.00                | Shares issued in consideration for the acquisition of PW Farming at an issue price of approximately RM1.22 per share   | 36,198,621   |
| 11.02.2002               | 4,399,379                              | 1.00                | Shares issued pursuant to the Rights Issue   | 40,598,000   |

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**5. INFORMATION ON THE PIN-WEE GROUP (Cont'd)**

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**5.3 Flotation Scheme**

In conjunction with the listing of Pin-Wee shares on the Second Board of the KLSE, the Company undertook a restructuring exercise which was approved by the FIC on 17 July 2000 and 21 December 2000, MITI on 25 July 2000, 6 November 2000 and 30 November 2000, and SC on 5 July 2000, 10 January 2001, 25 April 2001, 17 July 2001, 2 January 2002 and 11 April 2002 respectively. The details of the restructuring exercise are as follows:

**5.3.1 Acquisition of PW Feedmills**

On 27 August 1999, Pin-Wee entered into a Conditional Sale and Purchase Agreement to acquire the entire issued and paid-up share capital of PW Feedmills comprising 2,445,882 ordinary shares of RM1.00 each for a purchase consideration of RM31,042,201 to be satisfied by the issue and allotment of 25,412,829 new ordinary shares of RM1.00 each in Pin-Wee at an issue price of approximately RM1.22 per share.

The purchase consideration of RM31,042,201 was arrived at on a willing buyer willing seller basis after taking into consideration the adjusted audited NTA of RM31,042,201 or approximately RM12.69 per share as at 31 December 1998.

The Acquisition of PW Feedmills was completed on 6 April 2001.

**5.3.2 Acquisition of PW Farming**

On 27 August 1999, Pin-Wee entered into a Conditional Sale and Purchase Agreement to acquire the entire issued and paid-up share capital of PW Farming comprising 815,290 ordinary shares of RM1.00 each for a purchase consideration of RM13,785,025 to be satisfied by the issue and allotment of 11,285,169 new ordinary shares of RM1.00 each in Pin-Wee at an issue price of approximately RM1.22 per share.

A supplementary agreement was entered into on 22 March 2001 to include Chee Wai Hong as a vendor and for him to adhere to the Conditional Sale and Purchase Agreement dated 27 August 1999 and to vary the purchase consideration to RM13,175,025 to be satisfied by the issue and allotment of 10,785,790 new ordinary shares of RM1.00 each in Pin-Wee at an issue price of approximately RM1.22 per share.

The purchase consideration of RM13,175,025 was arrived at on a willing buyer willing seller basis after taking into consideration the adjusted audited NTA of PW Farming of RM13,175,025 or approximately RM16.16 per share as at 31 December 1998, after deducting the revaluation deficit of RM610,000.

The Acquisition of PW Farming was completed on 6 April 2001.

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## 5. INFORMATION ON THE PIN-WEE GROUP (Cont'd)

The shareholding structure of PW Feedmills and PW Farming before the Acquisitions are as follows:

| Vendors  | PW Feedmills           |               | PW Farming             |               |
|--|------------------------|---------------|------------------------|---------------|
|  | No. of Ordinary Shares | %             | No. of Ordinary Shares | %             |
| Siah Gim Eng   | 750,000                | 30.66         | 288,000                | 35.32         |
| Law Hooi Lean  | 750,000                | 30.66         | 205,260                | 25.18         |
| TCC  | 334,412                | 13.68         | 111,470                | 13.68         |
| Capital Intel Net Sdn. Bhd.                              | 122,294                | 5.00          | 40,765                 | 5.00          |
| Mazri bin Mansor   | 122,294                | 5.00          | 40,765                 | 5.00          |
| Bumiputera and Technology Venture Capital Sdn. Bhd.      | 122,294                | 5.00          | 40,765                 | 5.00          |
| Malaysian Technology Venture Two (Agriculture) Sdn. Bhd. | 244,588                | 10.00         | 81,525                 | 10.00         |
| Chee Wai Hong  | -                      | -             | 6,740                  | 0.82          |
| <b>TOTAL</b>   | <b>2,445,882</b>       | <b>100.00</b> | <b>815,290</b>         | <b>100.00</b> |

The number of new Pin-Wee shares issued to the Vendors of PW Feedmills and PW Farming after the Acquisitions are as follows:

| Vendors  | No. of New Pin-Wee Shares Issued to Acquire: |                   |                   |
|--|--|-------------------|-------------------|
|  | PW Feedmills                                 | PW Farming        | Total             |
| Siah Gim Eng   | 7,792,536                                    | 3,810,065         | 11,602,601        |
| Law Hooi Lean  | 7,792,536                                    | 2,715,465         | 10,508,001        |
| TCC  | 3,474,556                                    | 1,474,680         | 4,949,236         |
| Capital Intel Net Sdn. Bhd.                              | 1,270,640                                    | 539,296           | 1,809,936         |
| Mazri bin Mansor   | 1,270,640                                    | 539,296           | 1,809,936         |
| Bumiputera and Technology Venture Capital Sdn. Bhd.      | 1,270,640                                    | 539,296           | 1,809,936         |
| Malaysian Technology Venture Two (Agriculture) Sdn. Bhd. | 2,541,281                                    | 1,078,526         | 3,619,807         |
| Chee Wai Hong  | -  | 89,166            | 89,166            |
| <b>TOTAL</b>   | <b>25,412,829</b>                            | <b>10,785,790</b> | <b>36,198,619</b> |

## 5. INFORMATION ON THE PIN-WEE GROUP (Cont'd)

### 5.3.3 Rights Issue

Following the completion of the Acquisitions, the Company has undertaken a Rights Issue of 4,399,379 new ordinary shares of RM1.00 on the basis of approximately 12 new ordinary shares for every 100 existing ordinary shares held after the Acquisitions at the issue price of RM1.00 each payable in full upon application. The Rights Issue was completed on 11 February 2002.

The purpose of the Rights Issue is to raise additional funds to repay the outstanding borrowings of the Group.

### 5.3.4 Public Issue and Offer for Sale

Thereafter, to facilitate the listing of and quotation for Pin-Wee Shares on the Second Board of the KLSE, the Company will undertake a Public Issue of 8,131,000 new ordinary shares of RM1.00 each at an issue price of RM1.30 per share and the Offerors will offer for sale 3,700,000 ordinary shares of RM1.00 each at an offer price of RM1.30 each. The Public Issue Shares and Offer Shares will be made available for subscription by eligible Directors, employees, suppliers and customers of the Pin-Wee Group, the Malaysian public and Bumiputera investors approved by MITI.

Details of the Public Issue and Offer for Sale as well as the proposed utilisation of proceeds are set out in Sections 3.6 and 3.8 of this Prospectus respectively.

### 5.3.5 Offerors

The number of ordinary Pin-Wee Shares to be offered for sale by the Offerors is as follows:

| Offerors      | <-----After Listing Scheme----->  |                                   |
|---------------|-----------------------------------|-----------------------------------|
|               | Number of Shares Offered For Sale | % to the Enlarged Paid-up Capital |
| Siah Gim Eng  | 1,613,153                         | 3.31                              |
| Law Hooi Lean | 1,408,437                         | 2.89                              |
| TCC           | 678,410                           | 1.39                              |
| Total         | 3,700,000                         | 7.59                              |

Details on the Offerors are set out in Section 6.1 of this Prospectus.

## 5.4 Promoters

The details of the promoters of the Pin-Wee Group and their shareholdings after the Public Issue and Offer for Sale are as follows:

| Name          | Nationality | <-----After Listing Scheme----->            |       |                           |       |
|---------------|-------------|---|-------|---------------------------|-------|
|               |             | <----- --No. of Ordinary Shares Held -----> |       |                           |       |
|               |             | Direct                                      | %     | Indirect                  | %     |
| Siah Gim Eng  | Malaysian   | 11,409,370                                  | 23.41 | 10,380,438 <sup>(1)</sup> | 21.30 |
| Law Hooi Lean | Malaysian   | 10,380,438                                  | 21.30 | 11,409,370 <sup>(2)</sup> | 23.41 |

(1) Deemed interested by virtue of the shareholdings held by his wife, Madam Law Hooi Lean

(2) Deemed interested by virtue of the shareholdings held by her husband, Mr Siah Gim Eng

## 5. INFORMATION ON THE PIN-WEE GROUP (Cont'd)

### 5.5 Subsidiary And Associated Companies

| <b>Name</b><br><b><i>Subsidiaries</i></b> | <b>Date/Place of<br/>Incorporation</b> | <b>Issued and Paid-Up<br/>Share Capital<br/>RM</b> | <b>Percentage of<br/>Equity Held<br/>(%)</b> | <b>Nature of Business</b>                     |
|---|--|--|--|---|
| PW Feedmills                              | 09.02.78<br>Malaysia                   | 2,445,882  | 100  | Manufacturing and<br>selling of broiler feeds |
| PW Farming                                | 30.12.85<br>Malaysia                   | 815,290  | 100  | Farming of broiler<br>chicks                  |

As at the date of this Prospectus, Pin-Wee has no associated company.

Further details of the subsidiaries of Pin-Wee are as follows:

### 5.6 Subsidiaries of Pin-Wee

#### 5.6.1 PW Feedmills

##### (i) History And Business

PW Feedmills was incorporated on 9 February 1978 as a private limited company under the Act. The principal activities of the company are in the manufacturing and selling of broiler feeds. PW Feedmills is a wholly owned subsidiary of Pin-Wee.

As at the date of this Prospectus, PW Feedmills has a total workforce of 112 employees.

##### (ii) Share Capital

The authorised share capital of PW Feedmills is RM3,000,000 divided into 3,000,000 ordinary shares of RM1.00 each. The present issued and paid-up share capital is RM2,445,882 comprising 2,445,882 ordinary shares of RM1.00 each. The changes in the issued and paid-up share capital of PW Feedmills since its incorporation are as follows:-

| <b>Date of<br/>Allotment</b> | <b>No. of<br/>Ordinary<br/>Shares<br/>Allotted</b> | <b>Par<br/>Value<br/>RM</b> | <b>Consideration</b> | <b>Resultant Issued<br/>and Paid-Up<br/>Share Capital<br/>RM</b> |
|------------------------------|--|-----------------------------|----------------------|--|
| 09.02.78                     | 2  | 1.00                        | Subscriber's shares  | 2  |
| 23.04.78                     | 60,000   | 1.00                        | Cash                 | 60,002   |
| 26.11.78                     | 439,998  | 1.00                        | Cash                 | 500,000  |
| 24.09.93                     | 1,000,000  | 1.00                        | Bonus Issue (2:1)    | 1,500,000  |
| 16.07.96                     | 579,000  | 1.00                        | Cash                 | 2,079,000  |
| 21.11.96                     | 366,882  | 1.00                        | Cash                 | 2,445,882  |

## 5. INFORMATION ON THE PIN-WEE GROUP (Cont'd)

### (iii) Subsidiary And Associated Companies

As at the date of this Prospectus, PW Feedmills has no subsidiary and/or associated companies.

### (iv) Profit and Dividend Record

A summary of the audited profit and dividend record of PW Feedmills based on its audited financial statements for the past five (5) FYs ended 31 December 2000 and ten (10) months financial period ended 31 October 2001 are as follows:

|  | <-----Audited----->              |         |         |         |         | 10<br>Months<br>Period<br>Ended 31<br>October<br>2001 |
|--|----------------------------------|---------|---------|---------|---------|---|
|  | <-----FY Ended 31 December-----> |         |         |         |         |   |
|  | 1996                             | 1997    | 1998    | 1999    | 2000    |   |
| Turnover                               | 55,408                           | 70,603  | 74,941  | 80,790  | 94,166  | 95,195  |
| EBIDTA                                 | 5,087                            | 6,805   | 7,627   | 7,668   | 8,736   | 9,161   |
| Interest Expense                       | (984)                            | (1,409) | (2,125) | (1,273) | (1,333) | (1,548)   |
| Operating Profit                       | 4,103                            | 5,396   | 5,502   | 6,395   | 7,403   | 7,613   |
| Depreciation                           | (342)                            | (886)   | (1,354) | (1,369) | (1,470) | (1,414)   |
| Research and Development Expenses#     | -                                | -       | -       | -       | -       | -   |
| PBT                                    | 3,761                            | 4,510   | 4,148   | 5,026   | 5,933   | 6,199   |
| Taxation                               | (1,104)                          | (827)   | (508)   | 104     | (595)   | (1,788)   |
| PAT after extraordinary items and MI   | 2,657                            | 3,683   | 3,640   | 5,130   | 5,338   | 4,411   |
| No. of ordinary shares in issue ('000) | 2,446                            | 2,446   | 2,446   | 2,446   | 2,446   | 2,446   |
| Basic net EPS (RM)                     | 1.09                             | 1.51    | 1.49    | 2.10    | 2.18    | 2.16*   |
| Gross Dividend (%)                     | -                                | -       | -       | -       | -       | -   |

Notes:

\* Annualised

# The research and development expenses are not segregated and these expenses have been absorbed into the cost of production, thus constituting part of cost of sales.

(1) During the financial years under review, there were no preliminary expenses, exceptional items, share of profits/(losses) of associated company, extraordinary items or MI except as disclosed above.

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**5. INFORMATION ON THE PIN-WEE GROUP (Cont'd)**


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**5.6.2 PW Farming****(i) History And Business**

PW Farming was incorporated in Malaysia on 30 December 1985 as a private limited company under the Act. The company is involved principally in the farming of broiler chicks. PW Farming is a wholly owned subsidiary of Pin-Wee.

As at the date of this Prospectus, PW Farming has 58 employees.

**(ii) Share Capital**

The authorised share capital of PW Farming is RM1,000,000 divided into 1,000,000 shares of RM1.00 each. The present issued and paid-up share capital is RM815,290 comprising 815,290 ordinary shares of RM1.00 each. The changes in the issued and paid-up share capital of PW Farming since its incorporation are as follows:-

| <b>Date of Allotment</b> | <b>No. of Ordinary Shares Allotted</b> | <b>Par Value RM</b> | <b>Consideration</b> | <b>Resultant Issued and Paid-Up Share Capital RM</b> |
|--------------------------|--|---------------------|----------------------|--|
| 30.12.85                 | 2                                      | 1.00                | Cash                 | 2  |
| 30.03.87                 | 22,998                                 | 1.00                | Cash                 | 23,000   |
| 10.01.91                 | 275,000                                | 1.00                | Cash                 | 298,000  |
| 01.09.95                 | 202,000                                | 1.00                | Cash                 | 500,000  |
| 16.07.96                 | 193,000                                | 1.00                | Cash                 | 693,000  |
| 21.11.96                 | 122,290                                | 1.00                | Cash                 | 815,290  |

**(iii) Subsidiary And Associated Companies**

As at the date of this Prospectus, PW Farming has no associated and/or subsidiary companies.

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## 5. INFORMATION ON THE PIN-WEE GROUP (Cont'd)

### (iv) Profit and Dividend Record

A summary of the audited profit and dividend record of PW Farming based on its audited financial statements for the past five (5) FYs ended 31 December 2000 and ten (10) months financial period ended 31 October 2001 are as follows:

|  | <-----Audited----->              |        |         |         |         |   |
|--|----------------------------------|--------|---------|---------|---------|---|
|  | <-----FY Ended 31 December-----> |        |         |         |         | 10<br>Months<br>Period<br>Ended 31<br>October<br>2001 |
|  | 1996                             | 1997   | 1998    | 1999    | 2000    | 2001  |
| Turnover                               | 29,824                           | 35,588 | 43,009  | 51,946  | 58,479  | 55,194  |
| EBIDTA                                 | 2,578                            | 2,936  | 3,726   | 4,420   | 4,781   | 4,412   |
| Interest Expense                       | (59)                             | (60)   | (36)    | (139)   | (560)   | (77)  |
| Operating Profit                       | 2,519                            | 2,876  | 3,690   | 4,281   | 4,221   | 4,335   |
| Depreciation                           | (349)                            | (557)  | (1,508) | (1,584) | (1,749) | (1,821)   |
| Research and Development Expenses#     | -                                | -      | -       | -       | -       | -   |
| PBT                                    | 2,170                            | 2,319  | 2,182   | 2,697   | 2,472   | 2,514   |
| Taxation                               | (619)                            | (666)  | (318)   | (136)   | (228)   | (683)   |
| PAT after extraordinary items and MI   | 1,551                            | 1,653  | 1,864   | 2,561   | 2,244   | 1,831   |
| No. of ordinary shares in issue ('000) | 815                              | 815    | 815     | 815     | 815     | 815   |
| Basic net EPS (RM)                     | 1.90                             | 2.03   | 2.29    | 3.14    | 2.75    | 2.70*   |
| Gross Dividend (%)                     | -                                | -      | -       | -       | -       | -   |

Notes:

\* Annualised

# The research and development expenses are not segregated and these expenses have been absorbed into the cost of production, thus constituting part of cost of sales.

(1) During the financial years under review, there were no preliminary expenses, exceptional items, share of profits/(losses) of associated company, extraordinary items or MI except as disclosed above.

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## 5. INFORMATION ON THE PIN-WEE GROUP *(Cont'd)*

### 5.7 Business Overview

The prospects for the Pin-Wee Group remain bright. The two (2) main industries Pin-Wee are involved in are:-

- (i) Poultry feeds, and;
- (ii) Broiler farming.

Both these industries are in the growth stage of their respective lifecycles in Malaysia. These industries have experienced steady growth throughout the 5-year period between years 1996–2000. Between 1996 and 2000, sales value of the manufacturing of prepared animal feed grew at an average annual rate of 5.5%. Between 1996 and 2000, production of poultry feed in quantity terms grew at an average annual rate of 11.2%. For the first nine months of 2001, production of poultry feed amounted to 1.8 million tonnes, representing an increase of 11.6% compared to the same period in 2000.

Between 1996 and 2000, the ex-farm sale value of poultry meat in Peninsular Malaysia experienced an average annual growth rate of 21.9% per annum.

For details on the assessment of the poultry industry, kindly refer to the independent market research report as annexed in Section 12 of this Prospectus.

*(Source: Vital Factor Consulting Sdn. Bhd.)*

The prospects of Pin-Wee are closely tied to the prospects of the poultry industry. This is because the dynamics of the poultry industry would also affect the dynamics of the feeds industry. In this instance, Pin-Wee is especially affected as most of its feeds output is targeted at the poultry industry.

#### 5.7.1 Viability

For details on the viability of the poultry industry, kindly refer to the independent market research report as annexed in Section 12 of this Prospectus.

#### 5.7.2 Principal Products And Services

The poultry feedmill industry in Malaysia produces a variety of poultry feeds for the Layer, Breeder and Broiler industries. The poultry feeds are mainly utilised by the customers for the following purposes:

|         |   |   |
|---------|---|---|
| Layer   | : | For the production of chicken eggs  |
| Breeder | : | For the production of commercial DOCs for either layer or broiler chicks      |
| Broiler | : | For the production of broiler meat such as dressed chicken or processed meat. |

Amongst the various category of poultry feeds, Pin-Wee Group's specialisation lies in the production of broiler feeds. In order to cater for the diverse needs of its customers, PW Feedmills produces a range of broiler feeds under mash, pellet or crumble form. The broiler feeds under the various forms are used for different purposes such as the following:-

## 5. INFORMATION ON THE PIN-WEE GROUP (Cont'd)

| Product Description             | For Chicks                |
|---------------------------------|---------------------------|
| Broiler Starter Mash            | Day-old to 3 weeks        |
| Broiler Grower Mash             | 3 weeks to 5 weeks        |
| Broiler Finisher Mash           | 5 weeks to 8 plus weeks   |
| Broiler Starter Crumble         | Day-old to 3 weeks        |
| Broiler Grower Pellet           | 3 weeks to 5 weeks        |
| Broiler Finisher Pellet         | 5 weeks to 8 plus weeks   |
| Kampung Chicken Starter Crumble | Day-old to 1 month        |
| Kampung Chicken Grower Pellet   | 1 month to 2 months       |
| Kampung Chicken Finisher        | 2 months to 3 plus months |

The difference between the mash, pellet or crumble form lies in the size whereby the mash form is fine and loose whilst the pellet or crumble form resembles a pellet which is 3.5 mm in diameter.

Apart from the production of broiler feeds, PW Feedmills also produces cattle, duck and goat feeds for customers. These feeds which are produced according to the specifications of the customers, complements the existing range of broiler feeds of the Group.

The principal products of PW Farming comprises of live broilers which are sold to wholesalers, distributors and end retailers. The live broilers are categorised under various grades such as Grade A and Grade B. The broilers are graded according to the age, size and quality of the birds.

The contribution of the above principal products to the sales turnover of the Pin-Wee Group for the past five (5) FYs ended 31 December 2000 and the financial period ended 31 October 2001 are shown below:-

|                           | <-----FY Ended 31 December -----> |       |          |       |          |       |          |       |          |       | Financial Period Ended 31 October 2001 |       |
|---------------------------|-----------------------------------|-------|----------|-------|----------|-------|----------|-------|----------|-------|--|-------|
|                           | 1996                              |       | 1997     |       | 1998     |       | 1999     |       | 2000     |       | 2001                                   |       |
|                           | RM'000                            | %     | RM'000   | %     | RM'000   | %     | RM'000   | %     | RM'000   | %     | RM'000                                 | %     |
| <b>Poultry Feeds</b>      |                                   |       |          |       |          |       |          |       |          |       |  |       |
| Broiler                   | 55,408                            | 65.0  | 64,107   | 60.4  | 63,858   | 54.1  | 56,282   | 42.4  | 76,585   | 50.1  | 90,697                                 | 60.3  |
| Layer                     | -                                 | 0.0   | -        | 0.0   | -        | -     | -        | -     | -        | -     | -                                      | -     |
| Breeder                   | -                                 | 0.0   | -        | 0.0   | -        | -     | -        | -     | -        | -     | -                                      | -     |
| Others*                   | -                                 | 0.0   | 6,496    | 6.1   | 11,083   | 9.4   | 24,508   | 18.5  | 17,581   | 11.5  | 4,498                                  | 3.0   |
| <b>Total animal feeds</b> | 55,408                            | 65.0  | 70,603   | 66.5  | 74,941   | 63.5  | 80,790   | 60.9  | 94,166   | 61.6  | 95,195                                 | 63.3  |
| <b>Broiler Farming</b>    | 29,824                            | 35.0  | 35,558   | 33.5  | 43,009   | 36.5  | 51,946   | 39.1  | 58,479   | 38.4  | 55,194                                 | 36.7  |
| <b>Total</b>              | 85,232                            | 100.0 | 106,191  | 100.0 | 117,950  | 100.0 | 132,736  | 100.0 | 152,645  | 100.0 | 150,389                                | 100.0 |
| Less:                     |                                   |       |          |       |          |       |          |       |          |       |  |       |
| Adjustments**             | (22,471)                          | -     | (24,292) | -     | (26,311) | -     | (35,331) | -     | (39,342) | -     | (32,608)                               | -     |
|                           | 62,761                            | 100.0 | 81,899   | 100.0 | 91,639   | 100.0 | 97,405   | 100.0 | 113,303  | 100.0 | 117,781                                | 100.0 |

\* Comprise of cattle, goat, duck and other feeds

\*\* The adjustments are mainly elimination of inter-company transactions

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**5. INFORMATION ON THE PIN-WEE GROUP (Cont'd)**

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**5.7.3 Principal Markets**

The main end-users of poultry feeds in the domestic market are the broiler and layer farms. According to a report by the Department of Veterinary Services, there was an estimated 2,003 broiler farmers and 322 layer farmers in Peninsular Malaysia in 2000. (Source: *Vital Factor Consulting Sdn. Bhd.*)

PW Farming, with 27 broiler farms and a capacity of 1.92 million broilers per batch or the equivalent of 11.5 million broilers per annum, sources its supply of broiler feeds from PW Feedmills. As such, based on the list of top 10 customers of PW Feedmills for year 2000, approximately 33% of its output is purchased by PW Farming. The remainder 67% is supplied to 30 other customers in Malaysia.

As for PW Farming, its total broilers output is sold to wholesalers, distributors and end-retailers in Peninsular Malaysia. Singapore which represents an export market for PW Farming, obtains its supply of broilers indirectly, from a major customer of PW Farming whose principal activities includes the trading and rearing of broiler chicks and the supply of live broiler chicks to Singapore for processing.

**5.7.4 Methods Of Distribution**

PW Feedmills sells its animal feeds directly to its customers and wholesalers of animal feeds. Large customers such as PW Farming and other broiler farmers obtain their supply of feeds on a regular basis directly from PW Feedmills.

PW Farming supplies live broilers through various channels either directly to end-retailers or indirectly through wholesalers and distributors. The distinction between the various channels lies in the various forms of distribution and targeted end-customers. Wholesalers generally purchase the live broilers in bulk which would then be distributed to distributors or other retail outlets such as hypermarkets or supermarkets. Distributors meanwhile will market the live broilers to either the wet markets or the mini-markets. Similarly, large end-retailers can obtain their supply of broilers directly from PW Farming.

PW Feedmill's storage and distribution centres are located at its plant at the Bukit Minyak Industrial Park. At the plant, the marketing of the poultry feeds is assisted by the customer service department, which is equipped with a hotline telephone number for customers' queries. In addition, PW Feedmills is assisted by a team of marketing staff which is entrusted to identify and source new customers through referrals or by word of mouth and listings in trade journals.

The close proximity of the Bukit Minyak factory to the North South Expressway provides easy access to the customers of PW Feedmills. On the other hand, the live broilers produced by PW Farming is distributed to wholesalers and distributors via trucks and lorries.

## 5. INFORMATION ON THE PIN-WEE GROUP (Cont'd)

### 5.7.5 Production Facilities

The production facilities of the PW Group as at 31 October 2001 are described below:-

#### (i) Feed

| Location   | Products                                 | Maximum Production Capacity per month | Actual Production Capacity per month | Land Area         |
|--|--|---------------------------------------|--------------------------------------|-------------------|
| <b>PW Feedmills</b>  |  |                                       |                                      |                   |
| 1. 972, MK 2<br>Jalan Permatang Pauh<br>Penang   | Cattle Feed<br>Duck Feed<br>Poultry Feed | 4,500 m.t.                            | 4,000 m.t.                           | 0.5 hectares      |
| 2. Plot 31, Lorong<br>Perindustrian Bukit<br>Minyak 9, Taman<br>Perindustrian Bukit<br>Minyak, Bukit<br>Mertajam<br>Penang | Poultry Feed                             | 13,000 m.t.                           | 12,000 m.t.                          | 2.377<br>hectares |

In addition, PW Feedmills has equipped the factory with sophisticated feedmilling machineries, which comprise the following:

| No | Name of Manufacturer/Suppliers                   | Functions   | Capacity          | Country of Origin | Cost of Equipment (RM'000) |
|----|--|---|-------------------|-------------------|----------------------------|
| 1. | Buhler (1 unit)                                  | Premix Mixer  | 0.5 m.t per hour. | Switzerland       | 75                         |
| 2. | California Pellet Mill (2 units)                 | Pelleting machine   | 50 m.t. per hour  | USA               | 466                        |
| 3. | Brock (4 units)                                  | Silos Storage System  | 8000 m.t.         | USA               | 1,084                      |
| 4. | Local Engineering Contractors                    | The computerised batching system including the automated infrastructure | 20 m.t. per hour  | Malaysia          | 3,000                      |
| 5. | Advance Perforated Metal Works Sdn. Bhd (1 unit) | Hammermill feedmilling machine  | 20 m.t per hour.  | Taiwan            | 53                         |
| 6. | GPM (SEA) Pte Ltd                                | Crumbler Machine  | 20 m.t. per hour  | Australia         | 152                        |
| 7. | Maimpex Sdn. Bhd.                                | Vibrating Sieve   | N/A               | Malaysia          | 52                         |

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**5. INFORMATION ON THE PIN-WEE GROUP (Cont'd)**


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| No  | Name of Manufacturer/Suppliers           | Functions          | Capacity         | Country of Origin | Cost of Equipment (RM'000) |
|-----|--|--------------------|------------------|-------------------|----------------------------|
| 8.  | Megaline Far East Sdn. Bhd. (1unit)      | Pellet Sieve       | N/A              | Thailand          | 72                         |
| 9.  | CPM Pacific (Private) Ltd (1 unit)       | Counterflow Cooler | N/A              | USA               | 114                        |
| 10. | Advance Perforated Metal Works Sdn. Bhd. | Packing Machine    | 40 m.t. per hour | Taiwan            | 43                         |
| 11. | CPM Pacific (Pte) Ltd (1 unit)           | Screener           | N/A              | USA               | 65                         |

**(ii) Broilers**

PW Farming has a maximum production capacity of 1.92 million birds per batch of which 1.62 million birds are farmed by PW Farming on lands belonging to the Group and 0.3 million birds per batch are farmed by broiler contractors. (Birds per batch is defined as the time the DOC is farmed till it is of a commercial size which is approximately 56 days old)

The Pin-Wee Group has always practised and emphasised on meeting customers' needs and requirement in terms of product quality and specification. The Group, through PW Feedmills operates a modern and sophisticated factory at the Bukit Minyak Industrial Park on a 2.377 hectares piece of land developed by the Penang Development Corporation. The infrastructure of the production facilities, which is automatic and easily controlled by the computerised batching system in the control room, and the availability of computerised monitoring and feedback is an essential part of a modern and sophisticated factory. The factory, which has a production capacity of 13,000 m.t., is currently operating at 92% of its maximum capacity on 3 shifts of 8 hours each.

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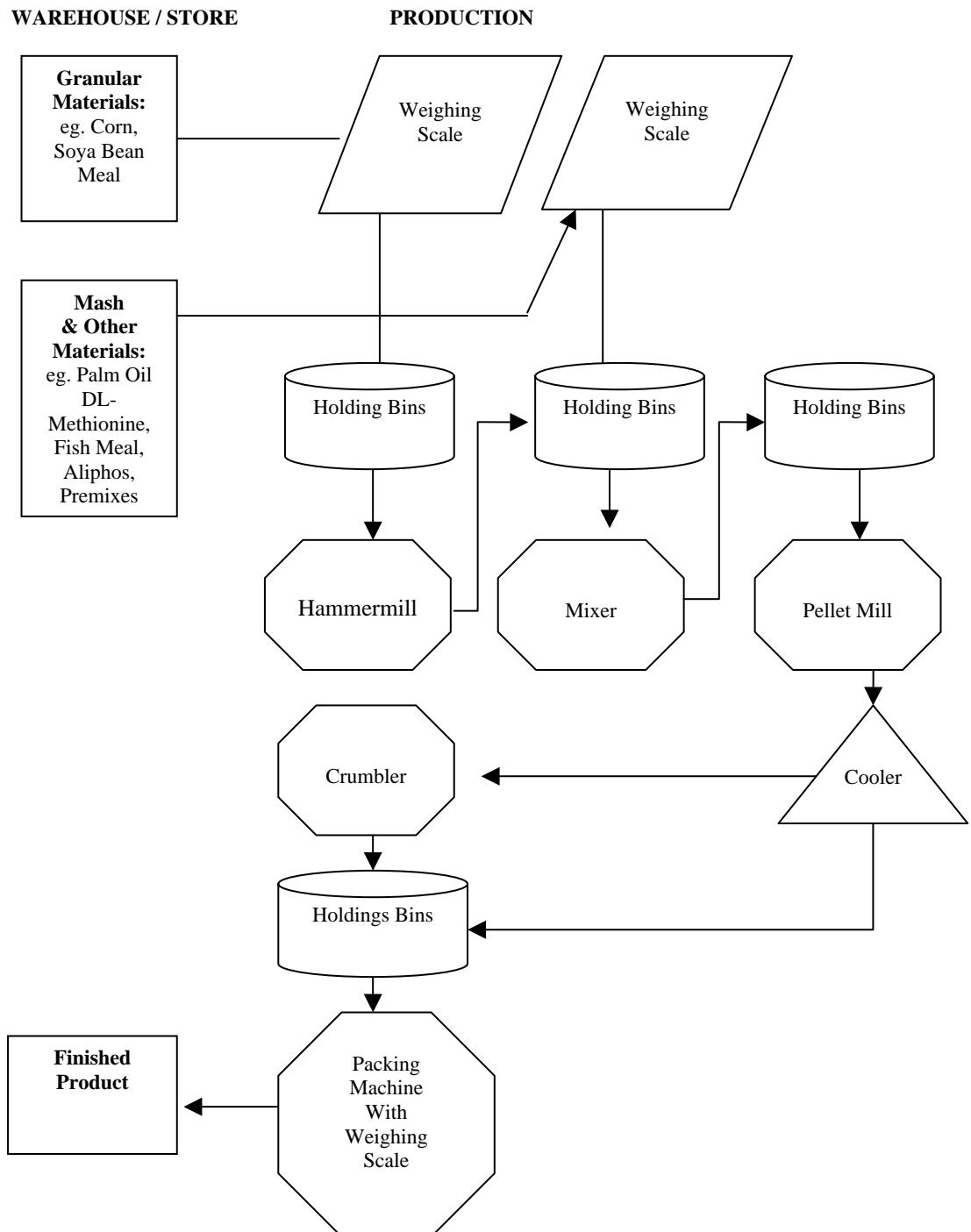
5. INFORMATION ON THE PIN-WEE GROUP (Cont'd)

5.7.6 Manufacturing and Operational Process

(i) Manufacturing of Feeds

PW Feedmills' manufacturing process uses modern technology with every stage of manufacturing process controlled automatically by a sophisticated controlling system in the control panel room. There are two separate production lines, each achieving a capacity of 20 m.t. of feeds per hour.

The detailed description of the various processes is as follows: -





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**5. INFORMATION ON THE PIN-WEE GROUP (Cont'd)**

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**Stage I : Warehouse and Storage**

There are two types of raw material received in the warehouse. One is in bag form and the other in bulk. Bulk ingredients will be stored in silos and flat storage area and bag ingredients will be stacked on pallets and stored inside the warehouse.

**Stage II : Premixing**

All additives such as vitamins, minerals, antioxidants, etc are weighed according to the formulation used and mixed together by using a micromixer.

**Stage III : Mixing**

All granular raw materials are weighed according to formulae and sent to a hammermill for grinding. The other mash raw materials will be weighed separately. All these weighing and control are done by a computerized system. After grinding, the raw materials will be transferred to a mixer for mixing.

**Stage IV: Pelleting**

After 4 minutes of mixing, the ready mash mixed feeds will be transferred to a pelletmill for the pelleting process. The mash mixed feeds will be transferred to a conditioner where steam is added and thereafter pelleted by using roller shells and die. The pellets will be transferred to a cooler where the hot moisture will be removed and maintained at ambient temperature. For broiler starter feeds, the pellets will go through the crumbling process where the pellets will be cracked down to crumble form.

**Stage V: Packing**

After pelleting the finished feeds will be stored at packing bios and will be weighed to 50 kg by a duplex scale system.

**(ii) Broiler Farming**

PW Farming is involved in farming of broilers and sale of live chickens. PW Farming is able to produce approximately 1.62 million broilers per batch from their own farms and additional 0.3 million broilers per batch from their contract farmers or the total equivalent of 11.5 million broilers per annum as at November 2000. (*Source: The management of PW Farming*)

The operation at the broiler farms involve initially the purchase of DOCs which will be inspected for quality upon admission and will be kept in fenced-up broiler houses which are raised from the ground at approximately 6 feet for ventilation purposes and at least 50 feet apart from each other. This is one way of evenly distributing the birds for better ventilation as without these, the birds tend to crowd together. Other methods of improving the ventilation include installing large fans inside the chicken coops to provide wind-chilling effect inside the coop and air-conditioned closed-house coops which utilizes ceiling fans and cooling pads for effective ventilation. PW Farming does not practice both of these methods, but instead relies on the more conventional method of building chicken coops high up from the ground to allow air to enter from underneath, therefore eliminating the need for artificial air sources, which directly translates to lower costs.

## 5. INFORMATION ON THE PIN-WEE GROUP *(Cont'd)*

Overcrowding under the tropical sun can lead to costly heat stress, especially when the birds are already large and about to be harvested.

Farms are regularly visited by a team of well qualified and experienced personnel. The visits provide the management a measure of the performance of the broilers and promotes internal control in the quality of the broilers.

Any feedback on the performance of the broilers will be communicated to PW Feedmills' management. These feedbacks will be used to continuously improve the feed formulations of PW Feedmills.

DOCs are fed with starter feeds that are high in nutritional value. As the birds grow older, the farmers will feed the birds with grower feeds and subsequently with finisher feeds when the birds reaches an age of above 5 weeks. The feeding is usually done when the weather is cooler as feeding during hot weather condition can result in heat stress for the broilers. The broiler farmers usually perform feeding as early as dusk, followed by another feed in the late afternoon.

When the DOCs reach the age of between 42 days to 60 days old, the birds will be harvested and will be marketed as grown broilers to wholesalers, distributors and end retailers.

### 5.7.7 Information on Employees

As at 11 April 2002, Pin-Wee Group has 170 employees under permanent appointment. The employees of the Pin-Wee Group do not belong to any union and the employees' relationship with the management of the Group is amicable.

As at 11 April 2002, the information on employees is as follows:

| <b>Employees</b>                    | <b>No. of Employees</b> | <b>Average No. of Years Service</b> |
|-------------------------------------|-------------------------|-------------------------------------|
| <b>PW Feedmills</b>                 |                         |                                     |
| <b>Category</b>                     |                         |                                     |
| Accounts/Finance and Administration | 15                      | 3.65                                |
| Inventory                           | 6                       | 2.26                                |
| Production                          | 77                      | 4.74                                |
| Sales                               | 5                       | 1.90                                |
| Maintenance                         | 4                       | 7.33                                |
| Security                            | 5                       | 6.60                                |
| <b>PW Farming</b>                   |                         |                                     |
| <b>Category</b>                     |                         |                                     |
| Accounts/Finance and Administration | 15                      | 4.18                                |
| Farm Management and Logistics       | 43                      | 1.28                                |

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**5. INFORMATION ON THE PIN-WEE GROUP (Cont'd)**


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In line with the Group's growth, having suitably qualified workforce to steer the Group to the road of success is vital. Pin-Wee constantly monitors and improves its employment policies to fulfil not only the basic necessities for its employees but always strives to achieve the best for its human assets. The Group regularly sends its employees for training and development programmes that will enhance the efficiency and effectiveness of the employees' job performance whilst enabling the employees to develop their inner ability to strive for excellence. Some of the examples on the training and development programmes provided for the employees are software application course such as Microsoft Excel, Microsoft Word, Microsoft Access etc, in-house training on the use of the Company's accounting system, safety training for production workers, motivational talks, tax/trade finance/banking workshops and feed nutrition workshops. In addition, the Group also provides productivity and cost improvement programmes to the employees.

**5.7.8 Interruptions in the business during the past 12 months**

There have been no interruptions in the business during the past 12 months from the date of this Prospectus.

**5.7.9 Key achievements/milestones/award of the Group**

There have been no key achievements/awards for the Group during the past 12 months from the date of this Prospectus.

**5.7.10 Major suppliers**

Pin-Wee is to a certain extent, dependent on several key suppliers for the supplies of raw materials. The main ingredients for broiler feed are corn and soya bean meal and these raw materials are mainly purchased from a few main suppliers as this allows Pin-Wee to obtain better and consistent quality of raw materials from these suppliers. Whilst there appears to be a dependency on certain suppliers, there are many other suppliers in the market that can supply the same raw materials required.

The Pin-Wee Group has practised prudent policies in managing its financial resources for the purchasing of its raw materials. The inflow of funds generated by the business will be retained for future purchases. Furthermore, additional funding is secured by way of banking facilities from financial institutions.

A substantial portion of PW Feedmills' cost of production comprises of costs of imported raw materials and these purchases are usually made in US Dollars. Prior to the introduction of the selective exchange controls by the Malaysian Government in 1998, the purchases of raw materials were exposed to the fluctuations in the foreign exchange rates. However, with the introduction of selective exchange controls which has pegged the Malaysian Ringgit at RM3.80 to a US Dollar, the foreign exchange risk of the Group has been mitigated.

**PW Feedmills**

The principal raw materials used by PW Feedmills for the production of broiler feeds comprise the following:-

- (a) grains such as corn and wheat;
- (b) soya bean meal, fishmeal, corn gluten meal and meat and bone meal;
- (c) rice bran, wheat bran/pollard;
- (d) limestone powder, dicalcium phosphate and monocalcium phosphate;
- (e) vitamins, amino acids such as DL-Methionine and L-Lysine; and
- (f) crude palm oil.

## 5. INFORMATION ON THE PIN-WEE GROUP (Cont'd)

Raw materials such as soya bean meal, corn, calcium phosphate, corn gluten meal and wheat grain are imported from countries such as United States of America, Argentina, India, Indonesia, China, Myanmar and Thailand. The Company keeps sufficient stocks of major raw materials. For example, 30 to 45 days of corn and soya bean meal stocks are held by PW Feedmills to ensure continuation in the production activities.

The other raw materials such as fishmeal, rice bran and wheat pollard are easily available locally as they are produced by Malaysian companies.

To illustrate the diversity in the sourcing of the various raw materials used in the production of broiler feeds by PW Feedmills, a tabulation of the major suppliers are listed below:-

| Raw Materials    | Country Of Origin  | Estimated Stock Holding Period |
|------------------|--|--------------------------------|
| Corn             | Argentina, China, United States of America, Brazil, India, Indonesia, Thailand and India | 6 weeks                        |
| Soya Bean meal   | Argentina, United States of America, Brazil  | 6 weeks                        |
| Wheat Grain      | Europe   | 1 month                        |
| Corn Gluten Meal | United States of America, Europe   | 1 month                        |
| Crude Palm Oil   | Malaysia   | 2 weeks                        |
| Limestone Powder | Malaysia   | 2 weeks                        |
| DL-Methionine    | Europe   | 1 month                        |
| L-Lysine         | Korea, Thailand, Indonesia   | 1 month                        |

Apart from certain raw materials such as fishmeal and palm oil which are sourced directly from the local suppliers, the other imported raw materials are purchased by PW Feedmills from agents or importers.

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## 5. INFORMATION ON THE PIN-WEE GROUP *(Cont'd)*

The list of the major suppliers of PW Feedmills and the total purchases for the FY and financial period ended 31 December 2000 and 31 October 2001 respectively are as follows:

| Suppliers                                  | <-31 December 2000-> |               | <-31 October 2001-> |               | Years of Relationship# |
|--|----------------------|---------------|---------------------|---------------|------------------------|
|  | Amount (RM'000)      | %             | Amount (RM'000)     | %             |                        |
| Cargill (Malaysia) Sdn. Bhd.               | 34,939               | 42.12         | 46,580              | 57.22         | 8                      |
| Lean Hong Enterprise                       | 12,595               | 15.18         | *                   | *             | 13                     |
| QL Feedingstuffs Sdn. Bhd.                 | 4,197                | 5.06          | 5,939               | 7.30          | 3                      |
| Ban Seng Guan Sdn. Bhd.                    | 5,348                | 6.45          | 5,672               | 6.97          | 6                      |
| Hoe Seng Chan Co. Sdn. Bhd.                | 3,477                | 4.19          | *                   | *             | 8                      |
| Perniagaan Hasbin Jaya                     | 2,940                | 3.54          | *                   | *             | 8                      |
| Aik Teong Sdn Bhd                          | 2,386                | 2.88          | 1,541               | 1.89          | 13                     |
| Behn Meyer International Trading Pte. Ltd. | 2,021                | 2.44          | *                   | *             | 12                     |
| Earth Store                                | 1,738                | 2.09          | *                   | *             | 2                      |
| Rhodia Malaysia Sdn Bhd                    | 1,373                | 1.65          | *                   | *             | 3                      |
| Age D'or Chemicals Sdn Bhd                 | *                    | *             | 2,398               | 2.95          | 10                     |
| Danberg (M) Sdn. Bhd.                      | *                    | *             | 2,116               | 2.60          | 10                     |
| LDT Sdn. Bhd                               | *                    | *             | 1,797               | 2.21          | 1                      |
| Bernas Feedstuff Sdn Bhd                   | *                    | *             | 1,565               | 1.92          | 1                      |
| Kauluan Sdn Bhd                            | *                    | *             | 1,560               | 1.92          | 1                      |
| V-Farm Trading Company                     | *                    | *             | 1,495               | 1.84          | 15                     |
| Others                                     | 11,946               | 14.40         | 10,734              | 13.18         |                        |
| <b>Total Purchases</b>                     | <b>82,960</b>        | <b>100.00</b> | <b>81,397</b>       | <b>100.00</b> |                        |

Notes:

- \* Not a major supplier for the FY or financial period under review.  
# Years of relationship is calculated as at year 2001.

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## 5. INFORMATION ON THE PIN-WEE GROUP (Cont'd)

### PW Farming

The principal raw materials used by PW Farming in the farming of live broilers is DOCs as well as broiler feeds of different grades. Its main supplier, PW Feedmills is a wholly owned subsidiary of Pin-Wee.

The list of the major suppliers of PW Farming and total purchases for the FY and financial period ended 31 December 2000 and 31 October 2001 respectively are as follows:

| Suppliers                         | ←31 December 2000→ |               | ←---31 October 2001---→ |               | Years of Relationship# |
|-----------------------------------|--------------------|---------------|-------------------------|---------------|------------------------|
|                                   | Amount (RM'000)    | %             | Amount (RM'000)         | %             |                        |
| PW Feedmills                      | 31,075             | 65.57         | 32,608                  | 70.38         | 18                     |
| Ladang Ternakan Maju Sdn. Bhd.    | 3,673              | 7.75          | 3,085                   | 6.66          | 6                      |
| BM Lean Huat Chan Sdn. Bhd.       | 3,198              | 6.75          | 1,322                   | 2.85          | 13                     |
| Linggi Poultry Farm (M) Sdn. Bhd. | 1,398              | 2.95          | 1,895                   | 4.09          | 10                     |
| Pertanian Pertiwi Sdn. Bhd.       | 924                | 1.95          | 851                     | 1.84          | 3                      |
| Tad Fa Trading Co.                | 816                | 1.72          | 1,064                   | 2.30          | 7                      |
| Boon Sim Fah Trading Co.          | 701                | 1.48          | *                       | *             | 6                      |
| Sri Ternak Wilayah Sdn. Bhd.      | 641                | 1.35          | *                       | *             | 4                      |
| Moh Kee Hatchery .                | 617                | 1.30          | 828                     | 1.79          | 3                      |
| Kean Leong Trading Co             | 538                | 1.13          | 861                     | 1.86          | 11                     |
| Ghai Soo Ming Poultry Farm        | *                  | *             | 615                     | 1.33          | 2                      |
| F E Venture                       | *                  | *             | 548                     | 1.18          | 6                      |
| Others                            | 3,808              | 8.05          | 2,653                   | 5.72          |                        |
| <b>Total Purchases</b>            | <b>47,389</b>      | <b>100.00</b> | <b>46,330</b>           | <b>100.00</b> |                        |

*Notes:*

- \* Not a major supplier for the FY or financial period under review.  
# Years of relationship is calculated as at year 2001.

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## 5. INFORMATION ON THE PIN-WEE GROUP (Cont'd)

### 5.7.11 Major Customers

Feeds produced by PW Feedmill are sold to various local customers and is therefore not over-dependent on any single customer.

#### PW Feedmills

The list of major customers for PW Feedmills and the total sales for the FY and financial period ended 31 December 2000 and 31 October 2001 respectively are as follows:

| Customers                     | ←31 December 2000→ |               | ←--31 October 2001→ |               | Years of Relationship# |
|-------------------------------|--------------------|---------------|---------------------|---------------|------------------------|
|                               | Amount (RM'000)    | %             | Amount (RM'000)     | %             |                        |
| PW Farming                    | 31,075             | 33.00         | 32,608              | 34.25         | 18                     |
| BM Lean Huat Chan Farm        | 12,747             | 13.54         | 10,979              | 11.53         | >18                    |
| Lean Hong Enterprise          | 13,320             | 14.15         | *                   | *             | 6                      |
| Yeong Cheng Sdn. Bhd.         | 3,863              | 4.10          | 5,606               | 5.89          | 11                     |
| Yung Heng Farm Sdn. Bhd.      | 3,318              | 3.52          | 7,369               | 7.74          | 6                      |
| Perniagaan Hasbin Jaya        | 4,151              | 4.41          | *                   | *             | 6                      |
| Shing Seng Kee Farm Sdn. Bhd. | 2,682              | 2.85          | *                   | *             | 13                     |
| Di-Hin Farm Sdn. Bhd.         | 2,131              | 2.26          | 3,189               | 3.35          | 13                     |
| Perniagaan Kubuku             | 2,044              | 2.17          | *                   | *             | 11                     |
| D.B.E. Poultry Sdn Bhd        | *                  | *             | 6,443               | 6.77          | 2                      |
| PWS Farming Sdn Bhd           | *                  | *             | 4,962               | 5.21          | 3                      |
| Moh Kee Hatchery              | *                  | *             | 4,612               | 4.84          | 2                      |
| Ladang Ternakan Maju Sdn Bhd  | 3,524              | 3.74          | 3,702               | 3.89          | 4                      |
| Penternakan Hua Heng          | *                  | *             | 3,067               | 3.22          | 2                      |
| Others                        | 15,311             | 16.26         | 12,658              | 13.31         |                        |
| <b>Total Sales</b>            | <b>94,166</b>      | <b>100.00</b> | <b>95,195</b>       | <b>100.00</b> |                        |

*Notes:*

\* Not a major customer for the FY or financial period under review.

# Years of relationship is calculated as at year 2001.

Based on the analysis above, PW Feedmills has not been relying on a single customer for its sales with the exception of PW Farming. PW Farming and PW Feedmills however, are wholly owned subsidiaries of the Pin-Wee Group. The Company also does not believe that PW Feedmills is overly dependent on BM Lean Huat Chan Farm as it only represent 11.53% of the total sales for the period ending 31 October 2001. PW Feedmills enjoys good business relationship with most of its customers. In addition, PW Feedmills has always been striving to increase its customer base and to further reduce the reliance on any one customer.

## 5. INFORMATION ON THE PIN-WEE GROUP (Cont'd)

### PW Farming

The list of major customers for PW Farming and the total sales for the FY and financial period ended 31 December 2000 and 31 October 2001 respectively are as follows:

| Customers                    | ←31 December 2000→ |               | ←--31 October 2001→ |               | Years of Relationship# |
|------------------------------|--------------------|---------------|---------------------|---------------|------------------------|
|                              | Amount (RM'000)    | %             | Amount (RM'000)     | %             |                        |
| KH Enterprise-Sentosa        | 4,616              | 7.89          | *                   | *             | 6                      |
| Chip Seng Chan               | 4,836              | 8.27          | *                   | *             | 13                     |
| B.M. Lean Huat Chan          | 3,565              | 6.10          | *                   | *             | 13                     |
| Sentosa Sdn Bhd              | 3,135              | 5.36          | 9,877               | 17.90         | 6                      |
| Di-Hin Farm Sdn. Bhd.        | 2,387              | 4.08          | *                   | *             | 13                     |
| Hualy Sdn Bhd                | 3,892              | 6.66          | 2,978               | 5.40          | 6                      |
| Sri Ternak Wilayah Sdn. Bhd. | 2,196              | 3.76          | 8,574               | 15.53         | 4                      |
| Goh Eng Hoo                  | 2,270              | 3.88          | 1,725               | 3.13          | 6                      |
| Eng Huat Hin                 | 2,238              | 3.83          | 1,641               | 2.97          | 8                      |
| Pang Seng Hin                | 2,126              | 3.64          | 1,723               | 3.12          | 6                      |
| Yee Wee Heng                 | *                  | *             | 1,978               | 3.58          | 4                      |
| BCL Food Industry            | *                  | *             | 1,882               | 3.41          | 3                      |
| Chai Kim Pauh                | *                  | *             | 1,790               | 3.24          | 4                      |
| Panjang Kee Sdn Bhd          | *                  | *             | 1,631               | 2.96          | 1                      |
| Others                       | 27,218             | 46.53         | 21,395              | 38.76         |                        |
| <b>Total Sales</b>           | <b>58,479</b>      | <b>100.00</b> | <b>55,194</b>       | <b>100.00</b> |                        |

*Notes:*

\* Not a major customer for the FY or financial period under review.

# Years of relationship is calculated as at year 2001.

Based on the analysis above, Pin-Wee does not believe that PW Farming is overly dependent on Sentosa Sdn Bhd and Sri Ternak Wilayah Sdn Bhd as they only represent 17.90% and 15.53% respectively of the total sales for the period ending 31 October 2001. However, PW Farming has always been striving to increase its customer base and to further reduce the reliance on any one customer.

#### 5.7.12 Industry Overview

Pin-Wee through its wholly owned subsidiaries is involved in the following two industries:

- i) PW Feedmills is in the production of poultry feeds;
- ii) PW Farming is in broiler farming (rearing of chicken for its meat)

The demand for animal feed, which includes poultry feed has been growing in Malaysia and this is indicated by the following trends:



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**5. INFORMATION ON THE PIN-WEE GROUP (Cont'd)**


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- i) Between 1996 and 2000, the sales value of the manufacturing of prepared animal feed grew at an average annual rate of 5.5%; (*Source: Monthly Manufacturing Statistics, September 2001, Department of Statistics*)
- ii) Between 1996 and 2000, production of poultry feed as a sub-sector of prepared animal feed increased at an average annual rate of 11.2% in tonnage terms; (*Source: Monthly Manufacturing Statistics, September 2001, Department of Statistics*)
- iii) For the first 9 months of 2001, production of poultry feed amounted to 1.8 million tonnes, representing an increase of 11.6% compared to the same period in 2000; (*Source: Monthly Manufacturing Statistics, September 2001, Department of Statistics*)
- iv) In 2000, exports of animal feed amounted to RM361 million. However, this represented a decrease of 7.5% compared to the previous year. Between 1996 and 2000, exports declined by an average annual rate of 3.4%; (*Source: Monthly External Trade Statistics, December 1997, 1998, 1999, 2000, Department of Statistics*)
- v) Between 1996 and 2000, imports of animal feed have been growing at an average rate of 2.4%. (*Source: Monthly External Trade Statistics, December 1997, 1998, 1999, 2000, Department of Statistics*)
- vi) In 2000, the sales value of the manufacturing of prepared animal feed reached RM2.0 billion, representing an increase of 8.8% over the previous year. (*Source: Monthly Manufacturing Statistics, September 2001, Department of Statistics*)
- vii) For the first nine months of 2001, sales value of the manufacturing of prepared animal feed grew to RM1,582.2 million, representing an increase of 4.7% over the same period in 2000. (*Source: Monthly Manufacturing Statistics, September 2001, Department of Statistics*)

The outlook of the broiler farming industry is favourable. This is predicated by the following:

- i) In 1999, the Livestock Industry in Malaysia was valued at RM4.35 billion with poultry meat alone contributing a significant 80.6% of the total value of output in this industry. In 2000, the Livestock Industry was estimated at RM4.52 billion, representing an increase of 3.9% over the previous year. (*Source: Unpublished Data - Department of Veterinary Services, Ministry of Agriculture*)
- ii) Between 1996 and 2000, total ex-farm value of production of Livestock products in Peninsular Malaysia grew at an average rate of 0.2% per annum (*Note: 2000 figures are estimates only*); (*Source: Unpublished Data - Department of Veterinary Services, Ministry of Agriculture*)
- iii) In 2000, poultry meat ranked the highest in terms of consumption at 651,500 metric tonnes, which is 428.4% higher than pork, the next highest consumed livestock in Peninsular Malaysia (*Note: 2000 figures for consumption of poultry meat are estimates only*); (*Source: Unpublished Data - Department of Veterinary Services, Ministry of Agriculture*)
- iv) Between 1996 and 2000, the ex-farm sales value of poultry meat production in Peninsular Malaysia grew at an average rate of 21.9% per annum (*Note: 2000 figures are estimates only*); (*Source: Unpublished Data - Department of Veterinary Services, Ministry of Agriculture*)

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**5. INFORMATION ON THE PIN-WEE GROUP (Cont'd)**


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- v) In 1998, despite the economic crisis, ex-farm value of production of poultry meat in Peninsular Malaysia reached RM2.4 billion, representing an increase of 5.7% compared to 1997; *(Source: Unpublished Data - Department of Veterinary Services, Ministry of Agriculture)*
- vi) In 2000, the estimated ex-farm value of poultry meat was RM3.63 billion, representing an increase of 3.4% over 1999. *(Source: Unpublished Data - Department of Veterinary Services, Ministry of Agriculture)*
- vii) Between 1996 and 2000, the value of exports of fowl and poultry in Peninsular Malaysia increased at an average annual rate of 8.5%, most of which was exported to Singapore *(Note: 2000 figures are estimates only)* *(Source: Unpublished Data - Department of Veterinary Services, Ministry of Agriculture)*
- viii) From 1995 to 2000, the rate of self-sufficiency increased from 111.4% to 119.2% *(Note: 2000 figures are estimates only)*; *(Source: Unpublished Data - Department of Veterinary Services, Ministry of Agriculture)*
- ix) It is forecasted that the self-sufficiency rate of poultry meat will reach 143.2% between 2000 and 2005. *(Source: Eighth Malaysia Plan 2001-2005, Economic Planning Unit)*

For further details please refer to Section 12 of this Prospectus

**5.7.13 Future Plans, Strategies and Prospects**

Pin-Wee intends to expand the production capacity of its broiler farms through acquiring more land or through additional contracts with contract farmers. Pin-Wee is also planning to develop its existing land bank in Perak to broaden its farming activities to the Central region of Peninsular Malaysia. The rising demand for poultry meat would also benefit the poultry feed industry. Pin-Wee, as one of the biggest feed manufacturers in the Northern region, is poised to take advantage of the rising demand. The Company intends to penetrate these markets to expand its business operations.

Pin-Wee is intensifying its product diversification strategy by producing other types of feeds such as layer and breeder feed, duck feed, goat feed and is currently studying the viability to produce aquatic feed, such as fish feed and shrimp feed. Even though these markets are not as large as the poultry market, these specialty feeds have better profit margins as compared to poultry feed.

In the medium term, Pin-Wee is considering venturing into the layer chicken farming, breeder chicken farming, chicken meat processing and the production of pet feed with the assistance of its major shareholder, TCC.

Whilst the opportunity to expand and diversify into related industries remains a viable option for Pin-Wee, the management of Pin-Wee will exercise prudence and due caution before undertaking other activities to ensure that its shareholders' interests and the value of the Pin-Wee Shares are protected and enhanced.

As a subsector of the Livestock Industry, the demand for Pin-Wee Group's products such as broiler feeds and live broilers are very much dependent on the consumption of poultry meat in Malaysia. The consumption of poultry meat in Malaysia is one of the highest amongst the industrialised countries. Based on an estimate by the Agri-food and Veterinary Authority, Singapore, Malaysia's consumption rate of 32.3 kg per capita in 1998 is the third highest after Hong Kong and Brunei. Therefore, it can be assumed that the increased consumption of poultry meat will effectively increase the demand for poultry feeds.

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**5. INFORMATION ON THE PIN-WEE GROUP (Cont'd)**


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Other factors that will support the increased demand for poultry meat are as follows:

- (i) Growing direct preference for white meat as opposed to red meat in an increasingly health conscious society. Malaysian consumers are now more conscious of their diet and have followed the Western trend of reducing the consumption of high cholesterol red meat to the protein rich white meat;
- (ii) Proliferation of the “Fast Food/Convenience Food” lifestyle which will create demand for processed chicken based food such as nuggets, burgers, frankfurters, meat balls etc. ;
- (iii) A growing population and a higher disposable income; and
- (iv) Poultry meat is acceptable to all races in Malaysia.

Therefore, due to the abovementioned reasons, the demand for poultry feed and poultry meat appears to be inelastic. (Source: Vital Factor Consulting Sdn. Bhd.)

**(a) Market Share**

**PW Feedmills**

In 2000, the market size of poultry feed was estimated at 2.2 million m.t. in Malaysia (Note: Total Production of poultry feed is based on a sample size of 37 major establishments with over 30 employees operating in each establishment). (Source: Monthly Manufacturing Statistics, September 2001, Bank Negara Malaysia). In 2000, the market share of PW Feedmills in poultry feed in Malaysia was estimated at 8% based on a production of 180,000 tonnes of poultry feed. The market share was achieved against a background of intense competition from integrated poultry operators in the Peninsular Malaysia such as from Federal Flour Mills Berhad, Gold Coin Feedmills (M) Sdn. Bhd., Sinmah Feedmills and others whereas PW Feedmills’ market is primarily focused in the Northern region.

Furthermore, based on the estimated monthly feed production for 1999, PW Feedmills was ranked ninth among poultry feed manufacturers in Peninsular Malaysia in terms of production of poultry feed. Based on the estimated monthly feed production for 1999, PW Feedmills was ranked as one of the top feed manufacturers in the Northern Part of Peninsular Malaysia in terms of production of poultry feed. (Based on information available at the point in time) (Source: Vital Factor Consulting Sdn. Bhd.) PW Feedmills is currently running at a production capacity of 16,000 m.t. per month.

**PW Farming**

In 2000, the market size of poultry meat in Peninsular Malaysia was estimated at 364 million birds (Source: The Broiler Chicken Industry of 2000 in Peninsular Malaysia, Status of the Industry in 2000 and Prospects for 2001, Poultry Unit, Department of Veterinary Science). In 2000, PW Farming’s market share of broilers in Peninsular Malaysia was estimated at 3% based on a production of 11.5 million broilers.

Based on the estimated monthly production of broilers for 1999, PW Farming was ranked sixth (6<sup>th</sup>) in Peninsular Malaysia in terms of production of broilers. Based on the estimated monthly production of broilers for 1999, PW Farming was ranked as one of the top broiler farmers in the Northern part of Peninsular Malaysia in terms of production. (Based on information available at the point in time). (Source: Vital Factor Consulting Sdn. Bhd.)

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**5. INFORMATION ON THE PIN-WEE GROUP (Cont'd)**

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**(b) Competitive Advantage**

The competitive advantage of the Pin-Wee Group can be described below:

**(i) Advanced Manufacturing Facilities**

PW Feedmills' new plant in Bukit Minyak covers an area of approximately 2.377 hectares and is equipped with sophisticated feedmilling machinery which include machinery from California Pellet Mill ("CPM") of United States of America, Buhler of Switzerland and Brock of United States of America. The Group has also invested in up-to-date and modern machinery worth at least RM10.0 million in equipment from United States of America, Switzerland, Taiwan, China, Thailand as well as locally.

**(ii) Efficient Operations**

The operations of the feedmill at the Bukit Minyak plant is mainly automated in nature as the processing of various raw materials into broiler feeds is computerised. The cost of the automated and control system is estimated to be at least RM3.0 million. In terms of technical ability, the advantages of the automated system lies in the fully computerised auto batching system, which incorporates a Programmable Logical Control ("PLC") and Man Made Interface ("MMI"). The PLC automates the whole batching process in the production of feeds whereas the MMI system is responsible for overseeing the smooth operation of the plant. Furthermore, both the PLC and the MMI systems are supervised by qualified technicians. According to the management of the company, PW Feedmills' plant is considered to be one of the forerunners in the application of new technology as compared to the manufacturing plants of other competitors.

**(iii) Extensive And Strategic Locations Of Operations**

The Pin-Wee Group's feedmilling operations are located in the state of Penang whilst its broiler farms are located in Penang, Perak and Kedah respectively. These operations are located relatively close to the North South Expressway thereby providing easy access to their customers and distributors. With the increased population in the Northern region and the rising disposable income, Pin-Wee is well placed to benefit from the increase in the consumption of poultry meat.

**(iv) Product Range**

Since the commencement of its operations, PW Feedmills has gradually increased the range of its broiler feeds from the initial 2 to the present range of 9 main products. The range of products will allow customers more choices in the purchasing of broiler feeds. As such, there will be no need for existing customers such as contract farmers to source from different suppliers as most of their needs can be catered for by PW Feedmills.

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**5. INFORMATION ON THE PIN-WEE GROUP (Cont'd)**

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**(v) Diversified Customer Base**

Pin-Wee Group has not less than 150 regular customers located in Penang, Kedah, Perak, Selangor, Kelantan and Perlis. Most of the customers have over ten (10) years of business relationship with the Group. The effort taken by the Group in expanding its customer base is attributable not only to the quality of its products but also the prompt service by its Customer Service Department which has set up a hotline for customers. By having a close relationship with its customers, the Group has been able to gain new customers through referrals. As such, the Group is well placed to maintain the loyalty of its existing customers as well as attracting new customers.

**(vi) Production Cost**

The major determinant in the production of poultry feeds lies in the cost of its raw materials. The raw materials suppliers have had business relationship with the Group for over five (5) years and thus bulk purchases has enabled the Group to enjoy discounts from its suppliers. Apart from the cost of raw materials, the other major cost factor is transportation costs which form a barrier to other feed manufacturers from penetrating the Northern region.

Furthermore, the cost of production will also be reduced with the utilisation of automated processing systems which increases production efficiency and reduces wastage.

**(vii) Quality Control**

The Pin-Wee Group practises strict quality control procedures at various stages of the Group's manufacturing processes. For instance, incoming raw materials from suppliers are randomly sampled and sent to independent testing laboratories. In addition, quality inspection are performed prior to the packing of the finished goods. The tests undertaken directly or indirectly at the quality control department includes moisture, protein, fat, fibre, calcium etc. The emphasis on the quality of the products has enabled Pin-Wee Group to control its own farming division through the utilisation of its own feedmills which eventually ensure the quality of its broilers.

**(viii) Experienced And Qualified Personnel**

The Executive Chairman and Managing Director, Mr. Siah Gim Eng and Deputy Managing Director, Madam Law Hooi Lean have a combined experience of over thirty (30) years in the feedmills and poultry industry. Mr Siah's father started the business in the 1970's until Mr Siah took over the business in the 1980's. Together with Madam Law, Mr Siah built the company from a backyard mixer of feeds into one of the largest animal feed manufacturers in the Northern region. Assisting Madam Law Hooi Lean and Mr Siah Gim Eng in the daily operations are other qualified and experienced personnel.

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**5. INFORMATION ON THE PIN-WEE GROUP (Cont'd)**

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**(ix) Capability To Diversify**

As one of the largest feed manufacturers and broiler farmers in the Peninsular Malaysia, Pin-Wee has the capability to diversify into the following areas:

**(a) Manufacture of Layer And Breeder Feeds**

There is potential for the Group to expand its production of broiler feeds into layer and breeder feeds as PW Feedmills has the necessary manufacturing infrastructure and expertise.

**(b) Manufacture of Pet Feeds and Aquatic Feeds**

There are tremendous opportunities for Malaysian companies to produce pet food, primarily for dogs, cats and horses, as currently such feeds are largely imported. PW Feedmills could enter into a technical assistance agreement with its major shareholder, TCC to contribute their expertise and wide international experience and specifically, to assist PW Feedmills in developing/manufacturing dry pet food to be supplied to the local and overseas markets.

**(x) Diversification Into Related Activities**

The Pin-Wee Group, after establishing itself as one of the top feed manufacturers and broiler farmers in the Northern region, may diversify its activities into the breeding of DOCs and processing of broilers. The diversification may bring the following benefits to the Group as follows:

- Reduce the dependency of sourcing the supply of DOCs from local suppliers;
- Diversification could propel Pin-Wee Group into a leading poultry integrated operator in the Northern region; and
- Achieve significant economies of scale and cost savings by utilising existing resources and production capacity. For example, the supply of feeds for the consumption of the breeders and layers could be met by PW Feedmills which could diversify its production of broiler feeds into breeder feeds and layer feeds. In addition, Pin-Wee Group could undertake to process the broilers at centralised processing centres thereby distributing the dressed chickens directly to the end retailers in the wet markets and hence, eliminating the need for wholesalers.

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**5. INFORMATION ON THE PIN-WEE GROUP (Cont'd)**


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**(c) Vulnerability****(i) Long Term Contracts**

Pin-Wee operates on the basis of securing regular orders in common with the practice in the industry. In the absence of large and secured customers (with the exception of PW Farming for broiler feeds), Pin-Wee does not enter into long term agreements for the supply of its feeds and live broilers. Instead, Pin-Wee receives most of its orders through regular contracts from its customers for a general period of one (1) week. This practice is expected to continue in the future. Nonetheless the Group is confident of maintaining and continually expanding its present customer base and market share based on its established business relationships, the high quality of its products, prompt delivery and competitive pricing.

**(ii) Availability of Resources**

The principal raw materials used by PW Feedmills in the manufacturing of broiler feeds comprise corn, soya bean meal and wheat whilst the other important supplements are vitamins and proteins. These materials are mainly sourced through importers and agents who in turn import them from countries such as the United States of America, Argentina, India, China, Indonesia and others. As a result of the close business relationship between PW Feedmills and the suppliers, the Group has not experienced any difficulty in sourcing raw materials. In addition, PW Feedmills is not dependent on sourcing supplies from a particular country as most of the supplies can be obtained through the commodity exchanges of various countries.

**5.7.14 Patents, Trademarks, Licences and Franchises**

PW Feedmills owns the trademarks of “PWF” with the device of a gold medal and the brand name of “Prosperous” and “Gold Medal”. The Group does not own any patents or franchise of its products.

PW Feedmills was issued a manufacturing license by the MITI on 29 April 1981 to manufacture animal feeds at its old factory at Permatang Pauh. When PW Feedmills moved to its present factory at Bukit Minyak, it applied to transfer the license and on 28<sup>th</sup> July 1997, MITI granted PW Feedmills a new license to operate its factory at Bukit Minyak to manufacture animal feeds and revoked the licence issued on 29 April 1981.

**5.7.15 Seasonality**

As poultry is a commodity item, it does not have any distinguishable cycles. However, as it is consumed by the various races in Malaysia, it is subject to seasonal peaks during festivities such as Chinese New Year, the Hari Raya and Deepavali celebrations.

During these festive periods, broiler farmers commonly increase their production of broilers in advance in anticipation of large orders. Indirectly, this will only bode well for PW Feedmills as the increase consumption of poultry meat will result in a greater demand for its poultry feeds.

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**5. INFORMATION ON THE PIN-WEE GROUP (Cont'd)**

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**5.7.16 Material Research and Development**

The Pin-Wee Group, as one of the top feed manufacturers in the Northern region, has always maintained the quality of its products. A research and development unit has been established by the Group to identify new feed formulations or processes which can meet the customers' requirements. Apart from developing new products, the research and development unit has also been entrusted to ensure the quality of incoming raw materials. For instance, incoming raw materials from suppliers are randomly sampled and sent to independent testing laboratories. In addition, the Quality Control Department prior to the packing of finished goods performs quality inspections. The tests undertaken directly or indirectly by the Quality Control Department includes moisture, protein, fat, fibre, calcium etc. to ensure consistency of the quality of the end products. The emphasis on the quality of products has enabled Pin-Wee Group to indirectly control the quality of its farming division.

The research and development unit set up in 1997, was instrumental in developing new type of feeds such as cow feed, duck feed and goat feed which opened up new feeds markets for PW Feedmills. Apart from developing new types of feed, the research and development unit was also instrumental in improving and refining the feed formulation and quality of PW Feedmills.

No specific amount has been allocated for research and development as the focus is on on-the-job continuous improvement and will be incurred as and when needed. The research and development unit is headed by qualified and experienced personnel. At present, there are four (4) personnel involved in the research and development unit.

**5.7.17 Governing Laws and Regulations**

MITI has issued PW Feedmills a manufacturing licence which contains the following salient terms and conditions:-

- (i) PW Feedmills is exempted from the conditions of equity. If the book value of the fixed assets (land, premises, machine, any spare parts or any part thereof) which are in use exceeds RM500,000, PW Feedmills shall inform MITI.
- (ii) The composition of the board of directors of PW Feedmills shall, in general reflect the equity structure of PW Feedmills. MITI shall be informed in respect of any appointment of director or any changes in the board of directors.
- (iii) PW Feedmills shall appoint or train Malaysian citizens in order to reflect the composition of the different races in every level of employee structure.
- (iv) PW Feedmills shall, as far as practicable, use raw materials and components which are locally made as stated in the proposed project which has been approved.
- (v) PW Feedmills shall employ the services of Malaysian citizens for the company and industry for the purposes of Dasar Ekonomi Baru (New Economic Policy).
- (vi) PW Feedmills shall appoint Malaysian owned companies to distribute its products in the regional market and also to appoint Bumiputera distributors to circulate at least 30% of the goods sold in the domestic market. The selection and appointment of the bumiputera distributors have to be made after consultation with MITI.

The status of compliance for the abovementioned salient terms and conditions is stated under section Licenses and Permits in Section 7 of this Prospectus.



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**5. INFORMATION ON THE PIN-WEE GROUP (Cont'd)**


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On the other hand, the rearing of broilers is regulated by the Department of Veterinary Services. In addition, there are numerous regulations governing commercial rearing of broilers and related activities in Malaysia, some of which include:

- restrictions in location of farm to be situated at least 250 metres from residential areas;
- emphasis on the non-usage of banned drugs.

The Government has also imposed a restriction that the import of all Poultry and poultry products require an import licence issued by Department of Veterinary Services.

As for the supply of broilers in the market, the Government had on the 19 January 1996 classified the sale of broilers as a controlled item under the Control Supplies Act, 1961. The ruling was introduced to reduce the fluctuations in the supply and pricing of broilers in the market.

**5.8 Prospects of Pin-Wee**

The Poultry Feedmill and Broiler Farming Industries are both forecasted to grow at approximately 5% per annum for the next five years. The growth forecast applies to both Industries as they are highly correlated. This is due to the fact that both industries cater mainly to the domestic market.

The industry growth forecast is based on the following trends:

- i) The average annual growth rate of poultry production in tonnage was 8.8% between 1996 and year 2000, whereby production increased from 687,000 tonnes in 1995 to 1 million tonnes in 2000 (*Source: Eighth Malaysia Plan 2001-2005, Economic Planning Unit*);
- ii) The poultry industry continued to be the main source of growth for the livestock sub-sector accounting for RM4.3 billion in current value or 67.1% of the total livestock produce in 2000 (*Source: Eighth Malaysia Plan 2001-2005, Economic Planning Unit*);
- iii) During the Eighth Malaysia Plan period, it is forecasted that the growth of poultry production in terms of tonnage will reach 4.8% per annum, from 1 million tonnes in 2000 to 1.3 million tonnes in 2005 (*Source: Eighth Malaysia Plan 2001-2005, Economic Planning Unit*);
- iv) Exports of broilers will contribute to the growth of the industry. In 1999, Malaysia exports 13% from its total production of 342.85 million birds. (*Source: The Broiler Chicken Industry of 2000 in Peninsular Malaysia, Status of the Industry in 2000 and Prospects for 2001, Poultry Unit, Department of Veterinary Science*) Singapore is Malaysia's main export market for live broilers and chicken meat. It is expected that exports of poultry and poultry meat to Singapore will increase particularly in light of the Singaporean Government's measures to reduce poultry farming activities in the country;
- v) Between 1996 and 2000, ex-farm value of poultry meat grew at an average rate of 21.9% per annum in Peninsular Malaysia (*Note: 2000 figures are estimates only*) (*Source: Unpublished Data - Department of Veterinary Services, Ministry of Agriculture*);
- vi) Between 1996 and 2000, production of poultry feed in terms of tonnage grew at an average rate of 11.2% in Malaysia (*Source: Monthly Manufacturing Statistics, September 2001, - Department of Statistics*);

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**5. INFORMATION ON THE PIN-WEE GROUP (Cont'd)**

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- vii) For the first nine months of 2001, production of poultry feed in terms of tonnage grew to 1.8 million tonnes, an increase of 11.6% over the same period in 2000 (*Source: Monthly Manufacturing Statistics, September 2001, Department of Statistics*);
- viii) Between 1996 and 2000, sales value of the manufacturing of prepared animal feed grew by an average annual rate of 5.5% in Malaysia (*Source: Monthly Manufacturing Statistics, September 2001, Department of Statistics*);
- ix) For the first nine months of 2001, ex-factory of the manufacturing of prepared animal feed grew to RM1,582.2 million, representing an increase of 4.7% over the same period in 2000 (*Source: Monthly Manufacturing Statistics, September 2001, Department of Statistics*); and
- x) Population in Malaysia grew at a revised average annual rate of 2.4% between 1996 and 2000. In 2001, the population is expected to reach 23.8 million, which is an increase of 2.1% over 2000. The increasing population will contribute to an incremental increase in demand for poultry meat (*Source: Yearbook of Statistics Malaysia 2000, Department of Statistics*).

*(Source: Vital Factor Consulting Sdn. Bhd.)*

Based on the trends mentioned, Pin-Wee believes that the prospects of the Company will be good and sustainable.

For further details please refer to Section 12 of this Prospectus.

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

### 6.1 Major Shareholders As At 11 April 2002

#### 6.1.1 Particulars And Shareholdings

##### (i) Shareholdings Structure

Based on the Register of Substantial Shareholders shareholdings as at 11 April 2002 (being the latest practicable date prior to the printing of this Prospectus), the major shareholders (with 5% or more shareholding, directly and indirectly) of the Company after the Public Issue and Offer for Sale are as follows:

| Shareholder  | Nationality / Place of Incorporation | <-----After Listing Scheme-----> |       |                           |       |
|--|--------------------------------------|----------------------------------|-------|---------------------------|-------|
|  |                                      | Direct                           |       | Indirect                  |       |
|  |                                      | No. of Shares Held               | %     | No. of Shares Held        | %     |
| Siah Gim Eng   | Malaysian                            | 11,409,370                       | 23.41 | 10,380,438 <sup>(1)</sup> | 21.30 |
| Law Hooi Lean  | Malaysian                            | 10,380,438                       | 21.30 | 11,409,370 <sup>(2)</sup> | 23.41 |
| TCC  | Malaysia                             | 4,872,027                        | 10.00 | -                         | -     |
| Malaysian Technology Venture Two (Agriculture) Sdn. Bhd. | Malaysia                             | 4,060,019                        | 8.33  | -                         | -     |
| TSY  | Malaysia                             | -                                | -     | 4,872,027 <sup>(3)</sup>  | 10.00 |
| Bank Pertanian Malaysia                                  | Malaysia                             | -                                | -     | 4,060,019 <sup>(4)</sup>  | 8.33  |
| Perbadanan Pembangunan Pertanian Negeri Perak            | Malaysia                             | -                                | -     | 4,060,019 <sup>(4)</sup>  | 8.33  |
| Dato' Tan Ah Bah @ Tan Boon Pin                          | Malaysian                            | -                                | -     | 4,872,027 <sup>(5)</sup>  | 10.00 |

Notes:

- 1 Deemed interested by virtue of the shareholdings held by his wife, Madam Law Hooi Lean
- 2 Deemed interested by virtue of the shareholdings held by her husband, Mr Siah Gim Eng
- 3 Deemed interested by virtue of its major shareholdings in TCC
- 4 Deemed interested by virtue of their major shareholdings in Malaysian Technology Venture Two (Agriculture) Sdn. Bhd.
- 5 Deemed interested by virtue of his major shareholdings in TSY, a major shareholder in TCC and the shareholdings of his son and siblings in TCC

**6. INFORMATION ON SHAREHOLDERS/DIRECTORS/KEY MANAGEMENT (Cont'd)****(ii) Changes in Share Capital**

The following table highlights the changes in the share capital of major shareholders/promoters of Pin-Wee from 19 February 1997 until the date of this Prospectus.

| Name of Shareholder/ Date Acquired                             | No. of Shares Acquired | Direct Shareholding |              | Indirect Shareholding           |              |
|--|------------------------|---------------------|--------------|---------------------------------|--------------|
|  |                        | No. of Shares       | %            | No. of Shares                   | %            |
| <b>Siah Gim Eng</b>  |                        |                     |              |                                 |              |
| 6 April 2001   | 11,602,601             | 11,602,601          |              | 10,508,001 <sup>(1)</sup>       |              |
| 11 February 2001   | 1,412,922              | 1,412,922           |              | 1,273,874 <sup>(1)</sup>        |              |
| <b>Total</b>   | <b>13,015,523</b>      | <b>13,015,523</b>   | <b>32.06</b> | <b>11,781,875<sup>(1)</sup></b> | <b>29.02</b> |
| <b>Law Hooi Lean</b>   |                        |                     |              |                                 |              |
| 6 April 2001   | 10,508,001             | 10,508,001          |              | 11,602,601 <sup>(2)</sup>       |              |
| 11 February 2001   | 1,273,874              | 1,273,874           |              | 1,412,922 <sup>(2)</sup>        |              |
| <b>Total</b>   | <b>11,781,875</b>      | <b>11,781,875</b>   | <b>29.02</b> | <b>13,015,523<sup>(2)</sup></b> | <b>32.06</b> |
| <b>TCC</b>   |                        |                     |              |                                 |              |
| 6 April 2001   |                        |                     |              |                                 |              |
| 11 February 2001   | 4,949,236              | 4,949,236           |              | -                               |              |
| <b>Total</b>   | <b>601,201</b>         | <b>601,201</b>      | <b>13.68</b> | <b>-</b>                        | <b>-</b>     |
| <b>Malaysian Technology Venture Two (Agriculture) Sdn. Bhd</b> |                        |                     |              |                                 |              |
| 6 April 2001   | 3,619,807              | 3,619,807           |              | -                               |              |
| 11 February 2001   | 440,212                | 440,212             |              | -                               |              |
| <b>Total</b>   | <b>4,060,019</b>       | <b>4,060,019</b>    | <b>10.00</b> | <b>-</b>                        | <b>-</b>     |
| <b>TSY</b>   |                        |                     |              |                                 |              |
| 6 April 2001   | -                      | -                   |              | 4,949,236 <sup>(3)</sup>        |              |
| 11 February 2001   | -                      | -                   |              | 601,201 <sup>(3)</sup>          |              |
| <b>Total</b>   | <b>-</b>               | <b>-</b>            | <b>-</b>     | <b>5,550,437<sup>(3)</sup></b>  | <b>13.68</b> |
| <b>Bank Pertanian Malaysia</b>                                 |                        |                     |              |                                 |              |
| 6 April 2001   | -                      | -                   |              | 3,619,807 <sup>(4)</sup>        |              |
| 11 February 2001   | -                      | -                   |              | 440,212 <sup>(4)</sup>          |              |
| <b>Total</b>   | <b>-</b>               | <b>-</b>            | <b>-</b>     | <b>4,060,019<sup>(4)</sup></b>  | <b>10.00</b> |
| <b>Perbadanan Pembangunan Pertanian Negeri Perak</b>           |                        |                     |              |                                 |              |
| 6 April 2001   | -                      | -                   |              | 3,619,807 <sup>(4)</sup>        |              |
| 11 February 2001   | -                      | -                   |              | 440,212 <sup>(4)</sup>          |              |
| <b>Total</b>   | <b>-</b>               | <b>-</b>            | <b>-</b>     | <b>4,060,019<sup>(4)</sup></b>  | <b>10.00</b> |
| <b>Dato' Tan Ah Bah @ Tan Boon Pin</b>                         |                        |                     |              |                                 |              |
| 6 April 2001   | -                      | -                   |              | 4,949,236 <sup>(5)</sup>        |              |
| 11 February 2001   | -                      | -                   |              | 601,201 <sup>(5)</sup>          |              |
| <b>Total</b>   | <b>-</b>               | <b>-</b>            | <b>-</b>     | <b>5,550,437<sup>(5)</sup></b>  | <b>13.68</b> |

## Notes:

- 1 Deemed interested by virtue of the shareholdings held by his wife, Madam Law Hooi Lean
- 2 Deemed interested by virtue of the shareholdings held by her husband, Mr Siah Gim Eng
- 3 Deemed interested by virtue of its major shareholdings in TCC
- 4 Deemed interested by virtue of their major shareholdings in Malaysian Technology Venture Two (Agriculture) Sdn. Bhd.
- 5 Deemed interested by virtue of his major shareholdings in TSY, a major shareholder in TCC and the shareholdings of his son and siblings in TCC

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

### 6.1.2 Profile Of Major Shareholders

Save as disclosed below, none of the Directors or major shareholders have any major shareholdings in any public listed companies.

**Siah Gim Eng**, aged 43, the co-founder of Pin-Wee, was appointed as the Executive Chairman and Managing Director of Pin-Wee on 12 May 2001. He has more than 20 years of experience in the feedmilling and poultry farming industry. Mr. Siah is the driving force in the formulation and implementation of the Pin-Wee Group's corporate strategy. His entrepreneurial skills have steered Pin-Wee from a small establishment to become one of the leading feedmills and farming groups in the Northern region of Malaysia.

**Law Hooi Lean**, aged 41, was appointed as the Deputy Managing Director of Pin-Wee on 12 May 2001. She has more than 10 years of experience in the area of financial accounting and company management. She is primarily involved in strategic planning, providing directions and overseeing the administration of finance function of the Group. With the vast hands-on experience accumulated and excellent track record in administration and financial planning, she has been instrumental in ensuring the smooth running of the day to day operations of the Company.

**TCC** is an established and reputable company in the region with operations across Asean, China, Australia, United Kingdom, Greece, Chile, Canada and the United States of America. TCC was incorporated on 22 September 1978 in Malaysia.

The TCC is involved in the seafood business with two seafood canneries in Thailand, and one each in Malaysia, Australia and Chile employing a total workforce of 5,000 employees. The Group is one of the leading suppliers of canned tuna and other seafood products in the world market.

The Group's highly specialized canneries produce premium quality seafoods both under contract packing as well as under its own brands for markets in Europe, Japan, the Middle East, United Kingdom, United States of America, New Zealand, Australia, China, Canada, Hong Kong, Thailand, Malaysia, Indonesia and Singapore.

The Directors of TCC and their respective shareholding as at the date of this Prospectus are set out below:

|                                    | Nationality | Direct No. Of<br>Shares Held | %     | Indirect No. Of<br>Shares Held | %     |
|------------------------------------|-------------|------------------------------|-------|--------------------------------|-------|
| Dato' Tan Ah Bah<br>@ Tan Boon Pin | Malaysian   | 4,209,039                    | 13.00 | 27,275,671 <sup>(1)</sup>      | 84.27 |
| Tan Boon Soo                       | Malaysian   | 393,016                      | 1.21  | 30,992,894 <sup>(2)</sup>      | 95.75 |
| Tan Saw Hooi                       | Malaysian   | 693,558                      | 2.14  | 30,692,352 <sup>(3)</sup>      | 94.82 |

1 Deemed interested by virtue of his major shareholdings in TSY, a major shareholder of TCC, his siblings' shareholdings, his son and daughter's shareholdings in TCC

2 Deemed interested by virtue of his siblings' shareholdings, his brother, Dato' Tan Ah Bah @ Tan Boon Pin's major shareholdings in TCC and TSY, a major shareholder of TCC

3 Deemed interested by virtue of her siblings' shareholdings, her brother, Dato' Tan Ah Bah @ Tan Boon Pin's major shareholdings in TCC and TSY, a major shareholder of TCC

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

The major shareholders of TCC and their respective shareholding as at the date of this Prospectus are detailed below:

|                                    | Nationality /<br>Place of<br>Incorporation | Direct No.<br>Of Shares<br>Held | %     | Indirect No.<br>Of Shares<br>Held | %     |
|------------------------------------|--|---------------------------------|-------|-----------------------------------|-------|
| TSY                                | Malaysia                                   | 24,957,487                      | 77.11 | -                                 | -     |
| Dato' Tan Ah Bah @<br>Tan Boon Pin | Malaysian                                  | 4,209,039                       | 13.00 | 27,275,671 <sup>(1)</sup>         | 84.27 |
| Tan Sooi Kaw @ Boon<br>Siang       | Malaysian                                  | 809,150                         | 2.50  | 30,576,760 <sup>(2)</sup>         | 94.46 |
| Tan Saw Hooi                       | Malaysian                                  | 693,558                         | 2.14  | 30,692,352 <sup>(3)</sup>         | 94.82 |
| Tan Boon Soo                       | Malaysian                                  | 393,016                         | 1.21  | 30,992,894 <sup>(2)</sup>         | 95.75 |
| Tan Seow Phor                      | Malaysian                                  | 93,000                          | 0.29  | 29,172,326 <sup>(4)</sup>         | 90.13 |
| Tang Mew Lee @ Tan<br>Saw Gek      | Malaysian                                  | 323,660                         | 1.00  | 31,062,250 <sup>(3)</sup>         | 95.96 |

1 Deemed interested by virtue of his major shareholdings in TSY, a major shareholder of TCC, his siblings' shareholdings and his son and daughters's shareholdings in TCC

2 Deemed interested by virtue of his siblings' shareholding, his brother's, Dato' Tan Ah Bah @ Tan Boon Pin's major shareholdings in TCC and TSY, a major shareholder of TCC

3 Deemed interested by virtue of her siblings', her brother's, Dato' Tan Ah Bah @ Tan Boon Pin's major shareholdings in TCC and TSY, a major shareholder of TCC

4 Deemed interested by virtue of his sisters' shareholding and his father's, Dato' Tan Ah Bah @ Tan Boon Pin's major shareholdings in TCC And TSY, a major shareholder of TCC

**Malaysian Technology Venture Two (Agriculture) Sdn. Bhd.** ("MTV-2A"), was established in 1995 by Malaysian Technology Development Corporation Sdn. Bhd. ("MTDC") and Bank Pertanian Malaysia ("BPM"). MTV-2A specialises in identifying agriculture related companies, which have potential to be listed on KLSE or other recognised stock exchanges. The investment focus of MTV-2A covers a myriad of agriculture related activities such as the food and beverage industries, rubber and wood based industries. With the support of MTDC and BPM, MTV-2A offers valuable technical assistance, industry knowledge, financial and operation skills to its invested companies.

MTV-2A is principally engaged in investment in mezzanine venture, primarily in growth agriculture based companies.

The Directors of MTV-2A and their respective shareholdings as at the date of this Prospectus are set out below:

|  | Nationality | Direct No.<br>Of Shares<br>Held | % | Indirect No.<br>Of Shares<br>Held | % |
|--|-------------|---------------------------------|---|-----------------------------------|---|
| Tan Jiak Chuan                         | Malaysian   | -                               | - | -                                 | - |
| Haji. Abdul Wahid bin<br>Haji. Azahari | Malaysian   | -                               | - | -                                 | - |
| Shaik Taufik Shaik<br>Yusoff           | Malaysian   | -                               | - | -                                 | - |

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

The major shareholders of MTV-2A and their respective shareholding as at the date of this Prospectus are detailed below:

|   | Place of Incorporation | No. Of Ordinary Shares Held | %     | No. Of Preference Shares Held | %     |
|---|------------------------|-----------------------------|-------|-------------------------------|-------|
| Bank Pertanian Malaysia                             | Malaysia               | 225,002                     | 57.69 | 225,000                       | 57.69 |
| Perbadanan Pembangunan Pertanian Negeri Perak       | Malaysia               | 120,000                     | 30.77 | 120,000                       | 30.77 |
| Koperasi Ladang Pekebun-Pekebun Kecil Malaysia Bhd. | Malaysia               | 45,000                      | 11.54 | 45,000                        | 11.54 |

### 6.2 Promoters

#### 6.2.1 Particulars And Shareholdings

| Name          | Nationality / Designation                          | <-----After Listing Scheme-----> |       |                           |       |
|---------------|--|----------------------------------|-------|---------------------------|-------|
|               |  | Direct                           |       | Indirect                  |       |
|               |  | No. of Shares Held               | %     | No. of Shares Held        | %     |
| Siah Gim Eng  | Malaysian/Executive Chairman and Managing Director | 11,409,370                       | 23.41 | 10,380,438 <sup>(1)</sup> | 21.30 |
| Law Hooi Lean | Malaysian/Deputy Managing Director                 | 10,380,438                       | 21.30 | 11,409,370 <sup>(2)</sup> | 23.41 |

Notes:

- 1 Deemed interested by virtue of the shareholdings held by his wife, Madam Law Hooi Lean
- 2 Deemed interested by virtue of the shareholdings held by her husband, Mr Siah Gim Eng

The changes in share capital of Mr Siah Gim Eng and Madam Law Hooi Lean have been provided in Section 6.1.1 (ii) above.

#### 6.2.2 Profile Of Promoters

The profile of Mr. Siah Gim Eng and Madam Law Hooi Lean have been provided in Section 6.1.2 above.

### 6.3 Directors

#### 6.3.1 Particulars and Shareholdings

| Name of Directors                                | Date of Appointment | Nationality | <-----After Listing Scheme-----> |       |                           |       |
|--|---------------------|-------------|----------------------------------|-------|---------------------------|-------|
|  |                     |             | Direct                           |       | Indirect                  |       |
|  |                     |             | No. of Shares Held               | %     | No. of Shares Held        | %     |
| Siah Gim Eng                                     | 12.05.2001          | Malaysian   | 11,409,370                       | 23.41 | 10,380,438 <sup>(1)</sup> | 21.30 |
| Law Hooi Lean                                    | 12.05.2001          | Malaysian   | 10,380,438                       | 21.30 | 11,409,370 <sup>(2)</sup> | 23.41 |
| Chee Wai Hong                                    | 12.05.2001          | Malaysian   | 106,003                          | 0.22  | -                         | -     |
| Tan Seow Phor <sup>(3)</sup>                     | 12.05.2001          | Malaysian   | 6,000                            | 0.01  | -                         | -     |
| Dato' Ahmad bin Haji Ibnihajar <sup>(4)</sup>    | 12.05.2001          | Malaysian   | 6,000                            | 0.01  | -                         | -     |
| Haji Abdul Wahid bin Haji Azahari <sup>(5)</sup> | 12.05.2001          | Malaysian   | 6,000                            | 0.01  | -                         | -     |

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

| Name of Directors  | Date of Appointment | Nationality | <-----After Listing Scheme-----> |      |                    |   |
|--|---------------------|-------------|----------------------------------|------|--------------------|---|
|  |                     |             | Direct                           |      | Indirect           |   |
|  |                     |             | No. of Shares Held               | %    | No. of Shares Held | % |
| Shaik Taufik Hj. Shaik Yusoff <sup>(5)</sup> (Alternate Director to Haji Abdul Wahid bin Haji Azahari) | 22.03.2002          | Malaysian   | -                                | -    | -                  | - |
| Ong Kim Nam  | 12.05.2001          | Malaysian   | 6,000                            | 0.01 | -                  | - |
| Shamsuddin bin Mohd Salleh   | 12.05.2001          | Malaysian   | 6,000                            | 0.01 | -                  | - |

## Notes:

- 1 Deemed interested by virtue of the shareholdings held by his wife, Madam Law Hooi Lean
- 2 Deemed interested by virtue of the shareholdings held by her husband, Mr Siah Gim Eng
- 3 Tan Seow Phor is the son of Dato' Tan Ah Bah @ Tan Boon Pin, who has a major indirect interest in Pin-Wee
- 4 Corporate representative of Bumiputera and Technology Venture Capital Sdn. Bhd.
- 5 Corporate representative of Malaysian Technology Venture Two (Agriculture) Sdn. Bhd.

### 6.3.2 Profile of Directors

The following provides a brief profile of the existing Directors of Pin-Wee:

**Siah Gim Eng.** Please refer to write-up on profile of major shareholders in Section 6.1.2 of this Prospectus.

**Law Hooi Lean.** Please refer to write-up on profile of major shareholders in Section 6.1.2 of this Prospectus.

**Chee Wai Hong**, aged 29 is an Executive Director of Pin-Wee. He was appointed to the board of Pin-Wee on 12 May 2001. He is responsible in formulating and implementing the Group's corporate strategies as well as in charged of the corporate finance and investment management aspects of the Group. A Chartered Accountant by profession, he is a member of the Malaysian Institute of Accountants and Association of Chartered Certified Accountants (United Kingdom). He also holds a Masters Degree in Business Administration from Universiti Utara Malaysia. He joined PW Feedmills in 1997 as an Accountant. Prior to joining PW Feedmills, he was attached to BDO Binder Chartered Accountants, an international accounting firm.

**Tan Seow Phor**, aged 33, was appointed to the Board of Pin-Wee on 12 May 2001. He is currently the Marketing Director of TCC Group of Companies, a position he has held since 1997. He began his career by taking charge of TCC Group office in Hong Kong in 1993 and has been promoted to Assistant Marketing Director in 1995. He graduated with a Bachelor of Arts in Economics from the University of California State in Northridge. He also sits on the Board of Directors of several other private limited companies.

**Dato' Ahmad bin Haji Ibnihajar**, aged 52, was appointed as the Director of Pin-Wee on 12 May 2001. He holds a Bachelor of Economics Degree from University Malaya and is also the member of the British Institute of Management. He is currently the Managing Director of Penang Port Sdn. Bhd., Chairman of BTV Management Sdn. Bhd., Chairman of AMI Insurans Bhd., Chairman of D'nonce Technology Bhd. and Director of Malaysian Resources Corporation Bhd. He also sits on the Board of Directors of several other private limited companies. He is a director of Bumiputera and Technology Venture Capital Sdn. Bhd., a shareholder of Pin-Wee.



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

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**Haji Abdul Wahid bin Haji Azahari**, aged 62, was appointed as a director of Pin-Wee in 12 May 2001. He has a M.Dev. Economics from Australia. Tuan Haji Abdul Wahid has extensive experience and knowledge in the Agricultural Industry in Malaysia. He had in the past assumed the position of Director of Agriculture in the State of Kelantan and Pahang in 1975 and 1979 respectively, and was appointed as the Deputy Director General of Federal Land Consolidated and Rehabilitation Authority (“FELCRA”) in 1981. He was later appointed to become the Chairman of FELCRA Settlers Co-operatives from 1988 to 1995. He was later appointed to become the Executive Chairman of KPFB Holdings Sdn. Bhd. (later known as Samarez Holdings Bhd.). Presently, he is the Vice-President of the National Association of Smallholders, the Director cum Treasurer of Koperasi Ladang Pekebun-Pekebun Kecil Malaysia Berhad and the Director of Pekebun Maju Holdings Berhad. He is also the alternate Board member for Malaysian Palm Oil Board (“MPOB”) and Malaysian Rubber Board (“MRB”) representing the smallholders sectors. He is also a council member of Malaysian Rubber Producers’ Council. He also sits on the board of directors of several private limited companies. He represents MTV-2A.

**Shaik Taufik Hj Shaik Yusoff**, age 34, is currently holding a directorship post in MTDC Private Equity Management Sdn Bhd (“MPEM”), a venture capital management company; and MTDC Capital & Technology Research Sdn Bhd (“MCTR”); the corporate advisory vehicle of MTDC. He started his career in 1999 as a manager in the Corporate Advisory department in MCTR and later promoted to a Senior Management of Private Equity & Corporate Advisory department in 2000. He is responsible in overseeing the overall corporate advisory and venture capital investment activities in compliance with the regulatory bodies requirements such as MESDAQ and the SC in line with the MTDC business objectives. En Shaik Taufik graduated from John Moores University, Liverpool with Bachelor of Arts (Hons) degree majoring in Accounting and Finance in 1992. He was attached to Utama Merchant Bank Berhad in the corporate finance department for about five (5) years and has direct exposure and experience in restructuring, listing, fund raising, valuation and other related corporate exercises in various subject sectors. Prior to that, he worked in the finance and planning division of PETRONAS and gained considerable knowledge in financial services especially having the experience in developing the computerized accounting application in its related companies. He also experienced working in the development bank, undertaking credit analysis and monitoring the portfolios of various corporate clients. Currently, En Shaik Taufik holds few directorships in venture capital companies managed by MPEM.

**Ong Kim Nam**, aged 46, was appointed as a director of Pin-Wee on 12 May 2001. A Chartered Accountant by profession, he is a member of Malaysian Institute of Accountants and the Association of Chartered Certified Accountants (United Kingdom). He has over 19 years of experience in the fields of auditing, accounting and taxation. Presently, he is the sole practitioner of O.K. Nam Associates, a firm of Chartered Accountants, which is based in Penang.

**Shamsuddin bin Mohd Salleh**, aged 43 was appointed as a director of Pin-Wee on 12 May 2001. In his career spanning over 17 years with various companies including Loytape Bhd., Central Industries Corporation Bhd., American All-Seasons Sdn. Bhd. and Superbox (M) Sdn. Bhd., Encik Shamsuddin has garnered experience in the area of administration and personnel, sales and marketing within the manufacturing and agriculture industries. This enables him to participate actively in the overall operation matters of the company and as a whole, contribute positively towards the growth of Pin-Wee. Presently, as the Managing Director of Ivory Choice Sdn. Bhd. and Sagarena Sdn. Bhd., Encik Shamsuddin had spread his wings by venturing into property and construction industry. Current projects include the privatisation of the Housing Development on 50 acres of land in Selangor. Encik Shamsuddin also sits on the Board of Directors of several other private limited companies.

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

### 6.3.3 Directorships Of The Directors And Their Major Shareholdings In All Other Public Companies For The Past Two Years

Save as disclosed below, none of the Directors of Pin-Wee has any previous or existing directorships of major shareholdings in other public companies for the past 2 years preceding the date of this Prospectus:-

| Name Of Directors                 | Name Of Company                                     | Designation | Date Appointed / (Resigned) | No. Of Shares Held |   |          |   | Principal Activities                    |
|-----------------------------------|---|-------------|-----------------------------|--------------------|---|----------|---|---|
|                                   |   |             |                             | Direct             | % | Indirect | % |   |
| Haji Abdul Wahid bin Haji Azahari | Koperasi Ladang Pekebun-Pekebun Kecil Malaysia Bhd. | Director    | 29.11.1995                  | -                  | - | -        | - | Plantation                              |
|                                   | Pekebun Maju Holdings Bhd.                          | Director    | 13.11.1996                  | -                  | - | -        | - | Investment holding                      |
| Dato' Ahmad bin Haji Ibnihajar    | AMI Insurans Bhd.                                   | Chairman    | 28.8.2000                   | -                  | - | -        | - | Insurance                               |
|                                   | Malaysian Resources Corporation Bhd.                | Director    | 27.9.2000                   | -                  | - | -        | - | Investment holding                      |
|                                   | D'nonce Technology Bhd.                             | Chairman    | 2.11.2000                   | -                  | - | -        | - | Investment holding                      |
| Shaik Taufik Hj Shaik Yusoff      | Sumber Modal Satu Berhad                            | Director    | 1.11.2001                   | -                  | - | -        | - | Investment in emerging growth companies |

### 6.3.4 Directors' Remuneration and Benefits

For the FY ended 31 December 2000, remunerations and fees amounting to RM1,064,040 were paid to the Directors of Pin-Wee for services rendered to the Company and its subsidiary companies. For the FY ended/ending 31 December 2001 and 31 December 2002, the amounts to be paid to the Directors for services rendered to the Company and its subsidiary companies are estimated to be RM1.237 million and RM1.700 millions respectively.

The number of Directors of the Company in the various remuneration bands are set out below:-

|                        | ←-----31 December 2000-----→ |                         |       | ←-----31 December 2001-----→ |                         |       | ←-----31 December 2002-----→ |                         |       |
|------------------------|------------------------------|-------------------------|-------|------------------------------|-------------------------|-------|------------------------------|-------------------------|-------|
|                        | Executive Directors          | Non-Executive Directors | Total | Executive Directors          | Non-Executive Directors | Total | Executive Directors          | Non-Executive Directors | Total |
| Below RM200,000        | -                            | -                       | -     | 1                            | -                       | 1     | 1                            | 7                       | 8     |
| RM200,001 to RM300,000 | -                            | -                       | -     | -                            | -                       | -     | -                            | -                       | -     |
| Above RM300,000        | 2                            | -                       | 2     | 2                            | -                       | 2     | 2                            | -                       | 2     |

## 6.4 Audit Committee

| Name                       | Designation | Directorship                       |
|----------------------------|-------------|------------------------------------|
| Ong Kim Nam                | Chairman    | Independent Non-Executive Director |
| Shamsuddin bin Mohd Salleh | Member      | Independent Non-Executive Director |
| Chee Wai Hong              | Member      | Executive Director                 |

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

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The main functions of the Audit Committee include the review of audit plan and audit report with the Auditors, review of Auditors' evaluation of internal accounting controls, review of the scope of internal audit procedures, review of balance sheet and income statement and nomination of Auditors.

**6.5 Management Team****6.5.1 Particulars and Shareholdings**

None of the members of the management team has interest in shares in Pin-Wee or its subsidiary companies other than the proposed shares allotment pursuant to the Public Issue, as disclosed in Section 2.2

**Profile of the Management Team**

The following provides a brief profile of the management team of Pin-Wee:

**Raymond Tan Chwee Leng**, aged 51, is the General Manager of PW Feedmills. He joined Pin-Wee in 2000. He has over 25 years of experience in the feedmill industry, starting his career in Ideal Multifeed Sdn. Bhd. from 1975 to 1980 as a Laboratory Assistant, Thong Yik Animal Feed Sdn. Bhd. as a Production Supervisor from 1980 to 1986, and Cargill Feed Sdn. Bhd. (Melaka) as a Plant Manager from 1986 till 1988, Desa Cargill Sdn. Bhd. (Sabah) as a Branch Manager from 1988 till 1994. From 1994 till 1998, and subsequently in 1998 till 2000, he was Branch Manager for Cargill Feed Sdn. Bhd. (Melaka) and Cargill Feed Sdn. Bhd. (Butterworth) respectively. He joined PW Feedmills Sdn. Bhd. in 2000. He has extensive experience in feed formulation, turnkey feedmill project and feedmill operations.

**Chai Siong Nyit**, aged 46, is the Plant Manager of PW Feedmills. He joined Pin-Wee in 2000. He has over 22 years of experience in the feedmill industry. He started working in Chee Kheng Stockfeeds Sdn. Bhd., which was later acquired by Cargill Feed Sdn. Bhd. He continued in Cargill Feed Sdn. Bhd. (Butterworth) as the Supervisor and was promoted to become the Plant Manager in 1996. He has a certificate in Mechanical Engineering and has extensive experience in feedmill operation and quality management.

**Ng Lean Hor**, aged 59, is the Farm Manager and Control Manager of PW Farming. He joined Pin-Wee in 1998. He possesses more than 25 years of experience in the management of broiler farms. Prior to joining PW Farming, he was the Managing Director of Chuang Hoh Sdn. Bhd., which is involved in broiler farming and trading.

**Boay Goey Gnoh**, aged 34, graduated from Trinity University, USA in 1997, with a Bachelor of Commerce (Honours) in Accounting. She joined Pin-Wee in 1998. She was appointed as Finance Manager of PW Farming in 1998. She has 9 years of working experience in the field of accounting and finance. Prior to her appointment in PW Farming, she was attached to Tongkah Mouldings Technologies Sdn. Bhd. and Sony Electronics (M) Sdn. Bhd.

**Muniandy A/I Govindasamy**, aged 40, is the Maintenance and Engineering Manager of PW Feedmills. He joined the Company in 1984 and is one of the longest serving personnel of Pin-Wee Group. He is in charge of the whole maintenance and repair of the plant and machinery of PW Feedmills.

**Foo Siew Foon**, aged 37, is the Human Resource Manager of PW Feedmills. She joined the Company in 1989 as an Accounts Clerk and moved up the ranks over the years to be promoted to the present position in 1998.

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

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**Lim Ean Nee**, aged 30, is the Accounting Manager of PW Feedmills, in charge of the accounting functions of the Company. She joined Pin-Wee in 1992. She is responsible for the daily accounting functions of the Company which includes the function of payment and collection.

**Lee Ah Ying**, aged 31, is the Procurement Manager of PW Farming. She has vast experience in the area of raw materials purchasing and is responsible for the raw materials purchases of PW Farming. She was attached with PW Feedmills from 1991 to 1997 and left for N.Star Recycle Industry Sdn. Bhd. before coming back to assume the present position in 1999.

**Dr. Lim Weng Futt**, aged 62, is the Veterinarian of PW Feedmills. He joined Pin-Wee in 2001. He graduated with a degree in Veterinary Science and Animal Husbandry from the Bombay Veterinary College of India in 1971 and thereafter served at the Pig and Poultry Institute of Primary Production Department of Singapore in 1972 till 1975 and two established pharmaceutical companies in 1975 till 1983 as the Veterinarian. He later joined Chee Kheng Stock-Feeds Mfg Co Sdn. Bhd. in 1983 as the Veterinarian, and Cargill Feed Sdn. Bhd. as the Territory Manager involved in providing technical services to customers. Over the years he has garnered extensive experience in the area of veterinary and marketing in the feed industry.

### 6.6 Declarations from the Directors and Management Team

No director, key management personnel or person nominated to become a director or key personnel is or has been involved in any of the following events whether in or outside Malaysia:

- (i) 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 key personnel;
- (ii) a conviction in a criminal proceeding or is a named subject of a pending criminal proceeding; or
- (iii) 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.

### 6.7 Family Relationship

Save for Mr. Siah Gim Eng and Madam Law Hooi Lean who are husband and wife and Mr. Tan Seow Phor who is the son of Dato' Tan Ah Bah @ Tan Boon Pin, none of the Directors, major shareholders, promoters and senior management team are related to one another.

### 6.8 Service Contracts

As at the date of this Prospectus, none of the Directors, senior management, key management or key technical personnel have entered into any service contracts with the Company or any of its subsidiaries.

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

### 6.9 Moratorium On Disposal of Shares

The proposed flotation of Pin-Wee was approved by the SC on 5 July 2000, 10 January 2001, 25 April 2001, 17 July 2001, 2 January 2002 and 11 April 2002. It is a condition of the SC's approval that the following major shareholders of Pin-Wee will not be allowed to sell, transfer or assign their shareholdings amounting to 45% of the nominal issued and paid-up capital of Pin-Wee within one (1) year from the date of admission of Pin-Wee on the Official List of the Second Board of the KLSE:

| Name Of Major Shareholders | No. Of Shares Under Moratorium | % Of Enlarged Share Capital |
|----------------------------|--------------------------------|-----------------------------|
| Siah Gim Eng               | 9,366,671                      | 19.22                       |
| Law Hooi Lean              | 8,567,260                      | 17.58                       |
| TCC                        | 3,994,119                      | 8.20                        |
| <b>Total</b>               | <b>21,928,050</b>              | <b>45.00</b>                |

The moratorium means that the above major shareholders are not allowed to sell, transfer or assign the shares under moratorium within 1 year from the date of admission of Pin-Wee to the Official List of Second Board of the KLSE. Thereafter, they are permitted to sell, transfer or assign in every subsequent year up to a maximum of one-third per annum (on a straight line basis) of their respective shareholdings in the Company which is under moratorium.

The restriction, which is fully accepted by the aforesaid shareholders, is specifically endorsed on the share certificates representing the respective shareholdings of the aforesaid shareholders which are under moratorium to ensure Pin-Wee's registrar does not register any transfer not in compliance with the restriction imposed by the SC and KLSE.

The remarks to be endorsed on these share certificates are as follows:

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

In compliance with Section 10.12 of the SC's Policies and Guidelines on Issue/Offer of Securities, all the shareholders of TCC, that is, TSY, Dato' Tan Ah Bah @ Tan Boon Pin, Tan Sooi Kaw @ Boon Siang, Tan Saw Hooi, Tan Boon Soo, Tan Ah Poh @ Heng Kheng, Tang Mew Lee @ Tan Saw Gek, Tan Tian Wang @ Kim Been, Saw Teik Bin, Tan Seow Phor, Ooi Chooi Hoon, Tan Chiew Lean, Tan Hai Choo, Tan Mooi Mooi, Tan Li Ai, Tan Leng Poh, Tan Beng Tee and Estate of H'ng Heng Leng have given their respective undertakings that they will not sell, transfer or assign their shareholdings in TCC from the date of admission of Pin-Wee to the Official List of the Second Board of the KLSE to the expiry of the moratorium period imposed by the SC on the sale of shares in Pin-Wee. The shareholders of TSY except for Mr Tan Chor Huat whom TSY is not able to locate, who holds 572 ordinary shares of RM100 each representing 0.79% of the entire paid-up and issued share capital of TSY, have also given their respective undertakings that they will not sell, transfer or assign their shareholdings in TSY from the date of admission of Pin-Wee to the Official List of the Second Board of the KLSE to the expiry of the moratorium period imposed by the SC on the sale of shares in Pin-Wee. With regards to the exception of an undertaking letter for shares held by Mr Tan Chor Huat in TSY, Mr Tan Seow Phor, one of the shareholders in TSY has given an undertaking that he is willing to purchase the said shares at fair value in the event Mr Tan Chor Huat, if located, offer the said shares for sale and he further undertakes that upon conclusion of the purchase of the said shares, he will not sell, assign or transfer the said shares throughout the moratorium period imposed by the SC. In addition, TSY also undertakes to ensure that Mr Tan Chor Huat or any future purchaser of the shares, will not sell, assign or transfer the said shares throughout the moratorium period imposed by the SC

## 7. APPROVALS AND CONDITIONS

The FIC approved the Listing Scheme on the 17 July 2000, 9 November 2000 and 21 December 2000. MITI approved the Listing Scheme on the 25 July 2000, 6 November 2000 and 30 November 2000. SC's approvals were obtained on the 5 July 2000, 10 January 2001, 25 April 2001, 17 July 2001, 2 January 2002 and 11 April 2002 respectively. The conditions imposed by all the authorities and the status of compliance are set out as follows:-

|   | <b>Details of Conditions Imposed</b>  | <b>Status of Compliance</b>  |
|---|---|--|
| <b>FIC</b>  | Pin-Wee to maintain at least 30% bumiputera equity interest after listing; and  | Pin-Wee will have 34.18% Bumiputera equity interest upon listing.              |
|   | Pin-Wee to obtain the approval of MITI.   | Complied.  |
| <b>MITI</b>   | Pin-Wee to maintain at least 30% bumiputera equity interest after listing.  | Pin-Wee will have 34.18% Bumiputera equity interest upon listing.              |
| <b>SC</b>   | Pin-Wee is to obtain the SC's approval for any change in the utilisation of the proceeds if the change is for the non core-business activities of Pin-Wee;  | To be complied.  |
|   | The approval of Pin-Wee's shareholders is required for the utilisation of proceeds and in the event where there is a change in the utilisation of proceeds exceeding 25% of the total quantum of the original utilisation. In the event the total quantum is less than 25%, a full disclosure should be made to the shareholders;   | To be complied.  |
|   | A portion of the gross proceeds from the Rights Issue and Public Issue amounting to RM12,469,679 ( <i>after deducting RM1.5 million for contingency fund</i> ) shall be utilised for the core business of Pin-Wee, which is repayment of bank borrowings with priority for repayment to banks with the highest interest charge for a year (to be confirmed by Messrs. JB Lau & Associates). In accordance with the aforementioned, the SC's approval is required for any change to the utilisation of proceeds if the utilisation is not for core business; | To be complied.  |
|   | Any extension of time for the utilisation of proceeds should be approved by a clear resolution by the Board of Directors and should be clearly communicated to the KLSE;  | To be complied.  |
|   | Disclosure on the status of utilisation of the proceeds is to be made in the quarterly report and the annual report of Pin-Wee until such time the proceeds are fully utilised;   | To be complied.  |
|   | The major shareholders of Pin-Wee will be bound by the relevant requirements and the restriction on the sale of their shares ("moratorium") which is enforced under paragraph 10.12 of the Guidelines for Public Listing/Offer for Sale from the SC;  | To be complied.  |
|   |   | For conditions on "moratorium", please refer to Section 6.9 of the Prospectus. |
|   | Pin-Wee shall make a full and detailed disclosure concerning the risk factors involved in the business of Pin-Wee and its industry;   | Details are disclosed in Section 4 of this Prospectus.                         |
|   | Pin-Wee will have to comply with all the conditions imposed by the FIC and MITI especially on the recognition of Bumiputera shareholders; and   | Pin-Wee will have 34.18% Bumiputera equity interest upon listing.              |
| Pin-Wee will have to comply with all the requirements in relation to the flotation of the company as stated in the SC Guidelines, specifically the chapters 7, 10 and 25. | Noted and have/will be complied.  |  |

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


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|           | <b>Details of Conditions Imposed</b>  | <b>Status of Compliance</b>   |
|-----------|---|---|
| <b>SC</b> | On matters relating to the landed properties:   |   |
| a)        | For land caught under the "Land Conservation Act 1960", the Pin-Wee Group will be required to settle the issues regarding the Act before issuance of this Prospectus;   | Complied.   |
| b)        | For land with express conditions for usage other than poultry farming, Pin-Wee is required to obtain approval to change the express conditions to those in line with poultry farming usage;   | In the event that the approvals cannot be obtained within 12 months from the date of this Prospectus, Pin-Wee has given an undertaking to relocate to other premises. The estimated RM1.5 million relocation expenses will be utilised from the proceeds of the Public Issue and Rights Issue. Letter of undertaking has been provided for this condition to be complied. |
| c)        | For the land which Pin-Wee owns 1/3 undivided share, a separate land title for the 1/3 undivided share;   | Complied.   |
| d)        | A written undertaking from Pin-Wee that the Company will endeavour to procure approvals for the affected landed properties from the authorities within 12 months from the date of Prospectus.   | Letter of undertaking has been provided for this condition to be complied.  |
|           | A monthly status report is to be prepared and forwarded to the SC on the conversion status of the affected land titles; and   | Complied. As at the date of this Prospectus, the latest status report submitted to the SC is for the month of March 2002.   |
| e)        | A written undertaking from Pin-Wee that the Company will relocate the poultry farming activities from the unapproved areas to the approved areas for poultry farming if the necessary approvals from the relevant authorities are not obtained within 12 months from the date of Prospectus . | Complied.   |
| f)        | Pin-Wee is to set aside RM1.5 million from the proceeds arising from the Rights Issue and Public Issue as a contingent for relocation of farming activities expenses.   | Letter of undertaking has been provided for this condition to be complied.  |

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## 7. APPROVALS AND CONDITIONS (Cont'd)

### Licenses and Permits

As at the date of this Prospectus, there are no other approvals, major licences and permits obtained by the Group except for the details of such approvals, licences and permits, the conditions imposed and the status of compliance as disclosed below:-

| Company      | Authorities | License No./Date Issued | Conditions Imposed  | Status of Compliance                                  |
|--------------|-------------|-------------------------|---|---|
| PW Feedmills | MITI        | A010939 / 28 July 1997  | PW Feedmills is exempted from the conditions of equity. If the book value of the fixed assets (land, premises, any spare parts or any part thereof) which are in used exceeds RM500,000, PW Feedmills shall inform MITI.  | Complied.   |
|              |             |                         | The composition of the board of directors of PW Feedmills shall, in general reflect the equity structure of PW Feedmills. MITI shall be informed in respect of any appointment of director or any changes in the board of directors.  | Complied.   |
|              |             |                         | PW Feedmills shall appoint or train Malaysian citizens in order to reflect the composition of the different races in every level of employee structure.   | Complied.   |
|              |             |                         | PW Feedmills shall, as far as practicable, use raw materials and components which are locally made as stated in the proposed project which has been approved.   | Complied.   |
|              |             |                         | PW Feedmills shall employ the services of Malaysian citizens for the company and industry for the purposes of Dasar Ekonomi Baru (New Economic Policy).   | Complied.   |
|              |             |                         | PW Feedmills shall appoint Malaysian owned companies to distribute its products in the regional market and also to appoint Bumiputera distributors to circulate at least 30% of the goods sold in the domestic market. The selection and appointment of the bumiputera distributors have to be made after consultation with MITI. | Not applicable as there are no distributors involved. |

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

| <b>Company</b>  | <b>Authorities</b>  | <b>License No./Date Issued</b>  | <b>Conditions Imposed</b>   | <b>Status of Compliance</b> |
|-----------------|---|---------------------------------|---|-----------------------------|
| PW<br>Feedmills | Department<br>of<br>Environment                                     | 19 April 1996                   | The release of polluted air has to be controlled by attaching the appropriate "air filter device" which is proper or fit for the purpose. The approval has to be obtained before the attachment of the said device.   | Complied.                   |
|                 |   |                                 | Effective appropriate steps should be taken to control the sound pollution emitted from the machineries of the factory. Attachment of sound proof devices or other steps to control such noises should be referred to the Department of Environment beforehand. | Complied.                   |
|                 |   |                                 | The factory must abide by the regulations or guidelines released by the Department of Environment from time to time.  | Complied.                   |
| PW<br>Farming   | Controller from the Ministry of Domestic Trade and Consumer Affairs | CB00125K / 15 April 1999        | The holder of the licence shall refer and obtain prior consent from the Ministry of Domestic Trade and Consumer Affairs before increasing the sale price of chickens at any stage.  | Complied.                   |
| PW<br>Feedmills | Board of Registration & Licensing of Palm Oil                       | 001790-603000/<br>1 August 2000 | The holder of the licence shall submit a monthly report to the Board of Registration & Licensing of Palm Oil, which to the best of knowledge of the licensee, contains complete and true statements on or before the 7th day of each month.                     | Complied.                   |

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

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

Save as disclosed below, none of the Directors nor major shareholders of the Company has any interest, direct or indirect, in the promotion of or in any assets acquired or proposed to be acquired or assets disposed of or proposed to be disposed of or leased to or proposed to be leased to the Company or any of its subsidiary companies within the two (2) years preceding the date of this Prospectus:

- (i) Tenancy Agreement dated 22 February 2001 made between Mr. Siah Gim Eng and Mr. Seah Ah Bah both as landlords and PW Feedmills as tenant to rent the factory premises known as No. 972-973, Jalan Permatang Pauh, Lot 794, 11-111, Mukim 2, Butterworth, Province Wellesley for 3 years from 1 March 2001 to 28 February 2004 at monthly rental of RM8,000.

The transaction was entered into on a commercial basis.

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

Aseambankers hereby confirms that there is no conflict of interest in its capacity as the Adviser for Public Issue and Offer for Sale.

Messrs. Salina, Lim Kim Chuan & Co. has given its confirmation that there is no conflict of interest in its capacity as the Solicitors for the Public Issue and Offer for Sale.

Vital Factor Consulting Sdn. Bhd. has given its confirmation that there is no conflict of interest in its capacity as the Independent Market Research Consultants for the Public Issue and Offer for Sale.

Messrs. Azami and Co. has given its confirmation that there is no conflict of interest in its capacity as the Valuer for the Public Issue and Offer for Sale.

Messrs. JB Lau & Associates has given its confirmation that there is no conflict of interest in its capacity as Auditors and Reporting Accountants respectively for the Public Issue and Offer for Sale.

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## 9. LANDED PROPERTIES

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

| Registered/<br>Beneficial<br>Owner   | Location   | Existing<br>use | Tenure                               | Land Area /<br>Build up area           | Age of<br>Building<br>( <sup>1</sup> ) | Net Book<br>Value as at<br>31.10.2001<br>RM | Net Book<br>Value as at<br>31.12.98 <sup>(2)</sup><br>RM | Open Market<br>Value<br>@ 2.8.99<br>RM | Transaction<br>Date | Prices<br>RM | Open Market<br>value as<br>approved by the<br>SC <sup>(3)</sup><br>RM | Surplus/<br>(Deficit) <sup>(4)</sup><br>RM |
|--|--|-----------------|--------------------------------------|--|--|---|--|--|---------------------|--------------|---|--|
| <i>Properties owned by PW Farming which were revalued on 2 August 1999</i> |  |                 |                                      |  |  |   |  |  |                     |              |   |  |
| PW Farming   | GM 190 Lot No. 389<br>Mukim of Junjong<br>Kulim, Kedah   | Poultry<br>Farm | Freehold                             | 1.1737<br>hectares /<br>2,676.72 sq.m. | -                                      | 230,385                                     | 230,385  | 400,000                                | 31.12.1997          | 225,000      | 400,000   | -  |
| PW Farming   | GM 471(SP No 30946),<br>Lot No. 321, Mukim of<br>Junjong, Kulim, Kedah   | Poultry<br>Farm | Freehold                             | 1.5595 hectares<br>/ 2,877.4 sq.m.     | -                                      | 300,040                                     | 300,040  | 485,000                                | -                   | -            | 485,000   | -  |
| PW Farming   | GM 199, Lot No. 255,<br>Mukim 2, SPS, Pulau<br>Pinang  | Poultry<br>Farm | Freehold                             | 0.7057 hectares<br>/ 2,586 sq.m.       | -                                      | 312,423                                     | 312,423  | 470,000                                | 31.12.1997          | 305,000      | 470,000   | -  |
| PW Farming   | LM 2, Lot No. 203,<br>Mukim 3, SPS, Pulau<br>Pinang  | Poultry<br>Farm | Leasehold<br>expiring on<br>1.1.2028 | 2.380 hectares /<br>5,353 sq.m.        | -                                      | 582,768                                     | 643,547  | 950,000                                | -                   | -            | 950,000   | -  |
| PW Farming   | PT 190, HS(M) 79,<br>Mukim Junjong, Kulim,<br>Kedah [Previously<br>GM191, Lot 537 of<br>which PW Farming<br>owned 1/3 unsubdivided<br>share] | Poultry<br>Farm | Freehold                             | 1.288 hectares /<br>3,878.5 sq.m.      | -                                      | 217,290                                     | 209,970  | 475,000                                | 31.12.1997          | 205,000      | 475,000   | -  |
| PW Farming   | GM 189 Lot No. 892 and<br>GM 435 (SP No. 29456),<br>Lot No. 520 Mukim of<br>Junjong, Kulim, Kedah  | Poultry<br>Farm | Freehold                             | 0.67047<br>hectares / 1,256<br>sq.m.   | -                                      | 158,714                                     | 158,714  | 210,000                                | 31.12.1997          | 105,000      | 210,000   | -  |

## 9. LANDED PROPERTIES (Cont'd)

| Registered/<br>Beneficial<br>Owner  | Location  | Existing use                              | Tenure   | Land Area /<br>Build up area          | Age of<br>Building<br>( <sup>i</sup> ) | Net Book<br>Value as at<br>31.10.2001<br>RM | Net Book<br>Value as at<br>31.12.98 <sup>(2)</sup><br>RM | Open Market<br>Value<br>@ 2.8.99<br>RM | Transaction<br>Date | Prices<br>RM     | Open Market<br>value as<br>approved by the<br>SC <sup>(3)</sup><br>RM | Surplus/<br>(Deficit) <sup>(4)</sup><br>RM |
|---|---|---|----------|---------------------------------------|--|---|--|--|---------------------|------------------|---|--|
| PW Farming  | GM 290 Lot 1504 & GM 292 Lot 1505, Mukim of Karangan District of Kulim, Kedah <sup>(5)</sup>  | Poultry Farm                              | Freehold | 1.4342 hectares / 4,738 sq.m.         | -                                      | 246,015                                     | 246,015  | 635,000                                | 21.04.1998          | 240,000          | 635,000   | -  |
| PW Farming  | GM233 Lot 58, GM225 Lot 1106, GM 213 Lot 1100, GM 212 Lot 1099, GM 490 Lot 50 and GM 230 Lot 51<br>Mukim of Kuala Selama, Daerah Bandar Bahru, Kedah <sup>(5)</sup> | Poultry Farm<br>Currently,<br>undeveloped | Freehold | 14.5275<br>hectares /<br>10,051 sq.m. | -                                      | 1,216,782                                   | 1,536,782  | 2,460,000                              | 08.01.1998          | 1,500,000        | 2,140,000   | (320,000)                                  |
| PW Farming  | GRN 1738 Lot 1172, Mukim of Semiling, District of Kuala Muda, Kedah <sup>(6)</sup>  | Poultry Farm                              | Freehold | 4.9877<br>hectares /<br>3,121.4 sq.m. | -                                      | 410,565                                     | 410,565  | 670,000                                | 13.02.1998          | 400,000          | 670,000 <sup>(7)</sup>  | -  |
| PW Farming  | GM 903, SP 32753, Lot No. 110, Mukim of Karangan, Kulim, Kedah <sup>(5)</sup>   | Poultry Farm                              | Freehold | 7.697 hectares / 8,157 sq.m.          | -                                      | 785,000                                     | 1,075,000  | 2,190,000                              | -                   | -                | 1,900,000   | (290,000)                                  |
| PW Farming  | GM 815 Lot 1899, GM 816 Lot 1898 and GM 521 Lot 3572 Mukim Sungai Tinggi, Daerah Larut & Matang, Perak  | Poultry Farm                              | Freehold | 7.3617 hectares / 9,627.4 sq.m.       | -                                      | 647,150                                     | 647,150  | 665,000                                | -                   | -                | 665,000   | -  |
| <b>Subtotal (A) for properties owned by PW Farming which were revalued on 2 August 1999</b> |   |   |          |                                       |  | <b>5,107,132</b>                            | <b>5,770,591</b>   | <b>9,610,000</b>                       | <b>-</b>            | <b>2,980,000</b> | <b>9,000,000</b>  | <b>(610,000)</b>                           |

## 9. LANDED PROPERTIES (Cont'd)

| Registered/<br>Beneficial<br>Owner   | Location   | Existing use           | Tenure                                    | Land Area /<br>Build up area                | Age of<br>Building<br>(i) | Net Book<br>Value as at<br>31.10.2001<br>RM | Net Book<br>Value as at<br>31.12.98 <sup>(2)</sup><br>RM | Open Market<br>Value<br>@ 2.8.99<br>RM | Transaction<br>Date | Prices<br>RM | Open Market<br>value as<br>approved by the<br>SC <sup>(3)</sup><br>RM | Surplus/<br>(Deficit) <sup>(4)</sup><br>RM |
|--|--|------------------------|---|---|---------------------------|---|--|--|---------------------|--------------|---|--|
| <i>Properties owned by PW Feedmills which were revalued on 2 August 1999</i> |  |                        |   |   |                           |   |  |  |                     |              |   |  |
| PW<br>Feedmills  | HS(D) 694 PT67 Mukim<br>13, Seberang Perai<br>Tengah, Penang   | Industrial<br>land     | Leasehold<br>Expiring<br>on<br>11.6. 2055 | 2.37729<br>hectares                         | -                         | 5,130,116                                   | 5,403,509  | 9,760,000                              | -                   | -            | 9,760,000   | -  |
| PW<br>Feedmills  | Plot 31 (Factory) erected<br>on HS(D) 694 PT67<br>Mukim 13, Seberang<br>Perai Tengah, Penang         | Industrial<br>building | Leasehold<br>Expiring<br>on<br>11.6. 2055 | 6,194 sq. m.                                | 2 years                   | 6,788,157                                   | 5,813,872  | (8)                                    | -                   | -            |   | -  |
| PW<br>Feedmills  | GM 519 Lot No.<br>571, Geran 16962 Lot<br>572, Geran 43767 Lot<br>573, Mukim 16 SPT,<br>Pulau Pinang | Poultry Farm           | Freehold                                  | 13.149<br>hectares /<br>20,983 sq.m         | -                         | 4,246,056                                   | 4,246,056  | 5,715,000                              | -                   | -            | 5,715,000   | -  |
| PW<br>Feedmills  | PM 98 Lot 779 Mukim<br>16 SPT, Pulau Pinang  | Poultry Farm           | Leasehold<br>expiring<br>on<br>6.12.2028  | 3.1994<br>hectares                          | -                         | 557,297                                     | 617,646  |  | -                   | -            |   | -  |
| PW<br>Feedmills  | GM 841 Lot No 407, GM<br>842 Lot 408, Mukim 20,<br>SPT Pulau Pinang                                  | Poultry Farm           | Freehold                                  | 4.6814<br>hectares/11,864<br>sq.m.          | -                         | 1,510,000                                   | 1,510,000  | 2,330,000                              | -                   | -            | 2,330,000   | -  |
| PW<br>Feedmills  | GM 337, SP 35328 Lot<br>No. 539 Mukim of<br>Junjong, Kulim, Kedah                                    | Poultry Farm           | Freehold                                  | 10.9747<br>hectares /<br>19,501.83<br>sq.m. | -                         | 1,300,000                                   | 1,300,000  | 3,365,000                              | -                   | -            | 3,365,000   | -  |
| PW<br>Feedmills  | GM 213 Lot No. 287,<br>Mukim 2, Seberang Perai<br>Selatan, Pulau Pinang                              | Poultry Farm           | Freehold                                  | 3.4221 hectares<br>/ 7,176.7 sq.m.          | -                         | 1,585,063                                   | 1,585,063  | 1,725,000                              | -                   | -            | 1,725,000   | -  |
| PW<br>Feedmills  | HSM 11, Lot No. 1058<br>Mukim of Junjong,<br>Kulim, Kedah  | Poultry Farm           | Freehold                                  | 4.7952 hectares<br>/ 6,433 sq.m             | -                         | 440,000                                     | 440,000  | 940,000                                | -                   | -            | 940,000   | -  |

## 9. LANDED PROPERTIES (Cont'd)

| Registered/<br>Beneficial<br>Owner  | Location  | Existing use | Tenure   | Land Area /<br>Build up area     | Age of<br>Building<br>( <sup>i</sup> ) | Net Book<br>Value as at<br>31.10.2001<br>RM | Net Book<br>Value as at<br>31.12.98 <sup>(2)</sup><br>RM | Open Market<br>Value<br>@ 2.8.99<br>RM | Transaction<br>Date | Prices<br>RM     | Open Market<br>value as<br>approved by the<br>SC <sup>(3)</sup><br>RM | Surplus/<br>(Deficit) <sup>(4)</sup><br>RM |
|---|---|--------------|----------|----------------------------------|--|---|--|--|---------------------|------------------|---|--|
| PW<br>Feedmills   | GM 459 Lot No. 741,<br>Mukim 16, SPT, Pulau<br>Pinang | Poultry Farm | Freehold | 2.1371 hectares<br>/ 6,600 sq.m. | -                                      | 824,736                                     | 824,736  | 1,410,000                              | 31.12.1997          | 805,000          | 1,410,000   | -  |
| PW<br>Feedmills   | Holding No. 600, Mukim<br>16, SPT, Pulau Pinang       | Poultry Farm | Freehold | 2.0992 hectares<br>/ 5,608 sq.m. | -                                      | 809,281                                     | 809,281  | 1,165,000                              | 31.12.1997          | 790,000          | 1,165,000   | -  |
| <b>Subtotal (B) for properties owned by PW Feedmills which were revalued on 2 August 1999</b> |   |              |          |                                  |  | <b>23,190,706</b>                           | <b>22,550,163</b>  | <b>26,410,000</b>                      |                     | <b>1,595,000</b> | <b>26,410,000</b>   | <b>-</b>                                   |

*Other properties owned by Pin-Wee Group*

|                                |   |              |          |                                 |   |         |         |   |            |         |   |   |
|--------------------------------|---|--------------|----------|---------------------------------|---|---------|---------|---|------------|---------|---|---|
| PW Farming                     | Parcel No. 1, 10th Floor<br>Block B Mutiara<br>Apartments Phase 1<br>Penang erected on part of<br>Geran Nos 10772, 16784<br>& 16785 Lot Nos 216,<br>590, 593 all of Section 2<br>Town of Batu Ferringhi<br>District of North East<br>Penang | Apartment    | Freehold | 65 sq metres /<br>(700 sq feet) | - | 110,460 | 117,241 | - | -          | -       | - | - |
| PW Farming                     | P.T. No. 2224 No. HS(D)<br>346/96, Mukim Gurun,<br>Daerah Kuala Muda,<br>Kedah  | Poultry Farm | Freehold | 6.8008 hectares                 | - | 466,893 | -       | - | 13.06.2000 | 449,087 | - | - |
| PW Farming<br>( <sup>9</sup> ) | Lot 5020, Geran<br>No.28391, Mukim<br>Gunung Semanggol,<br>Daerah Kerian, Perak   | -            | -        | 9 acres                         | - | 227,880 | -       | - | 05.12.2000 | 252,000 | - | - |
| PW Farming                     | Suratan Hakmilik<br>Sementara H.S.(M) No.<br>671/72 P.T. No. 5272,<br>Mukim Sg. Siput, Daerah<br>Kuala Kangsar Perak  | Getah        | Freehold | 3.44 acres                      | - | 81,440  | -       | - | 15.01.2001 | 79,120  | - | - |

## 9. LANDED PROPERTIES (Cont'd)

| Registered/<br>Beneficial<br>Owner | Location   | Existing use | Tenure   | Land Area /<br>Build up area | Age of<br>Building<br>(i) | Net Book<br>Value as at<br>31.10.2001<br>RM | Net Book<br>Value as at<br>31.12.98 <sup>(2)</sup><br>RM | Open Market<br>Value<br>@ 2.8.99<br>RM | Transaction<br>Date | Prices<br>RM | Open Market<br>value as<br>approved by the<br>SC <sup>(3)</sup><br>RM | Surplus/<br>(Deficit) <sup>(4)</sup><br>RM |
|------------------------------------|--|--------------|----------|------------------------------|---------------------------|---|--|--|---------------------|--------------|---|--|
| PW Farming                         | Suratan Hakmilik<br>Sementara H.S.(M) No.<br>98/75 P.T. No. 5271,<br>Mukim Sg. Siput, Daerah<br>Kuala Kangsar Perak  | Getah        | Freehold | 3.01 acres                   | -                         | 73,622                                      | -  | -                                      | 15.01.2001          | 69,230       | -   | -  |
| PW Farming                         | Suratan Hakmilik<br>Sementara H.S.(M) No.<br>87/76 P.T. No. 5048,<br>Mukim Sg. Siput, Daerah<br>Kuala Kangsar Perak  | Getah        | Freehold | 3.10 acres                   | -                         | 81,053                                      | -  | -                                      | 15.01.2001          | 77,500       | -   | -  |
| PW Farming                         | Geran Mukim No. 1701,<br>Lot No. 2881, Mukim<br>Serdang, Daerah Bandar<br>Baru, Kedah                                | Getah        | Freehold | 3.742 hectares               | -                         | 393,830                                     | -  | -                                      | 15.01.2001          | 383,589      | -   | -  |
| PW Farming                         | Geran Mukim No. GM<br>391 Lot No. 5047,<br>Mukim Sungai Siput,<br>Daerah Kuala Kangsar,<br>Perak                     | Getah        | Freehold | 3.09 acres                   | -                         | 80,783                                      | -  | -                                      | 15.01.2001          | 77,250       | -   | -  |
| PW Farming                         | Suratan Hakmilik<br>Sementara H.S.(M) No.<br>150/76 P.T. No. 5314,<br>Mukim Sg. Siput, Daerah<br>Kuala Kangsar Perak | Kelapa Sawit | Freehold | 3.0375 acres                 | -                         | 67,242                                      | -  | -                                      | 23.02.2001          | 65,177       | -   | -  |
| PW Farming                         | Suratan Hakmilik<br>Sementara H.S.(M) No.<br>44/84 P.T. No. 5313,<br>Mukim Sg. Siput, Daerah<br>Kuala Kangsar Perak  | Getah        | Freehold | 3.02102 acres                | -                         | 66,855                                      | -  | -                                      | 23.02.2001          | 64,823       | -   | -  |

## 9. LANDED PROPERTIES (Cont'd)

| Registered/<br>Beneficial<br>Owner  | Location   | Existing use | Tenure | Land Area /<br>Build up area | Age of<br>Building<br>(i) | Net Book<br>Value as at<br>31.10.2001<br>RM | Net Book<br>Value as at<br>31.12.98 <sup>(2)</sup><br>RM | Open Market<br>Value<br>@ 2.8.99<br>RM | Transaction<br>Date | Prices<br>RM     | Open Market<br>value as<br>approved by the<br>SC <sup>(3)</sup><br>RM | Surplus/<br>(Deficit) <sup>(4)</sup><br>RM |
|---|--|--------------|--------|------------------------------|---------------------------|---|--|--|---------------------|------------------|---|--|
| PW Farming<br>(10)  | Lot 5307, HS(M) 11/76,<br>Tempat Sungai Plus<br>Jalong, (Rancangan<br>Terkawal) Mukim Sungai<br>Siput, Daerah Kuala<br>Kangsar, Perak  | -            | -      | 3 acres                      | -                         | 71,000                                      | -  | -                                      | 13.07.2001          | 71,000           | -   | -  |
| PW Farming<br>(10)  | Lot 5315, HS(M) 306/73,<br>Tempat Sungai Plus<br>Jalong, (Rancangan<br>Terkawal) Mukim Sungai<br>Siput, Daerah Kuala<br>Kangsar, Perak | -            | -      | 3 acres                      | -                         | 57,000                                      | -  | -                                      | 13.07.2001          | 57,000           | -   | -  |
| PW Farming<br>(9)   | PT No.9 HS(M)<br>145/1967, Mukim Ayer<br>Puteh, Daerah Pendang,<br>Kedah <sup>(11)</sup>   | -            | -      | 3.49800<br>hectare           | -                         | 255,533                                     | -  | -                                      | 08.08.2001          | 249,182          | -   | -  |
| PW Farming<br>(9)   | PT No.10, HS(M)<br>146/1967, Mukim Ayer<br>Puteh, Daerah Pendang,<br>Kedah <sup>(11)</sup>   | -            | -      | 3.47018<br>hectare           | -                         | 253,550                                     | -  | -                                      | 08.08.2001          | 247,199          | -   | -  |
| PW Farming<br>(9)   | Lot No.3693, GM1405<br>Tempat Padang Lembu<br>Mukim Gurun, Daerah<br>Kuala Muda, Kedah   | -            | -      | 2.18806<br>hectare           | -                         | 167,200                                     | -  | -                                      | 13.08.2001          | 167,200          | -   | -  |
| <i>Subtotal (C) for other properties not revalued as at 2 August 1999</i> |  |              |        |                              |                           | <b>2,454,341</b>                            | <b>117,241</b>   | -                                      | -                   | <b>2,309,357</b> | -   | -  |



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

| Beneficial Interest   | Location   | Existing use | Tenure | Land Area / Build up area | Age of Building <sup>(1)</sup> | Net Book Value as at 31.10.2001 RM | Net Book Value as at 31.12.98 <sup>(2)</sup> RM | Open Market Value @ 2.8.99 RM | Transaction Date | Prices RM        | Open Market value as approved by the SC <sup>(3)</sup> RM | Surplus/ (Deficit) <sup>(4)</sup> RM |
|---|--|--------------|--------|---------------------------|--------------------------------|------------------------------------|---|-------------------------------|------------------|------------------|---|--------------------------------------|
| <i>Other properties of which Pin-Wee Group has beneficial interest</i>                  |  |              |        |                           |                                |                                    |   |                               |                  |                  |   |                                      |
| PW Farming <sup>(12)</sup>  | Lot 5309, HS(M) 2630<br>Tempat Rancangan<br>Sungai Plus Jalong,<br>Mukim Sungai Siput,<br>Daerah Kuala Kangsar,<br>Perak | -            | -      | 4.63836 acres             | -                              | 88,129                             | -   | -                             | 13.07.2001       | 88,129           | -   | -                                    |
| <i>Subtotal (D) for other properties of which Pin-Wee Group has beneficial interest</i> |  |              |        |                           |                                | 88,129                             | -   | -                             | 13.07.2001       | 88,129           | -   | -                                    |
| <b>Total (A + B + C + D)</b>  |  |              |        |                           |                                | <b>30,840,308</b>                  | <b>28,437,995</b>                               | <b>36,020,000</b>             | -                | <b>6,972,486</b> | <b>35,410,000</b>   | <b>(610,000)</b>                     |

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

sq.m. Square Metres

- (1) The age of buildings is only for the factory buildings, the other land do not have any buildings of substantial value except chicken coops.
- (2) Include land cost only
- (3) Include land and building cost which includes chicken coops
- (4) The surplus/deficit is the variation between the open market value approved by the SC and the open market value based on the valuation as at 2 August 1999. The respective surplus/deficit have been included in the audited accounts for the FY ended 31 October 2001.

(5) Gazetted as Malay Reservation Land.

(6) By a supplemental agreement dated 13 February 1998, an option has been granted to Teh Hock Wah and Teh Hock Guan to repurchase the land as follows:-

| Price (RM)   | Date of Exercise           |
|--------------|----------------------------|
| 878,080      | From 1/2/99 to 31/1/2000   |
| 983,450      | From 1/2/2000 to 31/1/2001 |
| 1,101,464    | From 1/2/2001 to 31/1/2002 |
| 1,233,640    | From 1/2/2002 to 31/1/2003 |
| 1,381,676.80 | From 1/2/2003 to 31/1/2004 |

- (7) Based on the registered valuers, Messrs. Azami & Co's report dated 2 August 1999, the market value as at 2 August 1999 will be RM430,000, if without the "change of use" approval.
- (8) Based on the registered valuers, Messrs. Azami & Co's report dated 2 August 1999, the Open Market Value for the Industrial Building located in Plot 31 was RM5,500,000. There is a deficit in revaluation of approximately RM313,872.
- (9) The transfers of these properties have been presented for registration and are pending registration.
- (10) The transfers of these properties are pending adjudication by the stamp office.
- (11) Gazetted as Malay Reservation Land. The solicitors, Messrs. Salina, Lim Kim Chuan & Co. is of the opinion that PW Farming is the beneficial owner of this land upon payment of the full purchase price.
- (12) PW Farming entered into a sales and purchase agreement on 13 July 2001 at a total sum of RM12,118 has been paid towards purchase price.

For further details on land titles with specific restrictions and conditions please refer to Section 4 of this Prospectus.

**10. FINANCIAL INFORMATION****10.1 Profit And Dividend Record**

The following table sets out a summary of the proforma Pin-Wee Group's financial performance for the past five (5) FYs ended 31 December 2000 and ten (10) months financial period ended 31 October 2001 based on the assumption that the Group structure has been in existence throughout the period under review. The proforma consolidated profit and dividend records are prepared for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 11 of this Prospectus:-

|  | <-----Audited----->              |         |         |         |         | 10      |
|--|----------------------------------|---------|---------|---------|---------|---------|
|  | <-----FY Ended 31 December-----> |         |         |         |         | months  |
|  | 1996                             | 1997    | 1998    | 1999    | 2000    | Period  |
|  |                                  |         |         |         |         | Ended   |
|  |                                  |         |         |         |         | 31      |
|  |                                  |         |         |         |         | October |
|  |                                  |         |         |         |         | 2001    |
| Turnover                               | 62,761                           | 81,899  | 91,639  | 97,405  | 113,303 | 117,781 |
| EBIDTA                                 | 7,419                            | 9,759   | 11,286  | 11,875  | 13,553  | 13,384  |
| Interest Expense                       | (1,043)                          | (1,469) | (2,161) | (1,412) | (1,893) | (1,625) |
| Operating Profit                       | 6,376                            | 8,290   | 9,125   | 10,463  | 11,660  | 11,759  |
| Depreciation                           | (691)                            | (1,443) | (2,862) | (2,953) | (3,219) | (3,235) |
| Research and Development Expenses#     | -                                | -       | -       | -       | -       | -       |
| PBT                                    | 5,685                            | 6,847   | 6,263   | 7,510   | 8,441   | 8,524   |
| Taxation                               | (1,649)                          | (1,511) | (807)   | 27      | (835)   | (2,424) |
| PAT after extraordinary items and MI   | 4,036                            | 5,336   | 5,456   | 7,537   | 7,606   | 6,100   |
| No. of ordinary shares in issue ('000) | 36,199                           | 36,199  | 36,199  | 36,199  | 36,199  | 36,199  |
| Basic net EPS (sen)                    | 11.15                            | 14.74   | 15.07   | 20.82   | 21.01   | 20.22*  |
| Gross Dividend (%)                     | -                                | -       | -       | -       | -       | -       |

## Notes:

- # The research and development expenses are not segregated and these expenses have been absorbed into the cost of production, thus constituting part of cost of sales.
- \* Annualised
- (i) During the financial years under review, there were no preliminary expenses, exceptional items, share of profits/(losses) of associated company, extraordinary items or MI except as disclosed above.

## 10. FINANCIAL INFORMATION (Cont'd)

### 10.2 Segmental Analysis of Turnover and Profits

Analysis of turnover by companies:

|  | <-----FY Ended 31 December-----> |          |          |          |          | Financial       |
|--|----------------------------------|----------|----------|----------|----------|-----------------|
|  | 1996                             | 1997     | 1998     | 1999     | 2000     | Period Ended    |
|  | RM'000                           | RM'000   | RM'000   | RM'000   | RM'000   | 31 October 2001 |
|  |                                  |          |          |          |          | RM'000          |
| PW Feedmills                             | 55,408                           | 70,603   | 74,941   | 80,790   | 94,166   | 95,195          |
| PW Farming                               | 29,824                           | 35,588   | 43,009   | 51,946   | 58,479   | 55,194          |
|  | 85,232                           | 106,191  | 117,950  | 132,736  | 152,645  | 150,389         |
| Less: Proforma consolidation adjustments | (22,471)                         | (24,292) | (26,311) | (35,331) | (39,342) | (32,608)        |
| Proforma Group Turnover                  | 62,761                           | 81,899   | 91,639   | 97,405   | 113,303  | 117,781         |
| Turnover growth rate (%)                 | 11.64                            | 30.49    | 11.89    | 6.29     | 16.32    | 24.74*          |

\* Annualised

Analysis of PAT by companies:

|                                    | <-----FY Ended 31 December-----> |        |        |        |        | Financial Period |
|------------------------------------|----------------------------------|--------|--------|--------|--------|------------------|
|                                    | 1996                             | 1997   | 1998   | 1999   | 2000   | Ended            |
|                                    | RM'000                           | RM'000 | RM'000 | RM'000 | RM'000 | 31 October 2001  |
|                                    |                                  |        |        |        |        | RM'000           |
| PW Feedmills                       | 2,657                            | 3,683  | 3,640  | 5,130  | 5,338  | 4,411            |
| PW Farming                         | 1,551                            | 1,653  | 1,864  | 2,561  | 2,244  | 1,831            |
| Pin-Wee                            | -                                | -      | -      | -      | (5)    | (21)             |
|                                    | 4,208                            | 5,336  | 5,504  | 7,691  | 7,577  | 6,221            |
| Proforma consolidation adjustments | (172)                            | 0      | (48)   | (154)  | 29     | (121)            |
| Proforma Group Profit              | 4,036                            | 5,336  | 5,456  | 7,537  | 7,606  | 6,100            |

### 10.3 Overview of Turnover and Profits, including taxation, exceptional and extraordinary items

*FY ended 31 December 1996*

*PW Feedmills*

Turnover increased by 24% to RM55.41 million due to an increase in market demand. This was accommodated by an increase in production capacity by 1,000 metric tonnes per month achieved through the upgrading of existing plant and machinery. PBT improved by 17.5% to RM3.76 million. The PAT improved by 23.6% to RM2.66 million. The effective tax rate approximates the statutory income tax rate.

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**10. FINANCIAL INFORMATION (Cont'd)**

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***PW Farming***

The high growth rate in previous years was checked somewhat by the Nitrofurantoin scare during the year resulting in a lower turnover growth of 9% to RM29.82 million. Nitrofurantoin is a banned antibiotic, which is primarily used for the treatment of salmonellosis in poultry. As a residue of Nitrofurantoin will remain in the animal tissue for a long time, it is dangerous because of its carcinogenic properties. There was a widespread public outcry when the public was made aware of the widespread use of Nitrofurantoin in the diet of broiler chickens in 1996. This subsequently caused a drop in demand for broiler chicken for a few months. The PBT was reduced by 6.3% to RM2.17 million partly due to lower chicken prices because of the Nitrofurantoin scare. The PAT decreased by 3.6% to RM1.55 million. The effective tax rate approximates the statutory income tax rate.

***FY ended 31 December 1997******PW Feedmills***

The turnover improved by 27% to RM70.60 million as compared to 1996. This was mainly due to the increase in production capacity arising from the completion of the new factory at Bukit Minyak.

Despite the weakening of the RM from July 1997 onwards which made raw material cost to be more expensive, the Company was able to maintain its gross profit margin of 9%. This was made possible by four consecutive increases in selling prices from September to December 1997. The selling price increases range from 12.8% to 14.1% as compared to the pre-crisis prices.

Consequently the PBT improved by 19.9% to RM4.51 million. The PAT improved by 38.6% to RM3.68 million.

The effective tax rate was lower than the statutory income tax rate due to the claim for reinvestment allowance under the Income Tax Act, 1967.

***PW Farming***

The Company acquired more freehold land for broiler farming during the year thus resulting in a 19% growth in turnover to RM35.59 million notwithstanding the economic crisis as food is a recession proof industry.

Even though the price of broiler feed had gone up because of the weakening of the Ringgit Malaysia, the Company was able to minimise the impact on its gross profit margin through increase of the selling prices of chicken. The average increase in price was 13% compared to the pre-currency crisis prices in July 1997. As a result, gross profit margin experienced a reduction of 3% to 7%. Coupled with the directors' decision in not taking any remuneration for the year, the Company was able to improve the PBT by 6.9% to RM2.32 million. The PAT improved by 6.5% to RM1.65 million. The effective tax rate approximates the statutory income tax rate.

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**10. FINANCIAL INFORMATION (Cont'd)**

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***FY ended 31 December 1998******PW Feedmills***

A second production line was installed in the Bukit Minyak factory in late 1997 but actual production on this new line only started in 1998. This extra capacity was instrumental in the growth of turnover of around 6% to RM74.94 million as compared to the previous financial year. However, gross profit margin was maintained at 9% due to further increases in sales price during the year and the pegging of the RM at RM3.80 to the US Dollar in September 1998 which led to price stability. Due to the higher interest charges arising from tight credit control measures initially introduced by the government, the PBT reduced by 8.0% to RM4.15 million. The PAT decreased by 1.1% to RM3.64 million. The effective tax rate was lower than the statutory income tax rate due to the claim for reinvestment allowance under the Income Tax Act, 1967.

***PW Farming***

The Company continued to acquire more freehold land for broiler farming during the year which resulted in a 21% growth in turnover to RM43.01 million. As at 31 December 1998, the Company has the capacity to rear 1.6 million broilers at any one time.

However, gross profit margin was maintained at 7% due to chicken prices which were maintained at 1997's level since it is a controlled item. The PBT was reduced by 5.9% to RM2.18 million due to the increase of administrative costs. The PAT increased by 12.8% to RM1.86 million due to the lower effective tax rate for the FY ended 31 December 1998. This is due to PW Farming's eligibility for reinvestment allowance under the Income Tax Act, 1967.

***FY ended 31 December 1999******PW Feedmills***

Turnover stood at RM80.79 million for the FY ended 1999, representing an increase of RM5.85 million or 8% over the turnover for the financial year ended 31 December 1998. This is mainly due to the increase of demand for the broiler feeds as the economy improved. Gross profit margin improved slightly from 8.57% in 1998 to 8.85% in 1999 due to the increase in production efficiency which resulted in lower direct production cost.

PBT margin increased to 6.22% or RM5.03 million for 1999 as compared to 5.53% or RM4.15 million for 1998 mainly due to the reduction of financial cost during the year.

PAT margin increased by 41% or mainly RM1.50 million for the FY ended 31 December 1999 compared to previous FY ended 31 December 1998 as the FY ended 1999 was a tax free year.

***PW Farming***

Turnover increased by RM8.94 million or 21% to RM51.95 million for the FY ended 1999 as compared to the turnover for the FY ended 31 December 1998. This is mainly due to the increase in number of customers and wider market coverage, especially the expansion of market base in Kedah, Penang and Perak.

PBT margin stood at 5.19% for 1999 as compared to 5.07% for 1998 as the direct costs and overheads have remained proportionately consistent with the increase in turnover.

PAT margin increased to 4.93% for 1999 compared to 4.30% for 1998 as at the FY ended 1999 was a tax free year.

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**10. FINANCIAL INFORMATION (Cont'd)**

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***FY ended 31 December 2000******PW Feedmills***

The turnover increased by 16.5% i.e. from RM80.79 million to RM94.17 million for the FY ended 31 December 2000 as compared to the previous year due to the increase in feed consumption by PW Farming and the Group's widening market share in the Northern region. PW Feedmills will produce feeds in accordance to the specification given by the customers. PBT margin increased marginally to 6.3% as costs remained relatively consistent with the increase in turnover. The PAT increased by 4.1% to RM5.3 million. The effective tax rate was lower than the statutory income tax rate due to the claim for reinvestment allowance under the Income Tax Act, 1967.

***PW Farming***

The turnover for the year increased by 12.5% for the FY ended 31 December 2000 as compared to the FY ended 1999 mainly to the increase of market share in the Northern region. To cater for this increase of demand and extension of market share, PW Farming has increased its farming capacity by building more chicken coops and improving the condition of the existing ones. PBT was marginally lower at 4.23% for the FY ended 31 December 2000 as compared to 5.19% for the FY ended 31 December 1999 due to the increase in administration and financial costs incurred. The PAT decreased by 12.4% to RM2.24 million. The effective tax rate was lower than the statutory income tax rate due to the claim for reinvestment allowance under the Income Tax Act, 1967.

***Financial period ended 31 October 2001******PW Feedmills***

The increase in annualised turnover by 21.31% based on the turnover for ten (10) months financial period ended 31 October 2001 was due to the increase in market share in the region of Penang and Perak. Consequently, the annualised PBT increased by 25.23% in line with the increase in turnover for the period. The annualised PAT decreased by 0.97% to RM4.4 million due to the lower claim of reinvestment allowance as compared to the previous year. The effective tax rate was lower than the statutory income tax rate due to the claim for reinvestment allowance under the Income Tax Act, 1967.

***PW Farming***

The increase in annualised turnover by 13.26% based on the turnover for the ten (10) months financial period ended 31 October 2001 was attributable to the increase in farming capacity coupled with market penetration into Perak, Kuala Lumpur and Selangor. The increase in annualised PBT for the financial period ended 31 October 2001 of 22% was attributable to the increase in turnover and the decrease in interest expense as a result of the repayment of all the bank borrowings. The annualised PAT increased by 2.13% to RM1.8 million. The effective tax rate was lower than the statutory income tax rate due to the claim for reinvestment allowance under the Income Tax Act, 1967.

**10.4 Directors' Declaration on Financial Performance**

As at 11 April 2002, being the latest practicable date prior to the printing of this Prospectus, the financial conditions and operations of the Company and its subsidiaries are not affected by any of the following:

- (i) known trends, demands, commitments, events or uncertainties that have had or that the Group reasonably expects to have a material favourable or unfavourable impact on financial performance, position and operations of the Group;

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**10. FINANCIAL INFORMATION (Cont'd)**


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- (ii) material commitment for capital expenditure;
- (iii) unusual, infrequent events or transactions or any significant economic changes that materially affected the financial performance, position and operations of the Pin-Wee Group; and
- (iv) known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

**10.5 Working Capital, Borrowings, Contingent Liabilities, Capital Commitments And Material Litigation/Arbitration**
**(i) Working Capital**

The Directors of Pin-Wee are of the opinion that, after taking into account the cashflow forecast and projections, banking facilities available and gross proceeds from the Public Issue and Rights Issue, the Pin-Wee Group will have adequate working capital for its current and future requirements.

**(ii) Borrowings**

As at 11 April 2002, being the latest practicable date prior to the printing of this Prospectus, the Pin-Wee Group has total interest-bearing borrowings (including overdraft facilities and term loan facilities) amounted to approximately RM30.663 million as follows:

| <b>Outstanding borrowings</b> | <b>Payable within<br/>12 months<br/>RM'000</b> | <b>Payable after<br/>12 months<br/>RM'000</b> |
|-------------------------------|--|---|
| Overdrafts                    | 8,429  | -   |
| Trust Receipts                | 601  | -   |
| Bankers' Acceptance           | 21,360   | -   |
| Hire Purchase                 | 273  | -   |
|                               | 30,663   | -   |

All the aforesaid borrowings are interest-bearing. Save as disclosed above, the Pin-Wee Group does not have any other borrowings.

**(iii) Contingent Liabilities**

As at 11 April 2002 (being the latest practicable date prior to the printing of this Prospectus), save for a corporate guarantee of RM17.4 million to be provided to Bumiputra-Commerce Bank Berhad within three (3) months from the date of listing of Pin-Wee on the Second Board of the KLSE, neither the Company nor its subsidiary companies have any other contingent liabilities to be contracted for which might materially and adversely affect the financial position or business of Pin-Wee or its subsidiary companies.



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**10. FINANCIAL INFORMATION (Cont'd)**

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*(iv) Capital Commitments*

As at 11 April 2002, being the latest practicable date at which such amounts could be calculated prior to the printing of this Prospectus, the Group has capital commitments of RM1.70 million.

*(v) Material Litigation/Arbitration*

Save as disclosed below, neither Pin-Wee nor its subsidiaries are engaged in any litigation or arbitration proceedings, either as plaintiff or defendant, which has a material effect on the financial position of Pin-Wee or its subsidiaries and the Directors do not know of any proceedings pending or threatened or any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of Pin-Wee or its subsidiaries:-

- (a) PW Farming vs Ayam Taiping Suppliers Sdn Bhd (“ATSSB”), Basharuiddin bin Omar, Mohd Yusof bin Basharuiddin and Ahmad Fauzi bin Basharuiddin (“Defendants”).  
(Taiping Sessions Court Summons No. 52-165-1998)

This is a claim by PW Farming against the Defendants for the sum of RM100,000 being payment due for goods sold and delivered. A consent judgment dated 10 March 1999 was recorded whereby the Defendants agreed to pay PW Farming the sum of RM100,000 by monthly instalment of RM5,113.05 to be made upon completion of the restructuring of ATSSB. The Defendants have paid six (6) instalments to date.

- (b) PW Farming vs Abdul Nasir bin Abdul Gaffar and Zuraini binti Zakaria (“Defendants”)  
(Georgetown, Penang Sessions Court Summons No. 52-1583-2000)

A judgment in default dated 20 October 2000 was recorded whereby the Defendants will pay to PW Farming the sum of RM177,962.09 being payment due for goods sold and delivered together with interest at the rate of 8% p.a. calculated from the date of the summons until full settlement of the debt and costs amounting to the sum of RM1,662. A judgment debtor summons was filed against both Defendants on 20 December 2000 and a consent order for the judgment debtor summons was recorded on 16 May 2001. According to the consent order for the judgement debtor summons, the Defendants shall pay 87 monthly instalments of RM3,000 each and the last instalment amounting to RM488.37 to PW Farming. The instalment payments shall commence from 7 July 2001 and thereafter on or before the 7th day of every month. The Defendants have to date paid seven (7) instalments.

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**10. FINANCIAL INFORMATION (Cont'd)**


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**10.6 Consolidated Profit Estimate and Forecast**

The Directors of Pin-Wee estimate and forecast that, in the absence of unforeseen circumstances, the Group results for the FY ended/ending 31 December 2001 and 2002 respectively are as follows:-

| <b>FY Ended/Ending 31 December</b>  | <b>Estimate<br/>2001<br/>RM'000</b> | <b>Forecast<br/>2002<br/>RM'000</b> |
|---|-------------------------------------|-------------------------------------|
| Revenue   | 118,833                             | 130,718                             |
| PBT   | 9,887                               | 12,601                              |
| Taxation  | (2,771)                             | (3,582)                             |
| PAT before MI   | 7,116                               | 9,019                               |
| MI  | -                                   | -                                   |
| PAT after MI before pre-acquisition profit                                      | 7,116                               | 9,019                               |
| Pre-acquisition profit  | -                                   | -                                   |
| PAT after MI and pre-acquisition profit   | 7,116                               | 9,019                               |
| Number of ordinary shares assumed in issue ('000)                               | 36,199                              | 48,729                              |
| Weighted average number of shares in issue ('000)                               | 36,199                              | 46,330                              |
| Gross EPS (sen)   | 27.31*                              | 27.20^                              |
| Net EPS (sen)   | 19.66*                              | 19.47^                              |
| Gross PE multiple based on the issue price of RM1.30 per ordinary share (times) | 4.76                                | 4.78                                |
| Net PE Multiple based on the issue price of RM1.30 per ordinary share (times)   | 6.61                                | 6.68                                |

\* *Based on the number of issued and paid up share capital of 36,198,619 shares after Acquisitions.*

^ *Based on the weighted average number of issued and paid up share capital of 46,329,633 shares after Acquisitions, Rights and Public Issue.*

The future financial information has been prepared on the bases and accounting principles consistent with those previously adopted in the preparation of the audited financial statements.

The principal assumptions upon which the consolidated profit estimate and forecast has been made are set out in the report as prepared by the Reporting Accountants, which is set out in Section 11 below.

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**10. FINANCIAL INFORMATION (Cont'd)**

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**10.7 Directors' Comments on Profit Estimate and Forecast**

**Commentary On Future Performance**

***Profit Estimate For The FY Ended 31 December 2001 ("FY 2001")***

In the forecast FY 2001, the Group's consolidated turnover increases by approximately 4.88% to RM118.833 million. This is mainly due to the continuing increase in demand for the poultry feeds and broilers. The relatively consistent direct cost and overhead costs, and the increase in turnover have contributed to an increase in the PAT of approximately 5.98% relative to the FY ended 31 December 2000. PW Feedmills will continue to be the main contributor to the Group's revenue with contributions of approximately 51.8% followed by PW Farming with 48.2% amounting to RM61.56 million and RM57.27 million respectively.

***Profit Forecast For The FY Ending 31 December 2002 ("FY 2002")***

In the forecast FY ending 31 December 2002, the Group's consolidated turnover is expected to increase by 10% to RM130.718 million. This is mainly due to the expected continuing increase in demand for the poultry feeds and broilers. The relatively consistent direct costs and overhead costs, and the expected increase in turnover have contributed to an increase in the net PAT of approximately 11.82% relative to the estimated PAT of the financial year ended 31 December 2001. PW Feedmills will continue to be the main contributor to the Group's revenue with approximately 51.8% followed by PW Farming with 48.2%.

The Directors of Pin-Wee have reviewed and analysed the reasonableness of the bases and assumptions used in arriving at the profit estimate and forecast for the FY ended/ending 31 December 2001 and 2002 respectively and are of the opinion that the profit estimate and forecast for the FY ended/ending 31 December 2001 and 2002 to be true and fair in the light of the future prospects of the industry, future plans and strategies, level of gearing, liquidity and working capital requirements to be adopted by PW Feedmills and PW Farming.

**10.8 Dividend Estimate and Forecast**

It is policy of the Directors of Pin-Wee in recommending dividends to allow shareholders to participate in the profits of Pin-Wee as well as leaving adequate reserves for the future growth of the Pin-Wee Group. There are no dividends declared for the FY ended 31 December 2001. Barring unforeseen circumstances, the Directors of Pin-Wee expect to declare a gross dividend of 5 sen for the FY ending 31 December 2002.

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**10. FINANCIAL INFORMATION (Cont'd)**

The intended appropriation of the consolidated profit forecast after taxation in respect of the FY ending 31 December 2002 is as follows:-

|  | <b>Forecast<br/>2002<br/>RM'000</b> |
|--|-------------------------------------|
| <b>For the FY ending 31 December</b>   |                                     |
| Consolidated PBT after MI  | 12,601                              |
| Less: Taxation   | (3,582)                             |
| Consolidated PAT and MI  | 9,019                               |
| Proposed dividend (less 28% tax)   | (1,754)                             |
| Retained profit for the year   | 7,265                               |
| Gross dividend per ordinary share (sen)  | 5.00                                |
| Net dividend per ordinary share (sen)  | 3.60                                |
| Gross dividend yield based on the issue price of RM1.30 per ordinary share (%) | 3.85                                |
| Net dividend yield based on the issue price of RM1.30 per ordinary share (%)   | 2.77                                |
| Gross Dividend Cover (times)   | 5.44                                |
| Net Dividend Cover (times)   | 5.41                                |

**10.9 Sensitivity Analysis****(i) Increase/Decrease in Turnover**

A sensitivity analysis on Pin-Wee Group's PBT and PAT for the FY ended/ending 31 December 2001 and 2002 based on deviation of 5% - 10% on the Group's turnover is set out below:-

| Year Ended/<br>Ending<br>31 December | Forecasted<br>PBT<br>RM' 000 | <----- + 5% ----->      |             | <----- - 5% ----->      |             |
|--------------------------------------|------------------------------|-------------------------|-------------|-------------------------|-------------|
|                                      |                              | After Effect<br>RM' 000 | Change<br>% | After Effect<br>RM' 000 | Change<br>% |
| 2001                                 | 11,159                       | 12,263                  | 9.89        | 10,055                  | (9.89)      |
| 2002                                 | 12,601                       | 13,817                  | 9.65        | 11,385                  | (9.65)      |

| Year Ended/<br>Ending<br>31 December | Forecasted<br>PBT<br>RM' 000 | <----- + 10% ----->     |             | <----- - 10% ----->     |             |
|--------------------------------------|------------------------------|-------------------------|-------------|-------------------------|-------------|
|                                      |                              | After Effect<br>RM' 000 | Change<br>% | After Effect<br>RM' 000 | Change<br>% |
| 2001                                 | 11,159                       | 13,366                  | 19.78       | 8,952                   | (19.48)     |
| 2002                                 | 12,601                       | 15,033                  | 19.30       | 10,168                  | (19.31)     |

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**10. FINANCIAL INFORMATION (Cont'd)**

| Year Ended/<br>Ending<br>31 December | Forecasted   |              | <----- + 5% -----> |              | <----- - 5% -----> |  |
|--------------------------------------|--------------|--------------|--------------------|--------------|--------------------|--|
|                                      | PAT After MI | After Effect | Change             | After Effect | Change             |  |
|                                      | RM' 000      | RM' 000      | %                  | RM' 000      | %                  |  |
| 2001                                 | 8,066        | 8,864        | 9.89               | 7,268        | (9.89)             |  |
| 2002                                 | 9,019        | 9,889        | 9.65               | 8,149        | (9.65)             |  |

| Year Ended/<br>Ending<br>31 December | Forecasted   |              | <----- + 10% -----> |              | <----- - 10% -----> |  |
|--------------------------------------|--------------|--------------|---------------------|--------------|---------------------|--|
|                                      | PAT After MI | After Effect | Change              | After Effect | Change              |  |
|                                      | RM' 000      | RM' 000      | %                   | RM' 000      | %                   |  |
| 2001                                 | 8,066        | 9,661        | 19.77               | 6,471        | (19.77)             |  |
| 2002                                 | 9,019        | 10,760       | 19.30               | 7,278        | (19.30)             |  |

**(ii) Increase/Decrease in Cost of Sales**

A sensitivity analysis on Pin-Wee Group's PBT and PAT for the FY ended/ending 31 December 2001 and 2002 based on deviation of 5% - 10% on the Group's cost of sales is set out below :-

| Year Ended/<br>Ending<br>31 December | Forecasted |              | <----- + 5% -----> |              | <----- - 5% -----> |  |
|--------------------------------------|------------|--------------|--------------------|--------------|--------------------|--|
|                                      | PBT        | After Effect | Change             | After Effect | Change             |  |
|                                      | RM' 000    | RM' 000      | %                  | RM' 000      | %                  |  |
| 2001                                 | 11,159     | 6,996        | (37.31)            | 15,322       | 37.31              |  |
| 2002                                 | 12,601     | 8,007        | (36.46)            | 17,195       | 36.46              |  |

| Year Ended/<br>Ending<br>31 December | Forecasted |              | <----- + 10% -----> |              | <----- - 10% -----> |  |
|--------------------------------------|------------|--------------|---------------------|--------------|---------------------|--|
|                                      | PBT        | After Effect | Change              | After Effect | Change              |  |
|                                      | RM' 000    | RM' 000      | %                   | RM' 000      | %                   |  |
| 2001                                 | 11,159     | 2,834        | (74.60)             | 19,484       | 74.60               |  |
| 2002                                 | 12,601     | 3,414        | (72.91)             | 21,787       | 73.90               |  |

| Year Ended/<br>Ending<br>31 December | Forecasted   |              | <----- + 5% -----> |              | <----- - 5% -----> |  |
|--------------------------------------|--------------|--------------|--------------------|--------------|--------------------|--|
|                                      | PAT After MI | After Effect | Change             | After Effect | Change             |  |
|                                      | RM' 000      | RM' 000      | %                  | RM' 000      | %                  |  |
| 2001                                 | 8,066        | 5,057        | (37.30)            | 11,075       | 37.30              |  |
| 2002                                 | 9,019        | 5,731        | (36.46)            | 12,307       | 36.46              |  |

| Year Ended/<br>Ending<br>31 December | Forecasted   |              | <----- + 10% -----> |              | <----- - 10% -----> |  |
|--------------------------------------|--------------|--------------|---------------------|--------------|---------------------|--|
|                                      | PAT After MI | After Effect | Change              | After Effect | Change              |  |
|                                      | RM' 000      | RM' 000      | %                   | RM' 000      | %                   |  |
| 2001                                 | 8,066        | 2,048        | (74.61)             | 14,084       | 74.61               |  |
| 2002                                 | 9,019        | 2,444        | (72.90)             | 15,594       | 72.90               |  |

**10. FINANCIAL INFORMATION (Cont'd)****(iii) Increase/Decrease in Operating and Administrative Expenses**

A sensitivity analysis on Pin-Wee Group's PBT and PAT for the FY ended/ending 31 December 2001 and 2002 based on deviation of 5% - 10% on the Group's operating and administrative expenses is set out below :-

| Year Ended/<br>Ending<br>31 December | Forecasted<br>PBT<br>RM' 000 | <----- 5% ----->        |             | <----- -5% ----->       |             |
|--------------------------------------|------------------------------|-------------------------|-------------|-------------------------|-------------|
|                                      |                              | After Effect<br>RM' 000 | Change<br>% | After Effect<br>RM' 000 | Change<br>% |
| 2001                                 | 11,159                       | 11,029                  | (1.16)      | 11,289                  | 1.16        |
| 2002                                 | 12,601                       | 12,463                  | (1.10)      | 12,739                  | 1.10        |

| Year Ended/<br>Ending<br>31 December | Forecasted<br>PBT<br>RM' 000 | <----- +10% ----->      |             | <----- -10% ----->      |             |
|--------------------------------------|------------------------------|-------------------------|-------------|-------------------------|-------------|
|                                      |                              | After Effect<br>RM' 000 | Change<br>% | After Effect<br>RM' 000 | Change<br>% |
| 2001                                 | 11,159                       | 10,901                  | (2.31)      | 11,417                  | 2.31        |
| 2002                                 | 12,601                       | 12,327                  | (2.17)      | 12,875                  | 2.17        |

| Year Ended/<br>Ending<br>31 December | Forecasted<br>PAT After MI<br>RM' 000 | <----- +5% ----->       |             | <----- -5% ----->       |             |
|--------------------------------------|---------------------------------------|-------------------------|-------------|-------------------------|-------------|
|                                      |                                       | After Effect<br>RM' 000 | Change<br>% | After Effect<br>RM' 000 | Change<br>% |
| 2001                                 | 8,066                                 | 7,972                   | (1.17)      | 8,160                   | 1.17        |
| 2002                                 | 9,019                                 | 8,920                   | (1.10)      | 9,118                   | 1.10        |

| Year Ended/<br>Ending<br>31 December | Forecasted<br>PAT After MI<br>RM' 000 | <----- +10% ----->      |             | <----- -10% ----->      |             |
|--------------------------------------|---------------------------------------|-------------------------|-------------|-------------------------|-------------|
|                                      |                                       | After Effect<br>RM' 000 | Change<br>% | After Effect<br>RM' 000 | Change<br>% |
| 2001                                 | 8,066                                 | 7,880                   | (2.31)      | 8,252                   | 2.31        |
| 2002                                 | 9,019                                 | 8,823                   | (2.17)      | 9,215                   | 2.17        |

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